

**REPORT ON
STATEWIDE FINANCIAL MANAGEMENT AND
COMPLIANCE**

FOR THE QUARTER ENDED DECEMBER 31, 2009



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

*Text and graphics were produced using
Microsoft Word for Windows in Arial
and Times New Roman fonts.*

TABLE OF CONTENTS

REPORT ON STATEWIDE FINANCIAL MANAGEMENT AND COMPLIANCE

Quarter Ended December 31, 2009

	Page
STATEMENT OF PURPOSE.....	2
COMPLIANCE	3
<u>Auditor of Public Accounts Reports - Executive Branch Agencies</u>	3
Audit Reports – Quarter Ended December 31, 2009.....	3
Audit Findings – Quarter Ended December 31, 2009	5
Risk Alerts – Quarter Ended December 31, 2009	12
Efficiency Issues – Quarter Ended December 31, 2009.....	12
Special Reports – Quarter Ended December 31, 2009	13
Other Audit Reports Received – Quarter Ended December 31, 2009.....	14
Status of Prior Audit Findings.....	15
<u>Compliance Monitoring</u>	35
ARMICS Compliance	35
Confirmation of Agency Reconciliation to CARS Reports	36
Response to Inquiries	37
Trial Balance Review	37
Analysis of Appropriation, Allotments and Expenditures and Cash Balances	38
Disbursement Processing	38
Paperwork Decentralization	39
Prompt Payment Compliance.....	42
E-Commerce	45
<i>Financial Electronic Data Interchange (EDI)</i>	46
<i>Travel EDI</i>	47
<i>Direct Deposit</i>	52
<i>Payroll Earnings Notices</i>	55
<i>Small Purchase Charge Card (SPCC) and Increased Limit (Gold) Card</i>	58
<i>Travel Charge Card</i>	64
Payroll Controls	65
<i>PMIS/CIPPS Payroll Audit</i>	65
<i>PMIS/CIPPS Exceptions</i>	68
<i>Payroll Certification</i>	69
<i>Health Care Reconciliations</i>	71
FINANCIAL MANAGEMENT ACTIVITY	72
Commonwealth Accounting and Reporting System (CARS).....	72
Payroll.....	74
Accounts Receivable.....	76
Indirect Costs	88
Loans and Advances	90

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 December 31, 2009, and comparative FY 2009 data. Some information in the report is for the quarter ended September 30, 2009, which is the most current data available.

David A. Von Moll, CPA, CGFM
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

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 control deficiencies. Control deficiencies occur when the design or operation of internal control does not allow management or employees to prevent or detect errors that, in the Auditor's judgment, 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.

The APA also reports risk alerts and efficiency issues. Risk alerts address issues for which the corrective action is beyond the capacity of the agency management to address. Efficiency issues identify agency practices, processes or procedures which the auditors believe agency management should consider in order to improve efficiency. Risk alerts and efficiency issues are summarized following the Audit Findings section.

The APA also issued several Special Reports during the quarter. These reports are listed following the Efficiency Issues section. The full text of these reports is available at www.apa.virginia.gov.

Audit Reports – Quarter Ended Dec 31, 2009

The APA issued 17 separate reports covering 22 agencies, colleges and universities for the Executive Branch. 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
Administration				
Compensation Board(1)	1	0	1	Yes
Agriculture and Forestry				
None				
Commerce and Trade				
Department of Housing and Community Development				
Development	1	0	1	Yes
Department of Labor and Industry	0	0	0	N/A

	New Findings	Repeat Findings	Total Findings	CAW Received
Department of Professional and Occupational Regulation	1	0	1	Yes
Virginia Economic Development Partnership	0	0	0	N/A
Virginia Employment Commission	2	1	3	Not Due
Virginia Racing Commission	0	0	0	N/A
Education				
Department of Education, Central Office				
Operations(2)	1	0	1	Yes
Direct Aid to Public Education(2)	0	0	0	N/A
Virginia School for the Deaf and the Blind(2)	0	0	0	N/A
Virginia School for Deaf, Blind and Multi-Disabled at Hampton(2)	0	0	0	N/A
University of Virginia	2	0	2	Not due
University of Virginia Medical Center	0	0	0	N/A
Virginia Polytechnic Institute and State University	0	0	0	N/A
Executive Offices				
Attorney General and Department of Law(3)	0	0	0	N/A
Division of Debt Collection(3)	0	0	0	N/A
Finance				
None				
Health and Human Resources				
Office of Comprehensive Services for At-Risk Youth and Families	0	0	0	N/A
Natural Resources				
Department of Game and Inland Fisheries	0	1	1	Not due
Public Safety				
Department of Alcoholic Beverage Control	2	1	3	Not Due
Technology				
Innovation and Entrepreneurship Investment Authority (3)	0	0	0	N/A
Center for Innovative Technology (3)	0	0	0	N/A
Transportation				
Virginia Port Authority	0	0	0	N/A

(1) Contains a Risk Alert.

(2) One report covering four entities.

(3) One report covering two entities.



Audit Findings - Quarter Ended December 31, 2009

The following agencies had one or more findings contained in the audit report. Short titles assigned by the Auditor of Public Accounts (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.

Administration

Compensation Board (CB)

1. Improve Subrecipient Monitoring. The Compensation Board (the Board) has not previously managed federal funds and consequently does not have detailed processes and policies for disbursing and managing federal funds. For the federal funds received in fiscal year 2009, the Board did communicate grant requirements and allocation of funds to the localities. However, the Board has not established a process for monitoring the local entities to ensure appropriate use of federal funds, including requesting and reviewing local entities' federal compliance audit reports (OMB Circular A-133 audit reports). Further, the Board has not established for fiscal 2010 the requirements for the localities to appropriately spend and receive reimbursement of the Byrne Justice Assistance Grant (JAG) Program. This program has significantly different recordkeeping and other requirements from the federal funds the Board disbursed in fiscal year 2009.

As an example of a federal compliance requirement for both grants, the Board did not communicate the requirement for all entities receiving funds to have a separate Data Universal Numbering System (DUNS) number, as required by the federal government. As a result, the Board cannot ensure that the localities are appropriately managing and reporting federal pass-through funds.

Board management has begun working on establishing more detailed processes, policies, and procedures to address federal funds. The Board should continue to gain more knowledge about federal grant requirements and continue to develop its processes, policies, and procedures for managing and disbursing federal grants. This should include more communication with the localities to ensure that both parties are complying with federal laws and regulations.

Commerce and Trade

Department of Housing and Community Development (DHCD)

1. Continue Improving Fiscal Monitoring of Subrecipients. The Virginia Department of Housing and Community Development (Housing) disburses nearly 90 percent of its funding to subrecipients to administer as many as 16 federal programs. Housing provides guidance and monitors these subrecipients. The APA found that Housing needed to improve its federal grants management, specifically its subrecipient monitoring.

With the passage of the American Recovery and Reinvestment Act (Act) in February 2009, Housing will need to increase the focus on several of Housing's grants, including the Weatherization Assistance Program (Weatherization). The Federal Government has identified Weatherization as a high-risk program due to the significant increase in funding and lack of grantees' capacity to manage these funds.

During its review of Weatherization, the APA noted that Housing was not conducting timely financial reviews of subrecipients. Housing must review financial records and files for each of the 22 local Weatherization providers, including their federally required Single Audits. Housing did not conduct financial reviews of the local providers for at least six months during fiscal year 2009 because of staffing and personnel issues.

Beginning in fiscal 2010, Housing will use a portion of its stimulus funding to employ a position responsible for conducting fiscal reviews within its Division of Housing. In addition, Housing also recently assigned the review and tracking of Single Audits to another individual within the same division. This employee is working through Single Audits that Housing had not yet reviewed, and is tracking each provider's compliance, findings, and corrective action plans.

Housing should work to identify its critical processes and corresponding internal controls, and should document policies and procedures to support these controls. This will ensure that Housing is conducting adequate fiscal monitoring for its entire federal grant program that is in accordance with and meets the expectations set by the federal government.

Department of Professional and Occupational Regulation (DPOR)

1. Complete a Detailed Risk Assessment for All Agency Systems. The Department of Professional and Occupational Regulation (Department) does not have an adequate Risk Assessment completed for all agency systems. The APA determined the following:

- The Risk Assessment for the Enforcement Tracking System (ETS) did not include the identification of vulnerabilities, threats, and risk. Also the risk likelihood ratings, risk impact analysis, and overall risk ratings were not complete for ETS.
- The Risk Assessments for ETS and the Commerce Licensing and Enforcement Systems (CLES) identified both systems as non-essential even though they support critical functions of the Department.
- The Department has not completed a Risk Assessment for the new EAGLES licensing and enforcement system and has already started implementation of the system.

The Commonwealth's information security standards require that agencies prepare Risk Assessments for all agency owned systems. A detailed Risk Assessment is necessary to identify potential threats to an IT system and the environment in which it operates. The Risk Assessment should determine the likelihood that threats will materialize and identify and evaluate the vulnerabilities. The APA recommends that the Department reevaluate all agency systems and determine if they support critical functions or contain sensitive data. Based on this evaluation, the Department should update or complete Risk Assessments for each system.

Virginia Employment Commission (VEC)

1. Review, Approve, and Disseminate Information Technology Disaster Recovery Plan. Since the APA's last audit, the Virginia Employment Commission (Employment Commission) has updated and modified their Information Technology (IT) disaster recovery plan to more closely align with the Commonwealth's guidance and standards. The IT disaster recovery plan is still in draft form, but it is management's intent that the draft plan be implemented in the event of a disaster, because they believe it is more relevant than the old plan. There are several issues surrounding this draft plan that could impact the Employment Commission's ability to successfully implement this plan, and management needs to consider the following.
 - First, management has not distributed the IT disaster recovery draft plan to the disaster recovery team, and the only copy of the plan is on the agency network. To be effective, management should have the plan stored at various locations and all appropriate disaster recovery team personnel should have either partial or complete copies of the plan.
 - Second, management has not tested the draft plan. The Employment Commission tested the original plan in April of 2008, and management decided not to retest the old plan during the creation of the draft plan. Although the Employment Commission's procedures require annual testing of the data recovery plan, management decided to accept the risk associated with not testing during fiscal year 2009.
 - Lastly, neither the IT Director nor upper management has reviewed or approved the draft plan. The Information Technology Division plans to review and test the plan in January 2010 and upper management will review the plan in February 2010.

The APA recommends that the Employment Commission management consider the best approach for dealing with a disaster in the interim period. There is risk to using an IT disaster recovery plan that has not been completely reviewed and approved or tested. At a minimum, the IT Director should immediately disseminate copies of the draft plan to the personnel critical to the recovery of the Employment Commission's operations in case of a disaster. The draft plan should be reviewed and tested as soon as possible to ensure the Commission has an effective means of recovering operations in the event of a disaster.

2. Strengthen Controls Over System Access. The Employment Commission should strengthen procedures for granting and monitoring access to the Virginia Automated Benefit System (VABS) and the Virginia Automated Tax System (VATS). Both of these systems are critical to the Employment Commission's activities, and the APA identified the following issues related to system access.
 - The Employment Commission does not have written procedures to document who has authorization to grant access or the process required for granting access.
 - The Automated System Access Request (ASAR) form documents system access requests, but it does not clearly identify which level of access users receive. The form is outdated and does not reflect the current operating environment.
 - No one is performing the semi-annual management review of VATS and VABS user access as required in the policies and procedures dated February 2004. Instead, there is a more limited annual review that does not include a review of all access levels.

The APA recommends the Employment Commission update, implement, and follow policies and procedures over granting and monitoring system access to VATS and VABS. This should include a review of the ASAR form to ensure it is up to date and reflects the current operating environment.

3. Properly Complete Employment Eligibility Verification Forms. **This is a repeat finding and progress has been made.** The Employment Commission should properly complete the Employment Eligibility Verification Forms (I-9) in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security in its Handbook for Employers. The guidance requires the employee to complete, sign, and date Section 1 of the I-9 form on or before the first day of employment. The APA followed up on this issue from its previous audit and found that six of the twenty-four I-9 forms reviewed did not have the new employee signature on the first day of employment. U.S. Department of Homeland Security regulates the process for completing I-9 forms and failure to complete the forms properly can result in significant penalties to both the employee and employer. Because of the potential sanctions, the APA recommends that the Employment Commission continue to work to improve documentation so that they comply with the guidelines set out by the Department of Homeland Security.

Education

Department of Education, Central Office Operations (DOE/COO)

1. Ensure Proper Coding of Central Office Expenses. During fiscal 2009 and the first portion of fiscal 2010, the Department of Education (Education) improperly coded certain contractual payments as equipment purchases, specifically, computer software. The \$30 million in payments to NCS Pearson, Inc., for the testing requirements included as part of the Standards of Learning is where the error occurred. Due to the complexity of the NCS Pearson contract, staff did not identify this coding error until they performed an annual review in August of 2009. Though staff can correct fiscal 2010 payments, the 2009 payments will remain in error. The coding error only impacts the transparency of Education's expenses during fiscal 2009. However, because of the size of the miscoding and length of time that it went undetected, the APA recommended and Education has implemented a management level review to allow for correction of coding errors prior to the end of each fiscal year.

University of Virginia (UVA/AD)

1. Improve Financial Statement Preparation Process. The University found an erroneous beginning balance adjustment, which understated accounts receivable and grant revenues in a previous period by \$16.4 million. Also, Management performed a reconciliation of the student information system to the financial system on June 30, 2009 and noted a \$3.1 million reconciling item, however, neither the preparer of the reconciliation, nor the managers reviewing the reconciliation followed up on the reconciling item to ensure its proper resolution. The reconciling difference of \$3.1 million overstated tuition and fee revenue and understated deferred revenue. More importantly, this was an indication of a system calculation error, which the university needed to correct.

In response to finding these errors, the University needs to change its grant and student accounts receivable reconciliation procedures. During the current year financial statement preparation process, management instituted some changes and will need to continue these procedures in the future. The APA encourages the University to review and refine its financial statement reporting process with emphasis on enhancing its reconciliation processes.

2. Properly Process Return of Title IV Funds. The University of Virginia's College at Wise (UVA Wise) did not determine whether any students unofficially withdrew from the University, and did not perform the Title IV calculations required by the U.S. Department of Education to determine if UVA Wise should return any funds to the federal government. In addition, UVA Wise did not perform the required withdrawal calculations for students who withdrew after completing 60% of the semester to determine if the students were eligible for a post-withdrawal disbursement.

The Code of Federal Regulations, Title 34 CFR 668.22(a) (1) - (4) has specific requirements regulating "the treatment of title IV funds when a student withdraws" and "for a student who withdraws after the 60% point-in-time." The requirement is to have a mechanism in place for identifying and resolving instances where the institution cannot confirm a student's attendance through the end of the period, calculating earned and unearned funds, and returning unearned funds to the federal Department of Education. In addition, "for a student who withdraws after the 60% point-in-time the school may have to complete a return calculation in order to determine whether the student is eligible for a post withdrawal disbursement."

By not identifying and processing Title IV refunds for unofficial withdrawals and not completing the calculation for students that withdraw after completing 60% of the semester, UVA Wise is not in compliance with federal requirements. Student financial aid staff should develop policies and procedures for determining if a student has unofficially withdrawn from the University, calculating earned and unearned funds, and returning unearned funds to the federal Department of Education. In addition, UVA Wise should process Title IV refund calculations for students who have withdrawn after completing 60 percent of the semester, to ensure appropriate post-withdrawal disbursements.

Natural Resources

Department of Game and Inland Fisheries (DGIF)

1. Conduct and Document Business Impact Analysis. **This is a repeat finding and progress has been made towards compliance with the IT Security Standard.** DGIF does not have a documented Business Impact Analysis. An impact analysis allows for the identification of essential business functions and the related IT systems and data. It is imperative for DGIF to conduct an impact analysis, as it is fundamental to an effective continuity of operations plan and is an essential part of an entity's overall security plan. Although DGIF does have an IT Risk Assessment and a Continuity of Operations Plan, staff created these critical documents without the assistance of a documented Business Impact Analysis. The IT Risk Assessment did identify 17 essential business functions, which the Executive Director approved; the list does not contain all of the elements of a Business Impact Analysis.

Commonwealth IT Information Security Standard (SEC501-01) Section 2.3 states that each agency shall have a Business Impact Analysis that identifies the agency's business functions, as well as identifies which of these are essential, and the assets on which each essential function depends. Additionally, the agency must determine a Recovery Time Objective and Recovery Point Objective for each function, as well as identify each IT system that supports each function. Without a documented Business Impact Analysis, it is impossible to determine if the IT Risk Assessment and the Continuity of Operations Plan already established are sufficient to meet DGIF's objectives. DGIF should dedicate the required resources to complete a Business Impact Analysis.

Public Safety

Department of Alcoholic Beverage Control (ABC)

1. **Improve Compliance with Information Security Program.** The Information Security Officer does not perform system security reviews in compliance with the Department's information security program. The Department has charged the Information Security Officer with developing an information technology security review, compliance and risk management program in conjunction with Internal Audit for random information security assessments. However, the Information Security Officer has not followed the Department's policy to develop an information system security evaluation process with Internal Audit in order to minimize the risk of improper user access to sensitive data.

The Information Security Officer should work with Internal Audit to establish efficient audit plans to evaluate whether the information security program is effective. Part of the review with Internal Audit should include reviewing access role configurations in sensitive systems to ensure roles provide adequate segregation of duties. The Information Security Officer should conduct reviews of user access at least annually for all sections of the Department having access to financial or sensitive systems. The Department should dedicate the resources necessary to allow the Information Security Officer to ensure compliance with the information security program.

In addition, the Information Security Officer should periodically review the audit logs for inappropriate access to all sensitive systems. The Information Security Officer should review user account requests for sensitive systems subsequent to the review and approval by data owners.

2. **Improve Database Security.** **This is a repeat finding.** The Department does not provide adequate oversight to mitigate risks of unauthorized access to critical data. The data owner and database administration staff do not regularly review user access to databases or audit logs of database activity. In addition, the data owner and database administration staff do not follow the Department's policies and procedures for password controls for administrative accounts on one of its critical databases.

The Department should perform regular reviews of user access to databases to include user roles and permissions to modify data, tables, and application code. The Department should develop and implement a strategy for logging database activity, reviewing logs regularly, and responding

to suspicious activity. The Department should implement password controls on databases that comply with both Department policies and the Commonwealth's Information Security Standard. The Department should document exceptions to its password policy in the cases of system and application accounts where the password controls may affect system functionality.

The Department has already taken the first steps in addressing these issues by purchasing a new server and upgrading its application. Unlike the old application, the new application is capable of handling the requirements of current information security standards and industry best practices. The APA encourages the Department to continue to address these issues in their application and database environments.

3. Improve Information Security Program. The Department's information security program lacks consistency across all sensitive systems. The Department has documented policies and procedures for security over its critical data in accordance with the Commonwealth's information security standard. However, the Department has not made it clear that some of these policies and procedures only apply to certain systems with sensitive data.

The Department should streamline its security policies and procedures so that they clearly delineate the policies and procedures that apply to all systems from those security policies and procedures that only apply to specific systems with sensitive data. The Department should ensure that these policies and procedures apply to systems that process credit card information as well as other systems that are not segregated from systems with credit card information.



Risk Alerts – Quarter Ended Dec 31, 2009

The APA encounters issues that are beyond the corrective action of management and require the action of either another agency, outside party, or the method by which the Commonwealth conducts its operations.

During the course of completing the Compensation Board audit for the statewide single audit of federal funds, the APA encountered an issue that may require the action of other agencies, the Departments of Accounts and Criminal Justice Services. This matter represents a risk of potential questioned federal grant costs to the Commonwealth.

Establish Process to Manage Federal Funds.

In the past, the Compensation Board primarily received General Fund appropriations to pay for their programs. However, during fiscal year 2009, the Board received approximately \$109 million in one-time federal stimulus funds that it subsequently passed through to the local sheriff's offices and regional jails.

During fiscal year 2010, the Board will receive new federal stimulus funds, the Byrne Justice Assistance Grant (JAG) Program, and pass these funds to localities under a separate grant award. The federal funds for fiscal 2010 have significantly different recordkeeping and other requirements from the federal funds spent in fiscal 2009.

The federal grants place a significant additional administrative burden on agencies that receive those funds, especially if the agency passes the funding on to localities. Among other functions, federal grants require additional cash management, subrecipient monitoring, and reporting processes.

Until fiscal year 2009, the Compensation Board had no prior experience with federal grants. As a result, the Compensation Board has not previously established federal grants management functions and may not have the expertise or resources to appropriately manage federal funds.

This lack of grant management processes poses a significant risk to the Commonwealth and could result in severe penalties for non-compliance with federal laws. Given its review this year, the APA is informing the State Comptroller and the Director of Criminal Justice Services that without assistance from other Commonwealth agencies, the Compensation Board may not fully comply with federal laws and regulations, which can result in federal questioned costs.

Efficiency Issues – Quarter Ended Dec 31, 2009

During the course of its audits, the APA observes agency practices, processes, or procedures that management should consider for review to improve efficiency, reduce risk, or otherwise enhance their operations. These matters, which are reported as efficiency issues, do not require management's immediate action and may require investment of resources to provide long-term benefit.

No APA reports containing an Efficiency Issue were received.

Special Reports – Quarter Ended Dec 31, 2009

The APA issued the following Special Reports:

Analysis of Commonwealth Audit Resources and Inspector General Functions, October 2009.

This report contains management control findings.

Auditor of Public Accounts Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2009 through September 30, 2009. This report contains management control findings.

Commonwealth Information Security Implementation – Semi-Annual Update, November 2009.

This report contains management control findings.

Enterprise Data Standards Progress Report, October 2009. This report contains management control findings.

General Assembly, Legislative Agencies, and Commissions of the Commonwealth of Virginia Financial Report for the fiscal year ended June 30, 2009.

Interim Review of STARS (Statewide Agency Radio Station) Project, November 2009.

This report contains management control findings.

Payments in Lieu of Taxes for Virginia – from October 1, 2008 until September 30, 2009.

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2009. This report contains management control findings.

Revenue Stabilization Fund Calculations for the year ended June 30, 2009.

Review of Budget and Appropriation Processing Controls for the year ended June 30, 2009.

This report contains management control findings.

Review of Service Agency Arrangements, October 2009. This report contains management control findings.

Single Audit Interim Communication for ARRA Programs – Compensation Board, December 1, 2009.

Single Audit Interim Communication for ARRA Programs – Department of Housing and Community Development, December 1, 2009.

Student Housing at Virginia’s State-Supported Universities, November 2009. This report contains management control findings.

Other Audit Reports Received – Quarter Ended Dec 31, 2009

The APA also issued the following Other Reports:

A. L. Philpott Manufacturing Extension Partnership Report on Audit for the years ended June 30, 2008 and June 30, 2009.

Board of Bar Examiners Report on Audit for the period July 1, 2008 through June 30, 2009. This report contains management control findings.

James Madison University Intercollegiate Athletics Program for the year ended June 30, 2009.

Local Government Investment Pool; Virginia College Building Authority; Virginia Public Building Authority; Virginia Public School Authority Report on Audit for the year ended June 30, 2009.

Longwood University Intercollegiate Athletics Program for the year ended June 30, 2009.

Norfolk State University Intercollegiate Athletics Program for the year ended June 30, 2009.

Old Dominion University Intercollegiate Athletics Program for the year ended June 30, 2009.

Radford University Intercollegiate Athletics Program for the year ended June 30, 2009.

State Corporation Commission Report on Audit for the two-year period ended June 30, 2009. This report contains management control findings.

State Lottery Department Report on Audit for the year ended June 30, 2009.

Tobacco Indemnification and Community Revitalization Commission Report on Audit for the year ended June 30, 2009.

University of Virginia Intercollegiate Athletics Program for the year ended June 30, 2009.

Virginia BioTechnology Research Partnership Authority Report on Audit for the year ended June 30, 2009. This report contains management control findings.

Virginia Commercial Space Flight Authority Report on Audit for the year ended June 30, 2009.

Virginia Polytechnic Institute and State University Intercollegiate Athletic Programs for the year ended June 30, 2009

Virginia Retirement System Report on Audit for the year ended June 30, 2009. This report contains management control findings.

Virginia State Bar Report on Audit for the year ended June 30, 2009.

Virginia Tobacco Settlement Foundation Report on Audit for the year ended June 30, 2009.

Virginia Workers' Compensation Commission Report on Audit for the years ended June 30, 2008 and June 30, 2009. This report contains management control findings.



Status of Prior Audit Findings

The policy governing the Agency Response to APA Audits requires follow-up reports on agency workplans every 90 days until control findings are certified by the agency head as corrected. The status of corrective action information reported by agencies under this policy is included in this report.

It is important to note that the status reported is self-reported by the agencies and will be subject to subsequent review and audit.

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>Department of General Services (DGS)</u>				
2008	06-04	Include mandated procedures in the surplus property manual.	Central Procurement is 1/3 of the way through its review. Following completion, any changes will be placed throughout the manual.	In progress
	06-06	Finalize and distribute real estate policies and procedures.	Chapter 2 is set to be released by March 1, 2010. The Conveyance policy needs legal reviews and is anticipated to be released by July 1, 2010. A new Employee Housing Policy Directive is expected to be released by December 1, 2010. A new internal service fund methodology is expected to be posted by July 1, 2010, and may include additional interface information with IREMS.	In progress
<u>Department of Minority Business Enterprise (DMBE)</u>				
2008	08-01	Information system security program. This is a repeat finding and progress has been made.	The IT Security Plan policies and procedures have been developed, and reviewed by VITA. DOA assisted the agency in meeting the most recent COV security standards, and is continuing to provide assistance to the Department.	In progress
<u>State Board of Elections (SBE)</u>				
2008	08-01	Improve and expand administrative service arrangements.	The Board is currently exploring the expansion of service arrangements with several other agencies, including DGS, DHRM, and DOA.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-02	Complete information security program.	SBE continues to get help from DOA to develop risk assessment tools and policies. SBE hired an IT manager in January 2010 to fill the November 2009 vacancy.	In progress
<u>Virginia War Memorial Foundation (VWMF)</u>				
2008	08-01	Consolidate accounting processes and internal controls. This is a repeat finding.	The Foundation is working with the Department of Veterans Services to consolidate accounting processes and controls. Payables and payrolls are being done by Sitter-Barfoot Veterans Care Center.	In progress
	08-02	Adopt a formal budget development and execution process.	The Foundation is moving slowly with the Department of Veterans Services to formalize the budget process. Several areas, including tax-exempt gifts need additional attention.	In progress
	08-04	Develop a policy to address unused funds from long-term projects.	The Foundation and the Department are continuing to work together towards a resolution of this finding.	In progress
<u>Department of Forestry (DOF)</u>				
2008	08-02	Improve information systems security program.	VITA has not yet responded to DOF to document the understanding they have for disaster recovery. The agreed upon roles will be documented in the Continuity of Operations Plan. The latest due date is June 30, 2010.	In progress
<u>Department of Agriculture and Consumer Services (VDACS)</u>				
2008	08-01	Ensure commodity board annual reports contain certain required elements.	The Internal Auditor reviewed the Commodity Boards' Annual Reports. Division of Marketing staff continues to work with the Boards to ensure the Annual Reports are correct before being released.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-02	Improve contingency plans.	VDACS revised the mission critical functions, recovery time objectives, IT systems identification, hardware and software requirements, personnel and resource requirements, and system owner information. VDACS met with VITA and completed the VITA disaster recovery questionnaire. They are meeting with VITA on Jan. 22, 2010 to review the response.	In progress
<u>Department of Business Assistance (DBA)</u>				
2008	08-01	Shift to an administrative service arrangement. This is a repeat finding.	DBA has outsourced its payroll and human resources workloads. DBA asked DHCD to take on its administrative functions; however DHCD could not because of Stimulus funds workloads. DBA has not identified any potential replacements yet.	In progress
	08-03	Complete the agency's information security program. This is a repeat finding.	The Disaster Recovery Plan has been drafted but has not been tested. VITA initiated a server transformation which should be completed by March 30, 2010.	In progress
	07-06	Document information security program.	See 08-03.	
	08-04	Maintain official records of the department. This is a repeat finding.	DBA is still working with the State Library to finish the policies, deliver agency-wide training, and execute the procedures.	In progress
<u>Virginia Employment Commission (VEC)</u>				
2008	08-02	Properly complete Employment Eligibility Verification (I-9) Forms. This is a repeat finding.	Human Resources is continuing its reviews of all I-9 forms. Additional visits to field offices to address compliance are being scheduled.	In progress
	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	See 08-02.	

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>Christopher Newport University (CNU)</u>				
2008	08-02	Delete access to the Commonwealth's procurement system (eVA).	CNU Human Resources is immediately notifying Purchasing when an employee separates from the University and Purchasing deactivates the account. There are controls in place that mitigate any terminated employees who still have eVA access from creating false orders or changing existing orders they placed prior to their termination, because all eVA orders require approval authority before orders are placed. Termination of employees from eVA has been added to CNU's ARMICS testing. Testing was done in October 2009 and a follow up test was done in December 2009.	In progress
<u>James Madison University (JMU)</u>				
2008	08-01	Correct depreciation calculation.	JMU received a new upgrade of AssetMaxx in July 2009 and tested it for accuracy. FY 2009 depreciation was also done manually and a sample of assets has been completed manually as well.	Completed
<u>Longwood University (LU)</u>				
2008	08-01	Revisions to internal controls - reconciliations and interfaces; improve system access; eVA; and provide an audit trail.	LU is continuing to evaluate reports to reconcile Banner and third-party systems. LU is still reviewing Banner classes and deleting unneeded forms. Access to SOAHOLD is being reviewed monthly. The number of employees with access to modify holds is limited to those with specific needs. LU is exploring existing Banner features to create a log to serve as an audit trail.	In progress
	08-02	Use eVA workflow to enforce University policy.	LU is reviewing all eVA users' profiles to assess the reasonableness of expenditure limits. LU will adjust the approval limit where necessary. LU is also developing documented procedures for creating eVA user accounts and will provide training for individuals requesting accounts.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-03	Require detailed coding for purchase card transactions.	LU is coding small purchase charge cards to the specific sub-object codes to facilitate detailed reporting. Training has been given to all small purchase charge card holders and supervisors who approve expenditures.	Completed
	08-04	Improve contingency plan testing.	LU is working with the Department of Emergency Management to finalize updates to the Continuity Of Operations (COOP) Plan. LU has updated its Technology Disaster Recovery plan and is testing the plans and expects to finish testing by March 1, 2010.	In progress
	08-05	Properly complete Employment Eligibility Verification (I-9) Forms. This is a repeat finding.	Training on the new I-9 form was conducted for all staff. All Adjunct Faculty were required to visit the Human Resources Department on their first day of employment for the Fall 2009 semester. The goal is to move all I-9 forms to the HR Department. Training will be scheduled annually.	In progress
	07-03	Properly complete Employment Eligibility Verification (I-9) Forms.	See 08-05.	
	08-06	Revise calculation of allowance for doubtful accounts.	LU revised their allowance methodology based on reviews of the aging of past due accounts and information from collections activity. The new methodology was implemented and included in the FY 2009 financial statements.	Completed

Norfolk State University (NSU)

2008	08-02	Enhance information system security process.	NSU completed its test of the Continuity of Operations Plan (COOP) on Oct. 23, 2009. The Office of Information Technology (OIT) is developing an in-house password reset program and revising policies and procedures to account for secure passwords delivery.	In progress
------	-------	--	---	-------------

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>Old Dominion University (ODU)</u>				
2008	08-01	Improve contract management and ensure compliance with policies and procedures.	ODU is updating policies and procedures on revenue contracts to ensure proper documentation exists. Contract language was revised to instruct future vendors to send rebate checks to the Cashier's Office. Current vendors are being notified to remit payments to the Cashier's Office. The Internal Audit Office is performing test work in Material Management. The estimated completion date is Jan. 29, 2010.	In progress
<u>State Council of Higher Education for Virginia (SCHEV)</u>				
2008	08-01	Develop an information security program.	SCHEV is developing mitigating work plans based on the business risk analysis results. SCHEV is working with DOA IT personnel on this.	In progress
<u>The College of William and Mary in Virginia (CWM)</u>				
2008	08-01	Continue to improve financial reporting. This is a repeat finding and progress has been made.	The College suffered an increase in errors noted in the draft financial statements for FY 2009 as compared to FY 2008. Additional resources need to be devoted to establishing procedures for developing the financial statements and a quality assurance program for financial reporting.	In progress
	07-01	Improve financial reporting.	See 08-01.	
	06-01	Improve financial statement preparation process.	See 07-01.	
	05-01	Test financial statement preparation process.	See 06-01.	
<u>The Science Museum of Virginia (SMV)</u>				
2007	07-02	Strengthen controls over information systems security.	The Museum is working with DOA to improve the overall controls and security over its information systems.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>University of Mary Washington (UMW)</u>				
2008	08-01	Improve information systems security program.	The University continues to improve its incident response system plan, and sufficiently document firewalls designed to protect student records.	In progress
<u>Virginia State University (VSU)</u>				
2008	08-02	Strengthen controls over capital asset reporting.	VSU has been meeting with Banner to address programming issues with capital assets and construction-in-progress.	In progress
	08-03	Improve controls over financial statement database application.	VSU established and documented backup and recovery control procedures. VSU drafted control documentation to grant and control access to the Database, and is establishing change controls and version control procedures.	In progress
	08-04	Improve employment eligibility and verification process. This is a repeat finding and progress has been made.	A review of FY 2008 and 2009 I-9 forms was made. VSU has begun to continuously review I-9 forms using a sample of the forms.	In progress
<u>Virginia Community College System – System Office (VCCS)</u>				
2008	08-01	Reduce manual processes and controls.	The System Office added additional AIS modules including Pcard, eVA interface, and the fixed asset modules. The Office is not planning to add the workflow panel at this time. VCCS is requesting the Community Colleges to review their security assignments.	In progress
	08-02	Improve AIS access roles.	The Systems Office is exploring adding an accounts payable role to group and approve vouchers for payment and separate non-accounts payable and deposits panels. VCCS has also asked the Community Colleges to review their security assignments and remove unnecessary access.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-01	Improve physical security over sensitive and mission-critical data.	The Office has certified this as being complete.	Completed
<u>Dabney S. Lancaster Community College (DSLCC)</u>				
2008	08-01	Properly Manage Title IV refunds.	The Financial Aid Director began using the PeopleSoft student financial system to calculate Title IV refunds.	Completed
	08-02	Report enrollment changes to NSLDS timely.	The Financial Aid Director is now consulting frequently with NSLDS and other VCCS Colleges to ensure the federal deadlines are being met.	Completed
<u>Germanna Community College (GCC)</u>				
2008	08-01	Update policies and procedures.	GCC implemented the PeopleSoft student information and accounting systems. GCC is updating policies and procedures to document the new business processes. The estimated completion date is March 31, 2010.	In progress
<u>J. Sargeant Reynolds Community College (JSRCC)</u>				
2008	08-01	Properly complete employee eligibility verification forms. This is a repeat finding.	All Human Resources staff has received I-9 training and specific training on completing forms for adjunct faculty. Files of all new hires from calendar years 2007, 2008, and 2009 were reviewed and corrected. The Human Resources Office has been made responsible for monitoring the I-9 process and reviewing each new set of documentation.	In progress
<u>New River Community College (NRCC)</u>				
2008	08-01	Report enrollment changes to NSLDS timely.	The College implemented an attendance roster policy to track enrollment updates. The Admissions Office added an extra graduation drop date to include all graduates in certificate programs.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-02	Improve controls over student information system access.	NRCC reviewed security access roles granted to office staff. Work-study students now have inquiry only access to PeopleSoft. All workers, full and part-time, are required to take MOAT training.	Completed
<u>Northern Virginia Community College (NVCC)</u>				
2008	08-01	Update policies and procedures.	The Controller's Office is going through an in-depth review of the existing policies and procedures as part of the ARMICS review.	In progress
	08-02	Follow eVA security standards.	All eVA access requests and supporting documentation now go through Information Technology Support Services (ITSS). eVA accounts are audited quarterly.	Completed
	08-03	Deactivate eVA accounts timely.	NVCC has created documentation for eVA account terminations which are continuing to be updated as the process is refined.	Completed
	08-04	Strengthen controls over accounts receivable reporting and management.	The Controller's Office and Business Offices are going through an in-depth review of the existing accounts receivable bookkeeping, collection, and reporting processes, policies and procedures as part of the ARMICS review.	In progress
	08-05	Improve internal controls over CIPPS access.	Human Resources supplies Payroll with a notification of an employee's termination. The Payroll Manager sends a CIPPS security authorization form to DOA to delete the CIPPS access.	Completed
<u>Southside Virginia Community College (SVCC)</u>				
2008	08-01	Update policies and procedures.	Policies and procedures are being revised to reflect changes in business practices for fixed assets, revenues, and deposits.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-02	Update estimate for allowance for doubtful accounts.	The estimate was reevaluated by using more recent historical data. The revised methodology more closely reflects actual collections of past due accounts.	Completed
	08-03	Properly complete employee eligibility verification forms.	All I-9 forms are now being reviewed. Additional training of appropriate staff on the requirements for completing I-9 forms was conducted this fall.	Completed
	08-04	Approve wage employee timesheets.	The College implemented an electronic timesheet program, PowerTime, which requires approvals electronically from supervisors.	Completed
<u>Southwest Virginia Community College (SWVCC)</u>				
2008	08-01	Update policies and procedures.	The Business Office is endeavoring to review and update all current policies and procedures manuals and document AIS business processes.	In progress
<u>Thomas Nelson Community College (TNCC)</u>				
2008	08-01	Update policies and procedures.	The College updated procedures for the new AIS system and located them on the network drive accessible to employees for reference. Staff will review AIS processes and the new enhancements and will update policies and procedures as needed.	Completed
	08-02	Follow eVA security standards.	TNCC has adopted the security standards established by the Department of General Services (DGS). Quarterly and annual reviews are being scheduled.	Completed
	08-03	Deactivate eVA accounts timely.	TNCC has adopted the security standards established by the Department of General Services (DGS). Standard 3.1.5 is being followed and all terminated users are deactivated within 24 hours.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-04	Improve new eVA user processes and documentation.	eVA security standard 3.1.1 is being followed to add all users after receiving the User Profile form with appropriate signatures. All users will sign an Acceptable Use Agreement that will be kept by the eVA security officer.	Completed
	08-05	Properly Manage Title IV refunds.	TNCC now performs the R2T4 calculations in PeopleSoft and the results are sent immediately to the Business Office to meet the 45 day rule.	Completed
	08-06	Report enrollment changes to NSLDS timely.	TNCC provides enrollment updates to the National Clearing House four times each semester. TNCC developed a certification schedule to report updates.	Completed
<u>Tidewater Community College (TCC)</u>				
2008	08-01	Improve internal controls for fixed asset valuation.	Staff developed a new Potential Fixed Asset Report to extract expenditure information from AIS.	Completed
<u>Virginia Western Community College (VWCC)</u>				
2008	08-01	Properly Manage Title IV refunds.	The Financial Aid office instituted reviews to detect staff errors in the Return to Title IV calculations. Refunds are now returned individually for each student.	Completed
<u>Department of Accounts (DOA)</u>				
2008	08-01	Improve information systems security program.	DOA is updating policies and procedures based on the results of the Risk Assessments.	In progress
<u>Department of Taxation (TAX)</u>				
2008	08-04	Properly complete Employment Eligibility Verification (I-9) Forms.	The I-9 forms have been properly completed.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>Department of the Treasury (TD)</u>				
2008	08-03	Strengthen internal controls over disbursement processing. This is a repeat finding.	Changes are being made to the DSS check design and the file layouts have to match. The Wachovia Social Services Account was converted to payee match positive pay processing.	In progress
	07-05	Strengthen internal controls over disbursement processing.	See 08-03.	
	08-08	Establish adequate reviews over financial records.	Treasury Internal Audit completed its review of the procedures.	Completed
<u>Department of Behavioral Health and Developmental Services (DBHDS)</u>				
2008	08-01	Improve management and controls for facilities.	The Department is studying consolidations of functions to begin in FY 2012. The focus is on regionalization of functions among facilities.	In progress
	08-02	Improve monitoring program over Community Service Boards. This is a repeat finding.	DBHDS is reviewing each CSB independent audit. Internal Audit has been reduced to one staff position. The Office of Budget and Financial Reporting prepares the risk assessment.	In progress
	07-01	Improve monitoring program over Community Service Boards.	See 08-02.	
	08-03	Ensure compliance with information systems security program.	Facilities have submitted documentation to the ISO on data retention, risk assessments, and impact analyses. After review, a comprehensive program will be rolled out to the facilities.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-04	Improve security awareness training documentation. This is a repeat finding.	Information Technology Services is using the Commonwealth Knowledge Center to maintain documentation. Monthly reports of new employees hired at facilities will monitor IT training. Annual training implementation and tracking will include bi-weekly updates.	In progress
	06-02	Expand security awareness training programs.	See 08-04.	
	08-05	Improve IT continuity of operations and disaster recovery plans. This is a repeat finding.	All facilities submitted COOP and Disaster Recovery Plans to the ISO in December 2009. Testing is scheduled to begin in January 2010.	In progress
	07-04	Improve contingency and disaster recovery planning.	See 08-05.	
	08-06	Improve controls over capital assets.	The Office of Budget and Financial Reporting booked appropriate adjustments to the accounts. The capital assets committee has finalized several FAACS policies.	Completed
	08-07	Properly record construction-in-progress.	The agency has certified that the corrective action to address this finding has been completed.	Completed
	08-08	Grant proper access to timekeeping system.	The system needs additional strengthening at the Central Virginia Training Center. Facility Directors have been made responsible at all facilities.	In progress
	08-09	Properly complete Employment Eligibility Verification (I-9) Forms. This is a repeat finding.	The Department issued comprehensive guidance and the Handbooks explaining the I-9 forms to all facility Human Resource Officers.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	See 08-09.	
<u>Department for Rehabilitative Services (DRS)</u>				
2008	08-01	Properly record leases in the lease accounting system.	DRS will continue to update the current LAS files until they expire. As each lease expires; it will be replaced by a new lease administered by DGS/DRES.	In progress
<u>Department for the Aging (VDA)</u>				
2008	08-01	Strengthen information security program.	Aging is continuing to develop the Business Impact Analysis and the Risk Assessment to meet the Commonwealth's Security Standard. DOA is providing the agency with technical assistance.	In progress
<u>Department of Social Services (DSS)</u>				
2008	07-04	Align plan for monitoring local social services offices with best practices.	The Division of Community and Volunteer Services, Office of Research and Planning coordinates subrecipient monitoring efforts. A revised monitoring plan has been updated. Divisions have begun developing formal guidance on procedures and sanctions for documented deficiencies.	In progress
	06-18	Maintain a tracking system for local employees. This is a repeat finding.	Human Resource Management works with Information Systems and Finance to improve the data in LETS. Fairfax, Norfolk, and Richmond interfaces are active.	In progress
	05-04	Maintain a tracking system for local employees.	See 06-18.	
	07-05	Establish procedures for controlling the cash in the Child Support Enforcement Fund.	DSS successfully closed out fiscal year 2009. The agency certified this finding as complete.	Completed

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>State Corporation Commission (SCC)</u>				
2007	07-01	Comply with Commonwealth security standards.	The SCC and Beck Disaster Recovery, Inc. are amending the project pending the audit for the fiscal year ended June 30, 2009. SCC contracted with Beck Disaster Recovery, Inc. to develop a business impact analysis, risk assessment, continuity of operations plan, and an IT disaster recovery plan. Beck has completed the Project Plan, Business Impact Analysis, and Risk Analysis.	In progress
<u>Department of Game and Inland Fisheries (DGIF)</u>				
2007	07-03	Improve information system security.	DGIF is completing its Business Impact Analysis. The Disaster Recovery section is being reviewed. The VITA/NG transformation was completed. Password updates are required every 28 to 48 days.	In progress
<u>Department of Historic Resources (DHR)</u>				
2007	07-01	Complete information security program.	DHR is completing its security program using in-house resources, and is also using DOA resources. Policies for Technology Use and IT Asset Management have been reviewed. Policies for Account Management and Folder/Group Security Changes are being reviewed. The DHR domain has updated the password policy and is now in compliance with ITRM 501-01.	In progress
<u>Department of Alcoholic Beverage Control (ABC)</u>				
2008	08-01	Improve database security.	ABC installed new password requirements and new software. The Board is using OSSEC an Open Source Host-Based Intrusion Detection System for PCI compliant systems reviews. ABC will expand the use of OSSEC to all sensitive systems.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
Department of Corrections (DOC)				
2008	08-01	Improve controls and processes surrounding capital assets and construction in progress. This is a repeat finding and there has been no substantial improvement.	Improvements have been noted. The Department is working with DOA to correct the reporting issues. DOC is continuing to refine the processes and controls over Construction in Progress and Capital Assets.	In progress
	07-04	Strengthen supervisory reviews over capital assets and construction in progress. This is a repeat finding.	See 08-01.	
	06-01	Strengthen controls over capital project closing and capitalization processes.	See 07-04.	
	08-02	Enforce inventory procedures. This is a repeat finding.	The Department has corrected the situation.	Completed
	07-02	Enforce inventory procedures.	See 08-02.	
	08-03	Develop internal controls for leave liability and time tracking system. This is a repeat finding.	DOC has implemented additional internal controls and has made improvements to the DOCXL system to the extent possible. The total replacement of the existing system depends on obtaining additional resources.	In progress
	07-01	Develop internal controls for leave liability and time tracking system.	See 08-03.	
Department of Fire Programs (DFP)				
2008	08-01	Strengthen information systems security program. This is a repeat finding and progress has been made.	The Department is receiving assistance from DOA and has updated the business risk assessment and is developing the continuity of operations policies and procedures.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<u>Department of Juvenile Justice (DJJ)</u>				
2008	08-01	Strengthen controls over capital project procurement and capitalization. This is a repeat finding.	The Deputy Director has certified that this finding has been resolved.	Completed
	08-02	Improve leave processing.	Updated directives on Leave Administration and Payroll Procedures were issued last quarter.	Completed
<u>Department of Veterans Services (DVS)</u>				
2008	08-01	Develop an information security program and comply with HIPAA regulations. This is a repeat finding.	HIPAA policies were completed by a consultant and adopted in December. APA has been given copies of the new policies.	In progress
	07-07	Comply with the health insurance portability and accountability act.	See 08-01.	
	07-05	Establish a complete information security plan to comply with Commonwealth security standards. This is a repeat finding.	See 08-01.	
	06-08	Information systems security assurance.	See 07-05.	
	08-02	Continue to improve internal controls over fixed assets. This is a repeat finding and progress has been made.	Management has completed the improvements to the capital assets inventory control system.	Completed
	07-16	Establish adequate internal controls over fixed assets. This is a repeat finding.	See 08-02.	

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	06-15	Properly manage fixed assets.	See 07-16.	
<u>Virginia Information Technologies Agency (VITA)</u>				
2008	08-01	Strengthen inventory and billing controls.	VITA established a plan to include controls over asset inventories and billings. The plan was included as appendix A of the APA Audit Report.	Completed
	08-02	Establish and document procedures for classifying assets in service option 5.	The procedures for classifying and monitoring assets in service level 5, which are developed and in use, will be appropriately documented.	In progress
	08-03	Improve policies and procedures over asset inventory.	VITA is working on documenting the process for adding new equipment definitions as needed.	In progress
	08-04	Improve reporting to allow comparison of revenue versus allowable costs.	VITA is documenting the reporting, including a detailed explanation of how imputed revenues are determined.	In progress
	08-05	Establish and document procedures for the creation of rate structures.	VITA is developing documentation and review procedures for the Cost Allocation Plan.	In progress
	08-06	Improve process for establishing rate tiers.	VITA has analyzed servers with a zero purchase price and will update an analysis of LAN device purchases accordingly.	In progress
	08-07	Notify oversight entities of rate changes.	Specific procedures to ensure notification is provided promptly are still being developed and documented. Staff involved in rates development is being advised to strictly adhere to it.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	08-08	Equitably distribute virtual inventory costs to agencies.	The Cost Allocation Plan is being developed to equitably distribute expenses for the next submission to JLARC and DHHS. NG has proposed a tiered rate structure for virtual servers.	In progress
	08-09	Properly monitor system access.	PeopleSoft support personnel have met with users to determine what functions are used and needed. The data is being used for the annual review and updating of system security beginning in January 2010.	In progress
	08-10	Disable unnecessary system administrator access roles.	Unnecessary roles were disabled and all duplicate user IDs were eliminated.	Completed
	08-11	Adequately segregate system access responsibilities.	A new security officer has been identified. The Officer will be trained after the user security has been modified and the updated policy is effective.	In progress
	08-12	Maintain access documentation.	A process to retain access requests was implemented.	Completed
	08-13	Properly complete employee eligibility verification forms. This is a repeat finding.	The current I-9s were reviewed and corrected. Human Resources staff has updated policies and procedures for multiple reviews of new hires.	In progress
	08-14	Adequate oversight over technology procurements.	VITA is working with DGS to have eVA automatically route requisitions with "in-scope" commodity codes to VITA for review. VITA will communicate the proper use of the V-code to all executive branch customers.	In progress
	07-02	Develop standards for project documentation. This is a repeat finding.	Five documents remain to complete the standards. Users will be trained after the completion.	In progress

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	06-04	Develop standards for project documentation.	See 07-02.	

Department of Motor Vehicles (DMV)

2008	08-04	Improve information security program.	DMV procured outside services from Trustwave, Inc. to perform the risk assessment and business impact testing. Additional specific steps are being added.	In progress
------	-------	---------------------------------------	---	-------------

Department of Rail and Public Transportation (DRPT)

2008	08-01	Improve controls over Non-formula Public Transportation Grant management.	The Department adopted detailed individual desk procedures to ensure appropriate controls are in place. The documentation was completed October 30, 2009.	Completed
------	-------	---	---	-----------

Department of Transportation (VDOT)

2008	08-01	Improve application monitoring processes.	The finding was not repeated in the most recent APA audit report.	Completed
------	-------	---	---	-----------



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

ARMICS is a comprehensive, risk based, approach to Internal Control. It is based on the Treadway Commission’s Committee of Sponsoring Organizations,1992 publication “Internal Control Framework” and their 2004 work entitled, “Enterprise Risk Management”.

ARMICS provides guidance for establishing and assessing agency internal controls in order to more effectively manage risk and maintain accountability. The ARMICS process concludes with an annual certification (June 30) by the agency head and fiscal officer that they have established, maintained, and evaluated their agencies’ internal control framework.

Non-compliance with ARMICS can take two forms:

1. Incomplete or late submission of the annual certification statement (without an extension authorized by DOA).
2. Substantial non-compliance with the processes required for the successful implementation of ARMICS based on a Quality Assurance Review (QAR) performed by the DOA General Accounting ARMICS Team.

Non-Compliance results in the Agency being included in the Comptroller’s Quarterly Report. Remediation of the deficiency will result in the agency being removed from the non-compliant list published in the subsequent Comptroller’s Quarterly Report.

The following agencies are not currently in compliance with ARMICS:

<u>Agency Name</u>	<u>Reason for Non-Compliance</u>
None	

Confirmation of Agency Reconciliation to CARS Reports

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

the Confirmation of Agency Reconciliation to CARS Reports.

DOA closely monitors Confirmation status, evaluates exceptions, and posts correcting entries in CARS. Confirmations for September, October, and November ⁽¹⁾ were due 10/30/09, 11/30/09 and 01/08/10 respectively.

Confirmations Late or Outstanding

As of January 13, 2010

Agency	Sep	Oct	Nov
The Science Museum of Virginia	01/04/10	01/04/10	-

Key: O/S – Confirmation is outstanding
 DATE – The date received by DOA

⁽¹⁾ The November due date was extended due to the December holiday schedule.

Response to Inquiries

DOA regularly communicates with agencies regarding petty cash and invoice analyses, financial reporting information, and the FAACS/LAS systems. In many instances, agencies respond in a timely manner.

However, in other instances, agencies do not respond timely or simply fail to respond. For the quarter ended December 31, 2009, all responses have been received within an acceptable timeframe.

Trial Balance Review

As an integral part of the monthly reconciliation process, each agency should review their monthly trial balance for any anomalies and investigate and correct immediately. If the anomaly cannot be corrected at the agency level, the problem should be noted on the exception register.

DOA monitors selected general ledger balances and contacts agencies in writing about certain irregular balances. For the quarter ended December 31, 2009, no agencies failed to respond timely, make corrective action and/or provide additional information.

Trial Balance Review As of January 14, 2010

<u>Agency</u>	<u>September</u>	<u>October</u>	<u>November</u>
None			

Analysis of Appropriation, Allotments and Expenditures, and Cash Balances

The Appropriation Act prohibits agencies from incurring unauthorized deficits. Therefore, credit cash balances and instances in which expenditures exceed appropriation and allotment require prompt investigation and resolution.

DOA contacts agencies in writing about credit cash balances and appropriations versus expenditure anomalies. For the quarter ended December 31, 2009, no agencies failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of January 14, 2010

Agency	September	October	November
None			

Disbursement Processing

During the quarter ended December 31, 2009, DOA deleted, at the submitting agency's request, 58 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments with incorrect vendor indicators and payments with incorrect vendor name, address or amount. These type of transactions may point

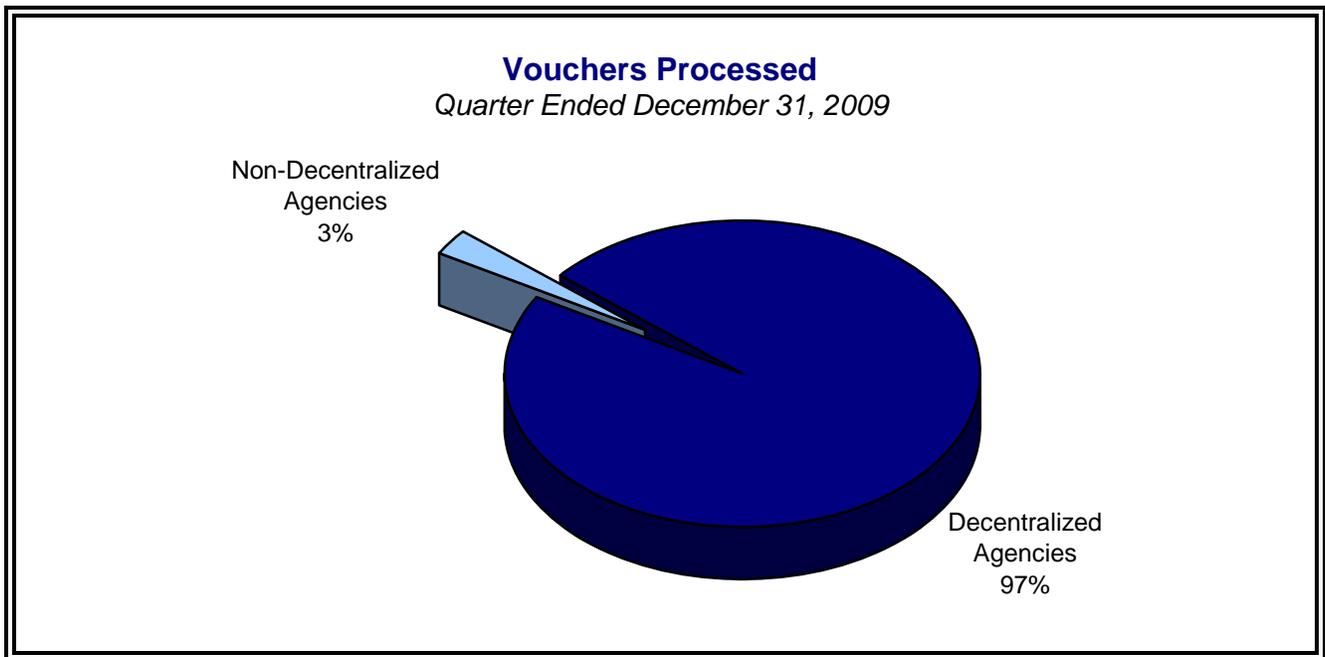
to areas where improved agency internal accounting controls should be evaluated. Fifteen agencies requested deletes during the quarter. For the quarter ended December 31, 2009, no agencies requested more than four vendor payment deletions.



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

DOA performs decentralized record reviews to fulfill its statutory responsibilities under the *Code of Virginia* regarding expenditures by state agencies and institutions. The decentralized record reviews emphasize the impact and effect of the findings on overall compliance with the applicable sections of the Commonwealth Accounting Policies and Procedures Manual.

A formal corrective action plan is required for agencies considered deficient in their compliance responsibilities. DOA will perform a follow-up review to verify the actions taken by the agency adequately addressed the deficiencies noted in the original report.

Although an agency's report may state that it "generally complies with the CAPP Manual" and not require a formal corrective action plan, most reports do contain some findings and recommendations. Agencies are strongly encouraged to address these findings. Repeat occurrences of the same findings in future

reviews may result in the agency having to prepare a formal corrective action plan.

Reviews were conducted for eleven decentralized agencies during the quarter. The agencies were evaluated for compliance with the following sections of the Commonwealth Accounting Policies and Procedures (CAPP) Manual:

- CAPP Topic 20310 - *Expenditures*
- CAPP Topic 20315 - *Prompt Payment*
- CAPP Topic 20330 - *Petty Cash*
- CAPP Topic 20335 - *State Travel Regulations*
- CAPP Topic 20336 - *Agency Travel Processing*
- CAPP Topic 20345 - *Moving and Relocation*
- CAPP Topic 20355 - *Purchasing Charge Card*

Agencies are generally selected each quarter using a systematic risk evaluation of all decentralized agencies.

Compliant Agencies

New River Community College
George Mason University
Longwood University
Deerfield Correctional Center
Department of Conservation and Recreation
Powhatan Correctional Center
Powhatan Reception and Classification Center
Western State Hospital

Agencies Requiring Corrective Action

Corrective Action Needed

Southwestern Virginia Mental Health Institute

Travel: Incorrect application of mileage reimbursement policy and the Enterprise car rental contract; incorrect application of M&IE limitations and required documentation.



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 all non-decentralized agencies. A total of 878 non-travel disbursement batches and 440 travel disbursement batches were reviewed, disclosing 5 exceptions that were resolved prior to releasing the transactions for payment.



Prompt Payment Compliance

The *Code of Virginia* 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* §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

	Quarter Ended December 31, 2009		Fiscal Year 2010 To-Date		Comparative Quarter Ended December 30, 2008	
	Late	Total	Late	Total	Late	Total
Number of Payments	5,883	568,490	11,398	1,136,518	5,123	574,854
Dollars (in thousands) \$	32,282	\$ 1,477,522	\$ 57,792	\$ 3,037,941	\$ 47,321	\$ 1,590,689
Interest Paid on Late Payments					\$3,225 (a)	
Current Quarter Percentage of Payments in Compliance					99.0%	
Fiscal Year-to-Date Percentage of Payments in Compliance					99.0%	
Comparative Fiscal Year 2009 Percentage of Payments in Compliance					99.1%	

(a) This does not include covered higher education institutions.



Prompt Payment Performance by Secretarial Area
Quarter Ended December 31, 2009

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	98.9%	98.6%
Agriculture and Forestry	99.7%	98.7%
Commerce and Trade	97.8%	88.4%
Education*	98.8%	98.1%
Executive Offices	98.7%	84.2%
Finance	99.8%	96.8%
Health and Human Resources	99.2%	97.1%
Independent Agencies	98.1%	97.9%
Judicial	99.9%	99.9%
Legislative	99.8%	99.8%
Natural Resources	99.4%	99.2%
Public Safety	99.5%	99.0%
Technology	99.5%	99.7%
Transportation*	98.9%	94.5%
Statewide	99.0%	97.8%

Prompt Payment Performance by Secretarial Area
Fiscal Year 2010

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.3%	98.9%
Agriculture and Forestry	99.7%	98.8%
Commerce and Trade	98.2%	94.0%
Education *	98.8%	98.0%
Executive Offices	99.0%	92.9%
Finance	99.9%	98.4%
Health and Human Resources	99.1%	97.9%
Independent Agencies	98.6%	98.4%
Judicial	99.9%	99.9%
Legislative	99.8%	98.2%
Natural Resources	99.0%	97.3%
Public Safety	99.6%	99.1%
Technology	99.7%	99.8%
Transportation*	99.1%	96.8%
Statewide	99.0%	98.1%

* 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, The College of William and Mary in Virginia, the Virginia Institute of Marine Science, and the University of Mary Washington may include local payments. These agencies and institutions are decentralized for vendor payment processing.

For the quarter ended December 31, 2009, the following agencies 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 Percent
Quarter Ended December 31, 2009**

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Education			
Paul D. Camp Community College	27	364	92.6%
Independent Agencies			
Virginia Workers' Compensation Commission	50	759	93.4%
Administration			
State Board of Elections*	27	122	77.9%

For FY 2010, the following agencies 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 Percent
Fiscal Year 2010**

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Administration			
State Board of Elections*	30	282	89.4%

* State Board of Elections (SBE) often fails to process payment transactions and deliver associated supporting documentation on a timely basis. SBE reports that they will take corrective action to bring their prompt payment compliance level up to acceptable standards.

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, particularly during difficult economic times. 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. Other agencies of the Commonwealth that are responsible for payment processes outside of those processed centrally have also embraced e-commerce initiatives (e.g., VEC, DSS). As a result, the methodology for accumulating the Statewide E-Commerce Performance Statistics includes additional payments made by these agencies. On the following pages, agencies and institutions are identified if e-commerce statistics indicate that they are not fully utilizing these tools.

Statewide E-Commerce Performance Statistics

	Quarter Ended December 31, 2009			Comparative Quarter Ended December 31, 2008
	E-Commerce	Total	Percent	Percent
Number of Payments	2,783,692	3,183,337	87.4%	86.1%
Payment Amounts	\$ 7,912,518,248	\$ 9,039,366,149	87.5%	86.1%
	Fiscal Year 2010 To-Date			Comparative Fiscal Year 2009
	E-Commerce	Total	Percent	Percent
Number of Payments	5,651,298	6,460,607	87.5%	84.4%
Payment Amounts	\$ 16,614,987,455	\$ 19,096,035,337	87.0%	85.4%

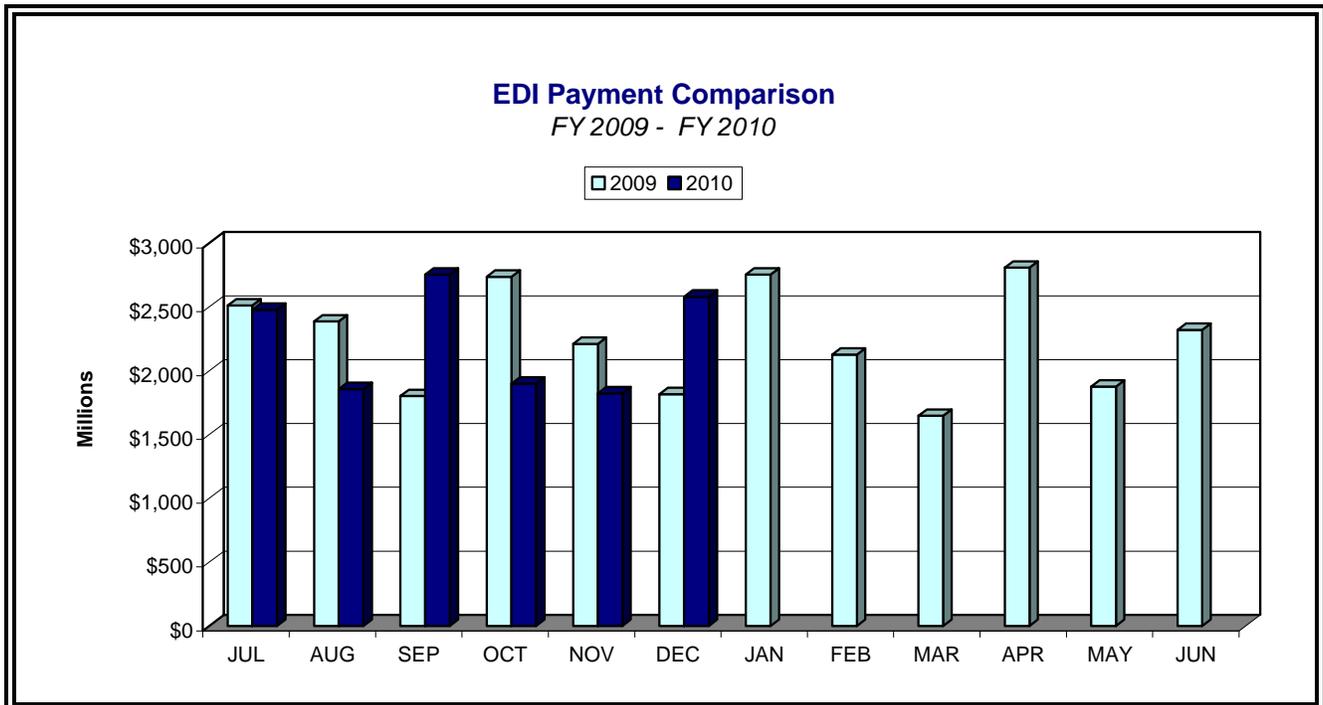
Financial Electronic Data Interchange (EDI)

The dollar volume of Financial EDI payments for the first quarter of FY 2010 were \$462 million (6.8 percent) more than the same quarter last year. The number of trading partner accounts increased by 7.5 percent

from December 2008. The largest portion of this increase is due to efforts to convert state employee travel reimbursements from checks to electronic payments.

Financial EDI Activity

Financial EDI Activity	Quarter Ended December 31, 2009	Fiscal Year 2010 To-Date	Comparative FY 2009 To-Date
Number of Payments	49,379	99,156	89,978
Amount of Payments	\$ 6,304,748,371	\$ 13,394,608,790	\$ 13,468,204,370
Number of Invoices Paid	173,382	355,064	356,199
Estimated Number of Checks Avoided	74,031	150,409	143,132
Number of Trading Partner Accounts as of 12/31/09		52,216	48,594



Travel EDI

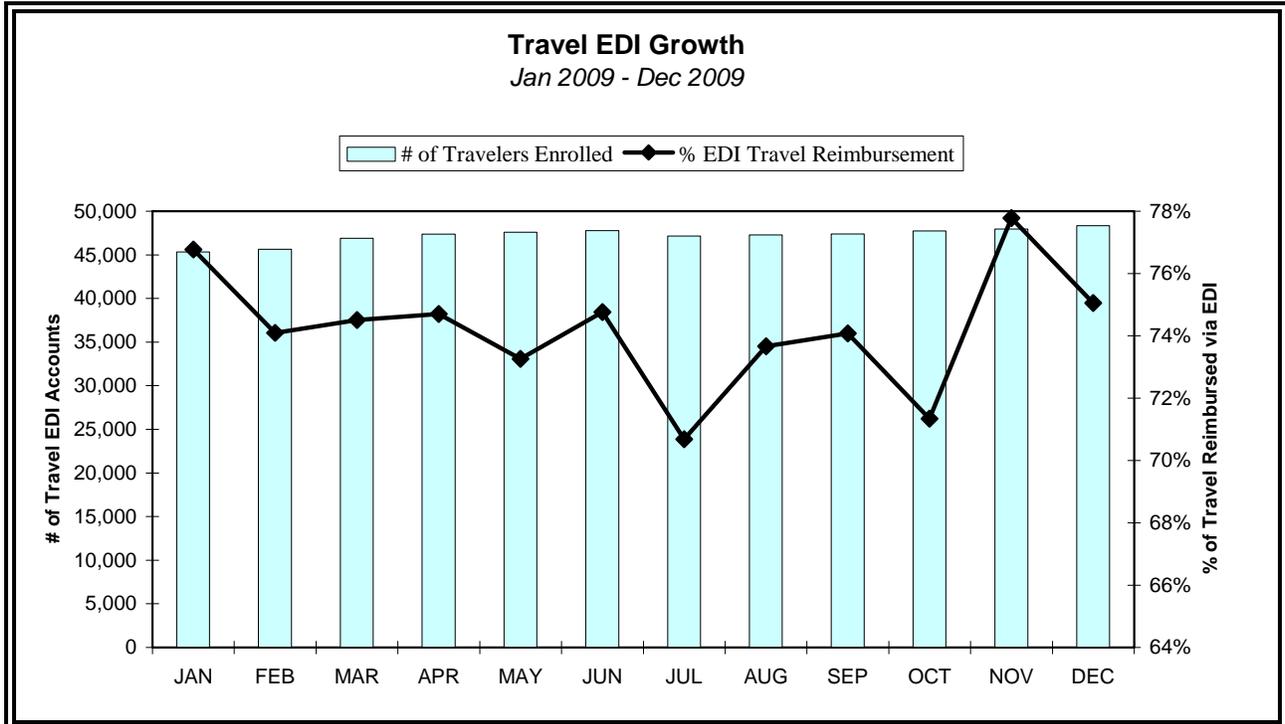
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. The Appropriation Act requires employees who travel more than twice a year to be reimbursed using EDI. DOA notified agencies of the requirement through a CARS broadcast screen and calls to the agencies that produce the largest number of travel reimbursement checks. Quarterly utilization statistics are provided to the EDI coordinators of each agency 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 §4-5.04g of the Appropriation Act, the Comptroller charges agencies for each travel reimbursement check issued in lieu of Travel EDI. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether. For FY 2010, the fee is \$5 per travel reimbursement check.

Agencies are highly encouraged to sign up board and commission members and other non-employees that receive travel reimbursements on a recurring basis.



The following table lists by secretarial area the percentage of travel reimbursements that were made via EDI versus the number of checks that were written for travel reimbursements during the quarter. *The*

statistics are shown for employees and non-employees. These statistics do not necessarily show non-compliance with the Appropriation Act requirements.

**Travel Reimbursement
Travel EDI Performance by Secretarial Area**
Quarter Ended December 31, 2009

Secretarial Area	Employee Percent	Non-Employee Percent	Reimbursement Checks Issued
Administration	76.9%	0.0%	63
Agriculture and Forestry	94.5%	12.7%	80
Commerce and Trade	94.9%	75.7%	144
Education (1)	88.3%	27.9%	1,130
Executive Offices	94.8%	0.0%	38
Finance	95.8%	0.0%	26
Health and Human Resources	91.8%	28.0%	1,149
Independent Agencies	94.0%	0.0%	104
Judicial	25.7%	5.4%	3,335
Legislative	94.2%	19.4%	156
Natural Resources	95.1%	55.7%	77
Public Safety	90.3%	26.2%	484
Technology	94.4%	5.0%	29
Transportation (1)	83.8%	25.8%	239
Statewide for Quarter	81.7%	26.5%	7,054
<i>Fiscal Year 2010 To-Date</i>			
Statewide	80.7%	26.7%	14,076
<i>Comparative Fiscal Year 2009 To-Date</i>			
Statewide	77.8%	21.3%	19,526

(1) Statistics do not include agencies and institutions decentralized for vendor payment processing.

The following table lists agencies with Employee EDI participation rates below 85 percent that issued more than 25 travel reimbursement checks during the quarter.

These statistics are informational only and **do not** necessarily indicate noncompliance with the Appropriation Act.

**Agency Employee EDI Performance
Utilization Below 85 Percent**

Agency	Percent	Reimbursement Checks Issued
Administration		
Department of General Services	70.8%	40
Education		
Christopher Newport University	82.9%	35
Southside Virginia Community College	75.6%	29
Norfolk State University	56.9%	85
Health and Human Resources		
Department of Medical Assistance Services	77.7%	29
Department of Rehabilitative Services	76.5%	103
Judicial		
Magistrate System	71.2%	96
Supreme Court	20.5%	858
Court of Appeals of Virginia	9.1%	40
General District Courts	7.3%	342
Juvenile and Domestic Relations District Courts	6.9%	394
Circuit Courts	5.6%	609
Combined District Courts	4.2%	227
Public Safety		
Department of Military Affairs	60.8%	98
Transportation		
Department of Transportation	77.1%	161

The following table lists agencies that issued more than 25 travel reimbursement checks during the quarter and had a non-employee EDI participation rate below 10 percent.

These statistics are informational only. The expansion of EDI for non-employees is a cost savings opportunity for the Commonwealth.

**Agency Non-Employee EDI Performance
Utilization Below 10 Percent**

Agency	Percent	Reimbursement Checks Issued
Agriculture and Forestry		
Department of Agriculture and Consumer Services	7.7%	48
Education		
Christopher Newport University	2.9%	33
Norfolk State University	0.0%	31
Health and Human Resources		
Virginia Foundation for Healthy Youth	9.1%	30
Department of Health	2.0%	342
Virginia Board for People with Disabilities	2.0%	50
Judicial		
Circuit Courts	3.5%	305
Virginia State Bar	0.0%	302
Public Safety		
Department of Forensic Science	0.0%	73
Department of Criminal Justice Services	0.0%	42

The following table lists agencies that have accumulated more than \$150 in employee EDI check charges for the fiscal year and have a utilization rate below 80 percent. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year.

For FY 2010, the charge is \$5 per check. These statistics indicate noncompliance with §4-5.04f.5 of the Appropriation Act which requires that all employees likely to travel more than twice per year be reimbursed for travel costs using electronic data interchange.

**Agency Non-Compliance Travel Check Charges
Utilization Below 80 Percent**

Agency	Percent	Year-to-date Charges
Health and Human Resources		
Department of Rehabilitative Services	76.5%	\$ 300
Judicial		
Magistrate System	71.2%	305
Supreme Court	20.5%	870
General District Courts	7.3%	2,175
Juvenile and Domestic Relations District Courts	6.9%	2,500
Circuit Courts	5.6%	4,920
Combined District Courts	4.2%	1,330
Transportation		
Department of Transportation	77.1%	525



Direct Deposit

During the second quarter of FY 2010, 528,301 checks were avoided using direct deposit. Effective August 1, 2008 direct

deposit was mandated for all new hires. Agencies may mandate direct deposit for all eligible employees at their discretion.

Direct Deposit Performance by Secretarial Area

Quarter Ended December 31, 2009

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	98.9%	100.0%
Agriculture and Forestry	98.3%	87.0%
Commerce and Trade	99.7%	100.0%
Education	99.5%	94.4%
Executive Offices	99.5%	71.9%
Finance	99.2%	95.5%
Health and Human Resources	99.6%	98.6%
Independent Agencies	99.7%	99.1%
Judicial	99.0%	75.0%
Legislative	99.7%	98.3%
Natural Resources	99.3%	98.1%
Public Safety	99.2%	96.9%
Technology	98.9%	100.0%
Transportation	99.8%	96.5%
Statewide	99.4%	95.0%
<i>Comparative</i>		
<i>Quarter Ended December 31, 2008</i>		
Statewide	98.1%	90.1%

Statewide Salaried Direct Deposit Performance

Quarter Ended December 31, 2009

Salaried Direct Deposit Participation	99.4%
--	--------------

Salaried Direct Deposit Below 98 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
Administration		
State Board of Elections	93.5%	31
Agriculture and Forestry		
Department of Agriculture and Consumer Services	97.2%	433
Commerce and Trade		
Department of Housing and Community Development	97.9%	96
Department of Business Assistance	96.9%	32
Education		
Rappahannock Community College	97.0%	100
The Science Museum of Virginia	92.3%	65
Health and Human Resources		
Hiram W. Davis Medical Center	97.5%	163
Judicial		
Circuit Courts	96.8%	156
Public Safety		
Sussex I Correctional Center	96.8%	156
Fluvanna Women's Correctional Center	97.6%	333
Department of Criminal Justice Services	97.1%	103
Brunswick Correctional Center	94.4%	18

Statewide Wage Direct Deposit Performance

Quarter Ended December 31, 2009

Wage Direct Deposit Participation	95.0%
--	--------------

Wage Direct Deposit Below 90 Percent

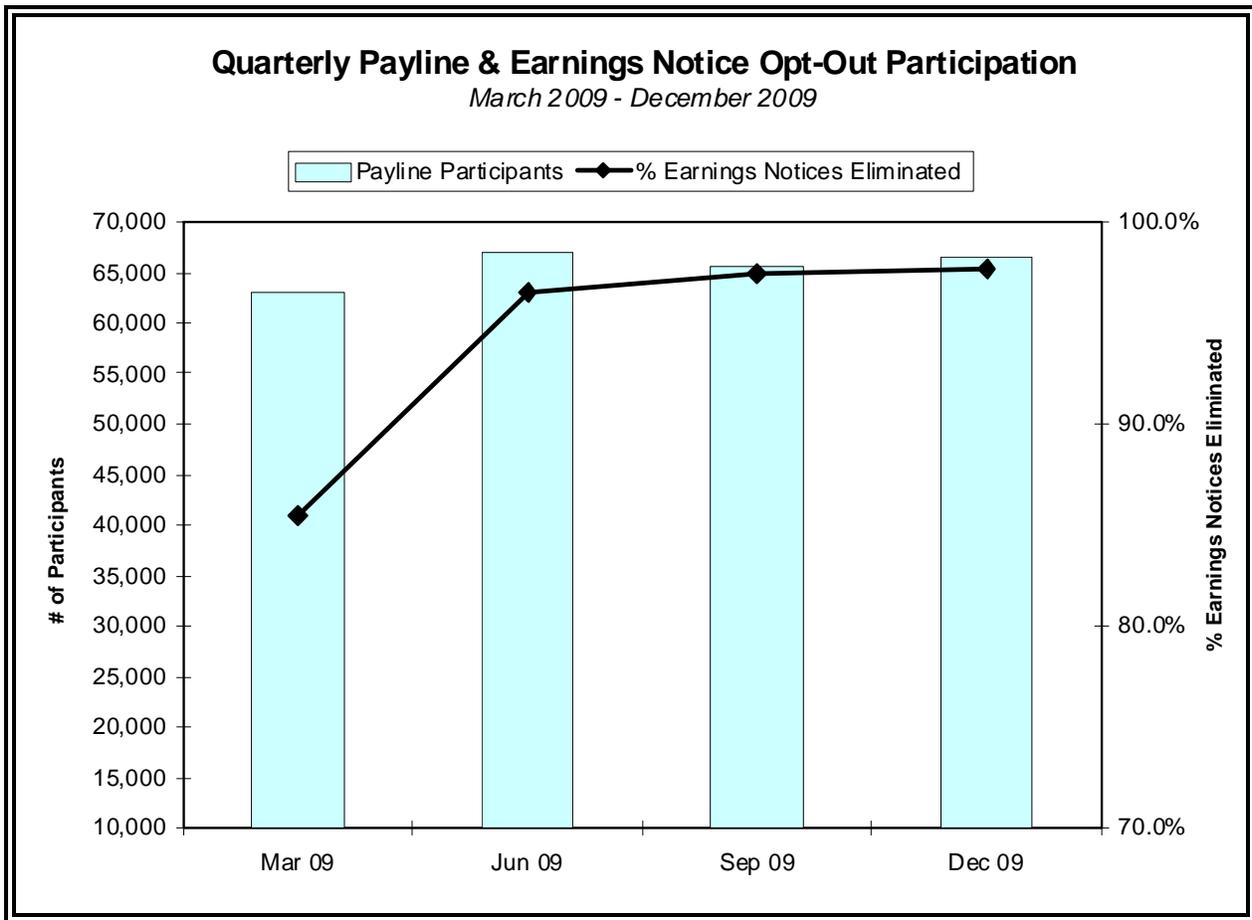
<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
Agriculture and Forestry		
Department of Agriculture and Consumer Services	83.0%	112
Education		
Southwest Virginia Community College	86.4%	361
Eastern Shore Community College	85.2%	122
Norfolk State University	84.0%	856
Frontier Culture Museum of Virginia	82.6%	23
Rappahannock Community College	82.2%	230
Mountain Empire Community College	80.6%	268
Virginia State University	78.6%	519
Virginia Highlands Community College	74.8%	266
Paul D. Camp Community College	72.4%	163
Judicial		
Juvenile and Domestic Relations District Courts	88.7%	62
General District Courts	64.9%	205
Combined District Courts	62.5%	24



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 4,177,681 earnings notices.



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 December 31, 2009

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	95.3%	100.0%
Agriculture and Forestry	83.7%	85.9%
Commerce and Trade	96.0%	100.0%
Education	61.7%	98.6%
Executive Offices	83.3%	100.0%
Finance	97.1%	100.0%
Health and Human Resources	82.1%	97.6%
Independent Agencies	86.3%	100.0%
Judicial	80.6%	93.9%
Legislative	64.3%	72.7%
Natural Resources	78.2%	81.1%
Public Safety	76.5%	99.0%
Technology	95.9%	100.0%
Transportation	88.0%	100.0%
Statewide	76.6%	97.7%
<i>Comparative</i>		
<i>Quarter Ended December 31, 2008</i>		
Statewide	56.8%	47.1%

* 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.

Effective January 1, 2009, all employees who have access to state-issued computers and internet access are required to use Payline and to opt out of earnings notice print. Agencies can implement this mandate by either requiring their employees to individually access Payline and make the appropriate elections in the user's security record to opt out or the agency can make a global election to opt out its employees. Agency elections to

eliminate earnings notice print can be applied systematically to salary-only employees, hourly-only employees, or all employees.

A large number of agencies elected a global opt-out in response to the January 1, 2009, mandate. Listed below are those agencies who have not elected an agency-wide opt-out and who have an opt-out percentage below 90% as of December 31, 2009.

Earnings Notice Elimination Under 90 Percent

Agency	Percent Earnings Notices Eliminated QE 12/31/2009	Percent Earnings Notices Eliminated QE 09/30/2009
<i>Agriculture and Forestry</i>		
Department of Agriculture and Consumer Services*	89.0%	100.0%
Department of Forestry	81.2%	93.6%
<i>Education</i>		
Southwest Virginia Community College*	85.1%	83.3%
Jamestown Yorktown Foundation*	77.2%	83.2%
Virginia Highlands Community College*	71.8%	73.7%
Paul D. Camp Community College*	67.4%	58.3%
Frontier Culture Museum of Virginia*	64.6%	75.5%
Eastern Shore Community College*	59.8%	51.2%
<i>Health and Human Resources</i>		
Southeastern Virginia Training Center	10.9%	11.1%
<i>Judicial</i>		
Circuit Courts*	75.9%	78.7%
<i>Natural Resources</i>		
Department of Conservation and Recreation	53.7%	37.0%
Marine Resources Commission	48.9%	47.9%
Chippokes Plantation Farm Foundation	0.0%	0.0%
<i>Public Safety</i>		
Virginia Veterans Care Center	42.2%	19.4%

* These agencies have elected global opt-out for salaried employees only



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 the 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.

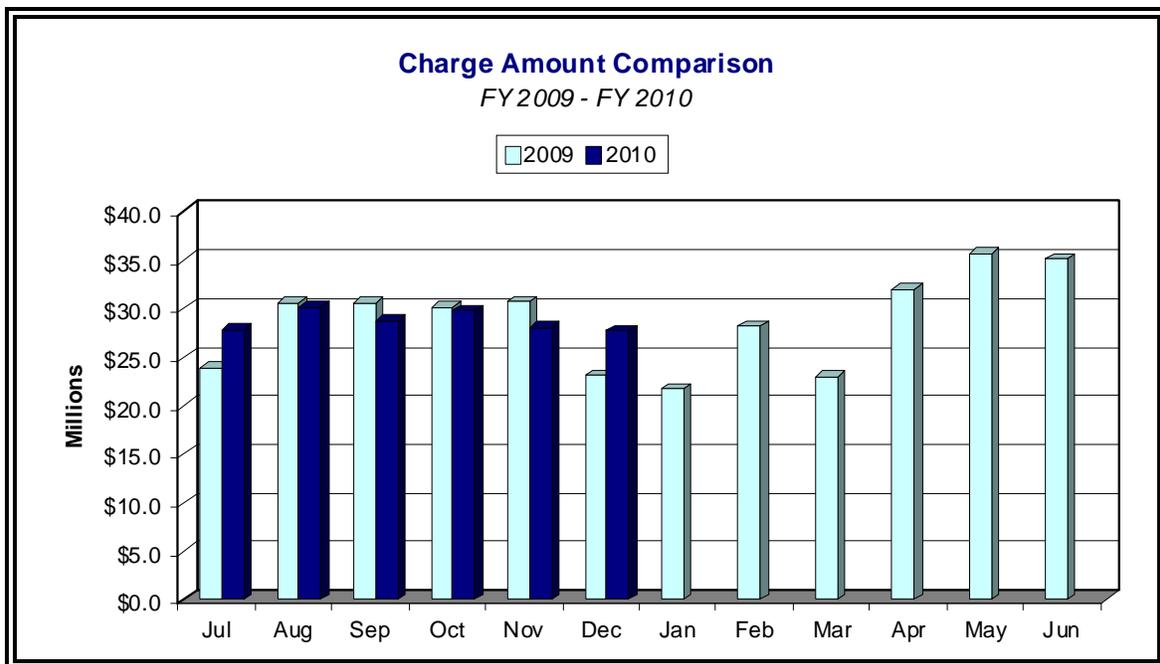
The Small Purchase Charge Card continues to be used for purchases under \$5,000. Agencies are strongly encouraged to obtain a Gold Card for use for purchases up to \$50,000.

The total amount charged on SPCC and Gold cards during the second quarter of FY 2010 increased by \$1,723,037 or 2.0 percent from the same quarter last year.

Small Purchase Charge Card Program

Charge Card Activity	Quarter Ended December 31, 2009	Fiscal Year 2010 To-Date	Comparative Fiscal Year 2009 To-Date
Amount of Charges	\$ 85,513,685	\$ 172,294,661	\$ 168,850,472
Estimated Number of Checks Avoided	158,763	318,233	326,610
Total Number of Participating Agencies		227	227
Total Number of Cards Outstanding		18,005	15,119

The following chart compares charge activity for FY 2010 to activity for FY 2009:



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.

For purposes of computing the \$5 underutilization charge imposed in accordance with §4-5.04g of the Appropriation Act, the threshold has been set at 70 percent. Beginning in the second quarter of FY 2007, all local governments have been exempted from the utilization process.

In accordance with §4-5.04g of the Appropriation Act, the underutilization charge imposed for agencies under the 70 percent threshold is \$5.

All payments under \$5,000 processed through CARS and not placed on the purchase card will be matched against VISA's vendor base in excess of 26 million merchants based on the vendor name.

Each agency will receive a report of payments to participating suppliers which should have been paid by the SPCC from DOA. Questions regarding the data can be e-mailed to cca@doa.virginia.gov.

Statewide SPCC Performance

Quarter Ended December 31, 2009

Percentage Utilization for Eligible Transactions

83%

SPCC Utilization by Secretarial Area

Quarter Ended December 31, 2009

<u>Secretarial Area</u>	<u>Payments in Compliance ⁽¹⁾</u>	<u>Non-Compliant Transactions ⁽²⁾</u>
Administration	78%	941
Agriculture and Forestry	87%	428
Commerce and Trade	80%	750
Education*	88%	4,705
Executive Offices	92%	92
Finance	94%	75
Health and Human Resources**	80%	7,641
Independent Agencies	61%	1,192
Judicial	34%	2,697
Legislative	91%	87
Natural Resources	89%	1,000
Public Safety	92%	3,178
Technology	79%	115
Transportation*	70%	6,622
Statewide	83%	29,523

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

** Department of Rehabilitative Services division of DDS payments not included in the above statistics.

(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**

Agency	Payments in Compliance	Non-Compliant Transactions
Commerce and Trade		
Virginia Employment Commission	51%	651
Health and Human Resources		
Eastern State Hospital	66%	379
Department for the Blind and Vision Impaired	59%	1,740
Central Virginia Training Center	55%	482
Independent Agencies		
Virginia Retirement System	68%	146
Virginia Workers' Compensation Commission	60%	257
State Corporation Commission	3%	606
Judicial		
Indigent Defense Commission	68%	146
Supreme Court	68%	228
Judicial Inquiry and Review Commission	57%	6
Board of Bar Examiners	0%	18
Circuit Courts	0%	176
Combined District Courts	0%	300
General District Courts	0%	1,084
Juvenile and Domestic Relations District Courts	0%	496
Magistrate System	0%	125
Virginia Criminal Sentencing Commission	0%	49
Legislative		
Commission on the Virginia Alcohol Safety Action Program	0%	40
Public Safety		
Sitter-Barfoot Veterans Care Center	55%	324
Transportation		
Department of Transportation	69%	6,005
Board of Towing and Recovery Operators	57%	3



SPCC and ATC Payment Compliance

Agencies and institutions participating in the Charge Card program are required to submit Bank of America VISA payments via EDI no later than the 7th of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) days is reported. For the month of October, this represents the bill date of October 15, 2009, with the payment due no later than November 7th.

Agencies are credited under prompt payment reporting for timely payment of each purchasing charge card transaction. ***Effective July 1, 2007, any late payments on the Airline Travel Card (ATC) will be reflected in this section along with purchase card late payments. If an agency is late paying their ATC bill, agency prompt payment statistics may be adjusted downward to reflect each ATC bill submitted as a late payment.***

The following chart lists agencies more than two days late in submitting their payments by each program type.

Agency	Oct	Nov	Dec
<u>Purchase Card Program:</u>			
Administration			
Department of Human Resource Management			X
State Board of Elections			X
Commerce and Trade			
Department of Business Assistance	X		
Education			
Eastern Shore Community College		X	
John Tyler Community College			X
University of Virginia Medical Center		X	X
Wytheville Community College	X		
Health and Human Resources			
Department of Behavioral Health and Developmental Services		X	
Independent			
Virginia Office for Protection and Advocacy			X

<u>Agency</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
<u>Purchase Card Program:</u>			
Legislative			
Virginia Freedom of Information Advisory Council			X
Natural Resources			
Department of Game and Inland Fisheries			X
Public Safety			
Corrections Human Resources and Training			X
<u>Airline Travel Card Program:</u>			
Education			
Northern Virginia Community College			X



Travel Charge Card

The Commonwealth of Virginia has contracted with Bank of America 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.

One of the major concerns under this program 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, letter sent to the cardholder.
- 31 - 60 days past due – charging privileges are temporarily suspended until balance is paid.
- 61 - 90 days past due – the account is permanently closed. Cardholder is no longer eligible to participate in the program.

The following table identifies the number of delinquent card accounts with Bank of America by agency during the quarter ended December 31, 2009, and the total amounts past due.

Travel Charge Card Program

As of December 31, 2009

<u>Agency</u>	<u>Total Delinquent Accounts</u>	<u>Amounts 60 Days Past Due</u>	<u>Amounts 90-120 Days Past Due</u>	<u>Amounts >150 Days Past Due</u>
Education				
George Mason University	1	\$ 265	\$ 0	\$ 0
Thomas Nelson Community College	1	180	0	0
University of Virginia	3	1,079	0	0
Virginia Military Institute	1	432	0	0
Virginia State University	1	0	100	0
Virginia Polytechnic Institute and State University	1	607	839	0
Health and Human Resources				
Department of Social Services	1	166	0	0
Transportation				
Department of Motor Vehicles	2	413	170	0



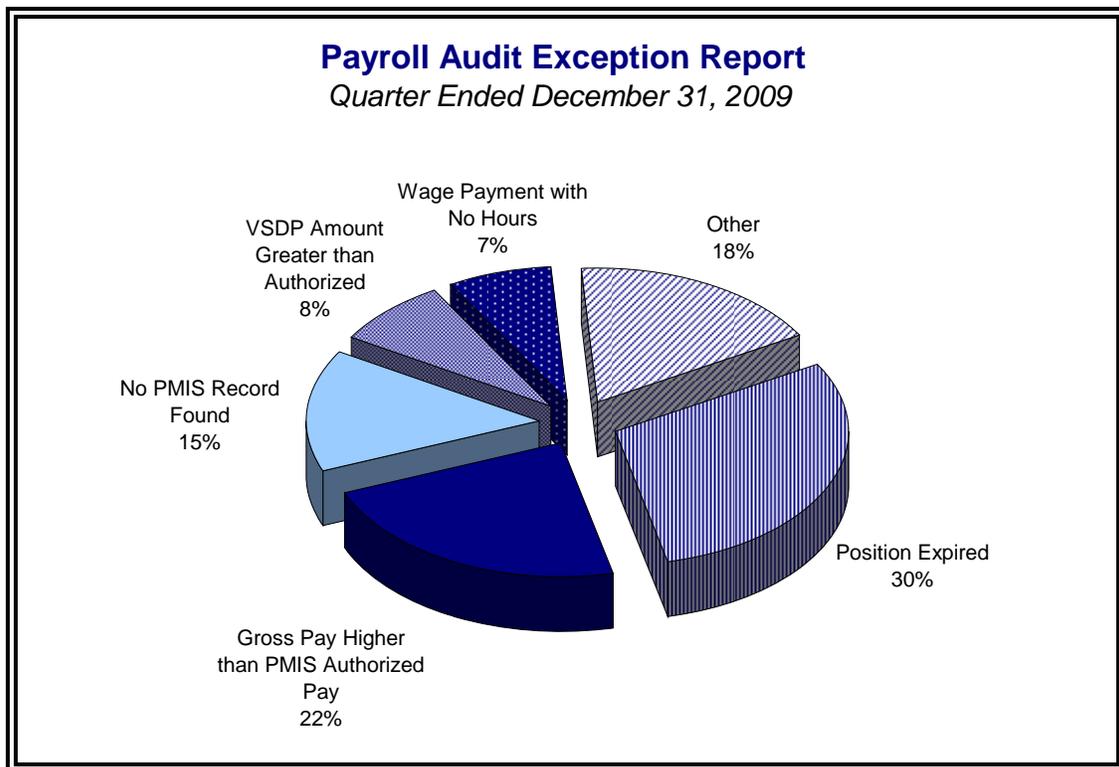
Payroll Controls

PMIS/CIPPS Payroll Audit

During the quarter, DOA's automated comparison of payroll and personnel (PMIS) records examined 423,888 salaried pay transactions and 206,580 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 4,783 new exceptions noted statewide during the quarter, with an overall exception rate of 0.78 percent.

The statewide salaried payroll exception rate was 0.96 percent and the wage payroll exception rate was 0.41 percent. During this quarter, 17 employee paychecks were reduced to recover \$10,673.07 in overpayments.

While the largest cause of exceptions is payments made to employees in a position which has an authorized period that has expired, the second largest cause of exceptions is the result of agency failure to complete the salary increase authorization process by updating PMIS salary amounts *prior* to paying the increased salary amounts 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. Agencies are reported below if the percentage

of payroll exceptions to salaried or wage payments exceeds three times the statewide average for the quarter.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended December 31, 2009

<u>Agency</u>	<u># of Salaried Exceptions</u>	<u>Exceptions as a % of Salaried Payments</u>
Total Salaried Payroll Exceptions for the Quarter		0.96%

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



Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended December 31, 2009

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
---------------	-----------------------------	---

Wage Payroll Exceptions for the Quarter	0.41%
--	--------------

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 six weeks of

notification. The following table lists those agencies having exceptions that remain unresolved six weeks after receipt of the report.

<u>Agency</u>	<u>Unresolved Exceptions</u>
Department of Motor Vehicles*	13
Longwood University	2
Virginia Center for Behavioral Rehabilitation	4

*Payroll performed by the DOA Payroll Service Bureau



Payroll Certification

Agencies are required to calculate, verify, and authorize the amount 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 each 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)
Education				
Blue Ridge Community College	\$ 62,437			
Piedmont Virginia Community College	22,193			
Health and Human Resources				
Central Virginia Training Center	43,535			
Judicial				
General District Courts			2	
Public Safety				
Powhatan Correctional Center	137,158			
Coffeewood Correctional Center	100,000			
Sitter-Barfoot Veterans Care Center			2	
Technology				
Virginia Information Technologies Agency*	25,850			
Transportation				
Department of Transportation	193,518			

*Payroll performed 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.

Health Care Reconciliations

Employee health care 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 health care eligibility records (BES) and health care 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, required IAT's not submitted or incorrect coding. Health care reconciliations for the months of September, October and November were due 10/30/09, 11/30/09 and 12/30/09, respectively.

**Schedule of Health Care Reconciliations
Received Late or With Problems**

Agency	Sept	Oct	Nov
Virginia Retirement System		L,P	
Virginia Workers' Compensation Commission		L	
Richard Bland College		L,P	
Piedmont Virginia Community College		L	L
Eastern Shore Community College	P		
Virginia Center for Behavioral Rehabilitation		L	L

L = Late
P = Problems



FINANCIAL MANAGEMENT ACTIVITY

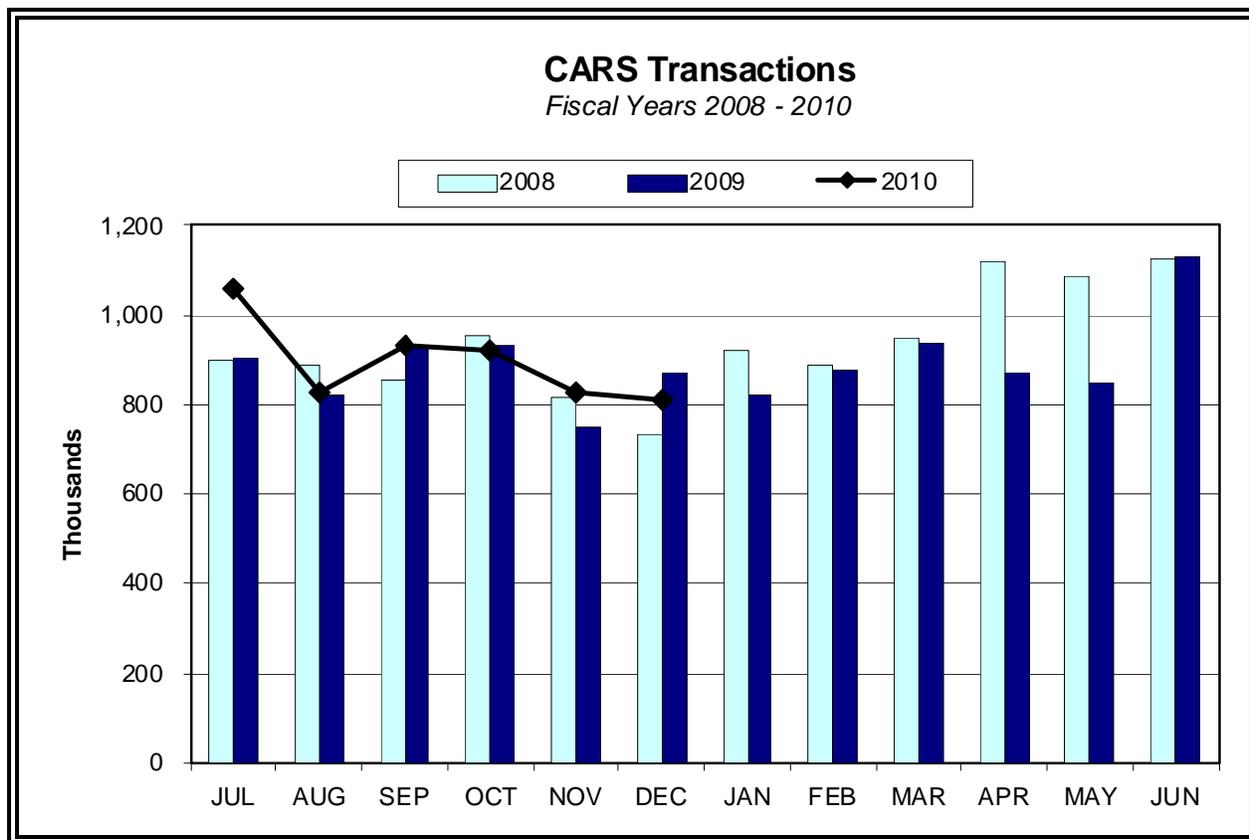
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

receivable, indirect cost recoveries, treasury loans, and the 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.

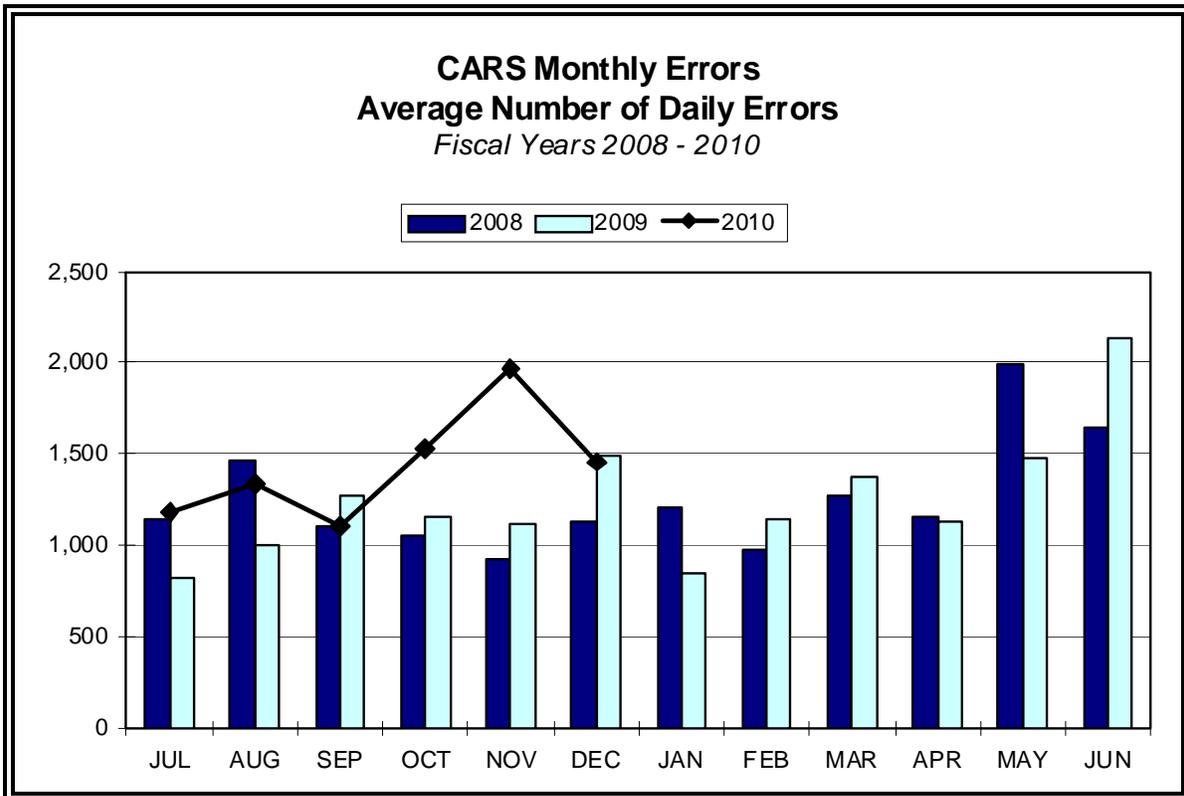


CARS Edits

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 second quarter of FY 2010, the most frequent reasons cited for transactions processing to the error file were:

Agencies may avoid funding 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. Agencies should develop procedures to ensure certified amounts are calculated properly.

- Available Cash Negative
- Certified Amounts Not Balanced
- Political Subdivision not in Political Subdivision Descriptor Table

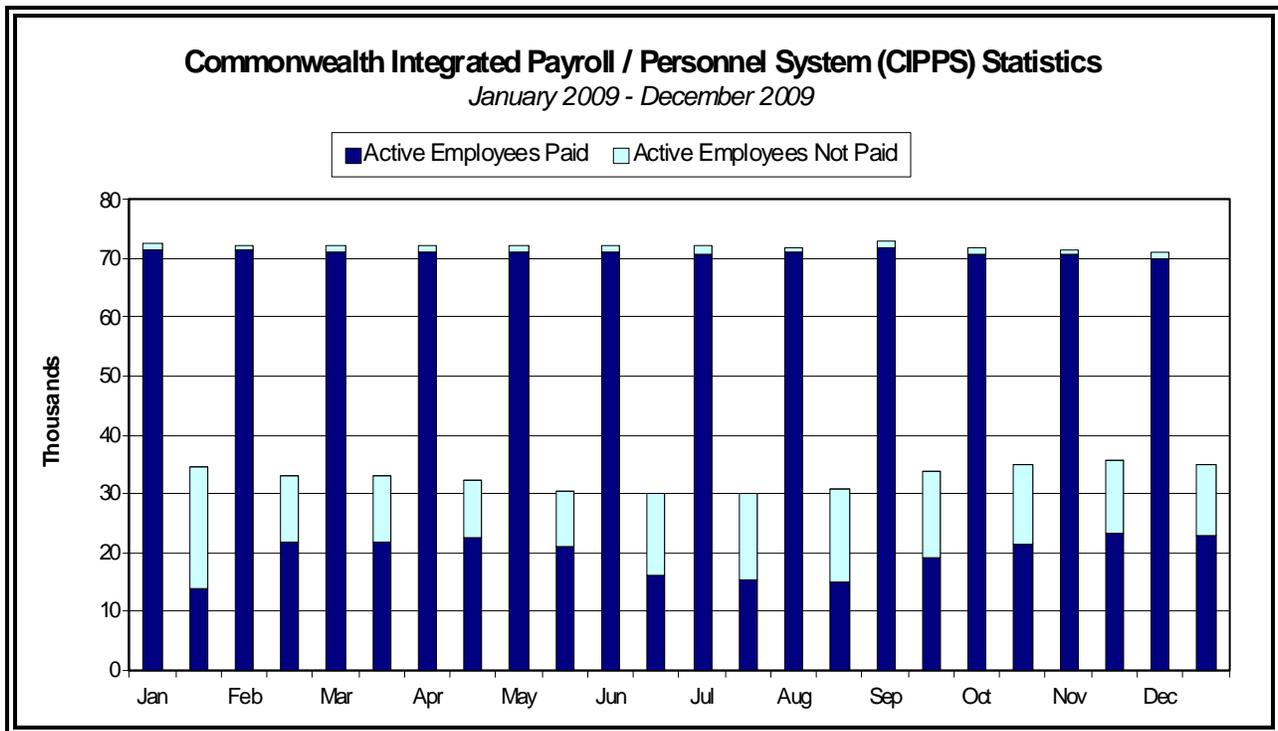


Payroll

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 106,577 employees. Payroll services are also

provided through eight decentralized higher education institutions.

On average, 93,021 employees were paid each month, of which 70,469 were salaried 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 7,945 savings bonds with a face value of over \$1.01 million.

**Benefit Participation
Number of Participating Employees**

Benefit	As of 12/31/2009	Comparative	
		As of 12/31/2008	As of 12/31/2007
Health Care			
COVA Care	83,049	84,520	84,324
Kaiser	2,062	2,049	2,054
Optional Retirement Plans*			
Fidelity Investments	571	575	571
TIAA/CREF	1,592	1,632	1,635
Political Appointee - ORP	85	88	95
Deferred Compensation*	39,966	39,392	35,804
Flexible Reimbursement*			
Dependent Care	775	824	758
Medical Care	7,416	7,753	7,066

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



Accounts Receivable

Executive Summary

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.

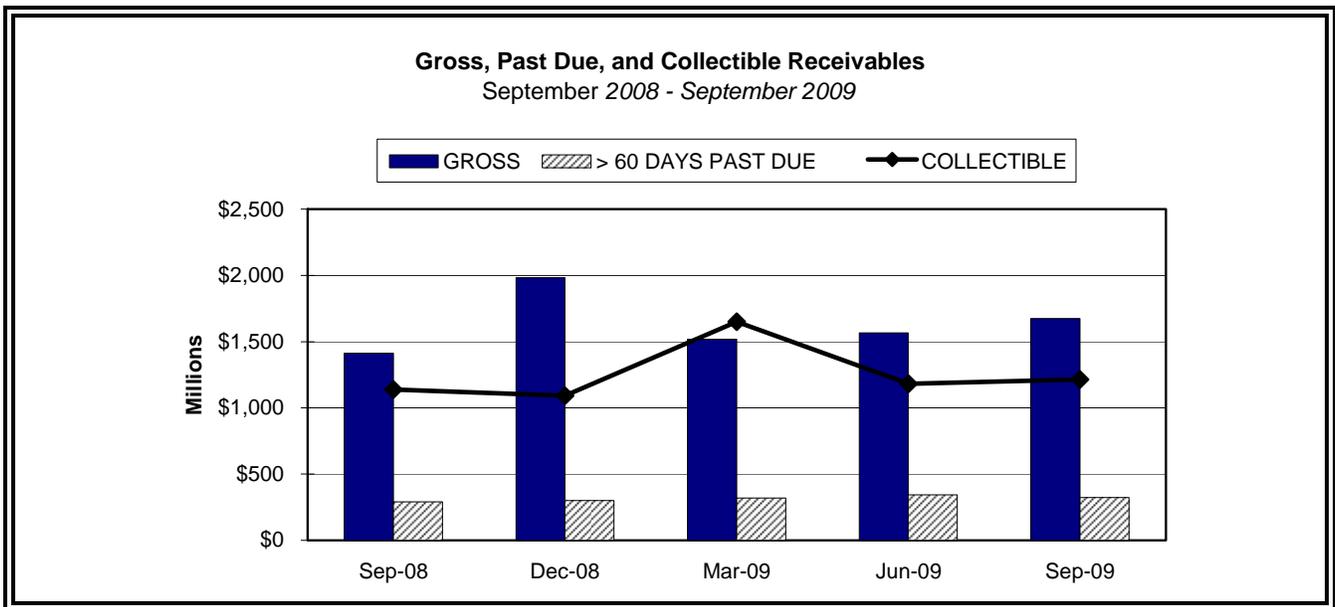
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report judgments and fines with extremely low collection statistics.

Commonwealth agencies and institutions reported adjusted gross receivables of \$1.67

billion at September 30, 2009, with \$1.31 billion considered collectible. Receivables over 60 days past due as of September 30, 2009, totaled \$337.1 million. Of that amount, \$17.5 million was placed with private collection agencies, \$26.4 million was placed with the Division of Debt Collection and \$293.3 million was retained in-house for additional collection efforts.

It is important to note that the adjusted state receivables largely consist of unemployment taxes, tuition and fees, and billings for several indigent care programs, which present numerous special challenges 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 the state's receivables.

Further, the majority of the significant outstanding receivable balances have statutory or other restrictions specifying the distribution of any collections. The collection of the outstanding receivable balances would not provide additional resources to fund the Commonwealth's operations.



As of September 30, 2009, agencies expected to collect \$1.31 billion (78 percent) of the \$1.67 billion adjusted gross receivables. About 1 percent is due to the General Fund, primarily for benefit recoveries and sales of

permits. The balance, which contains Medicaid penalties that are no longer revertible, is due to several nongeneral funds.

Collectible Receivables by Fund

Not Including Circuit and District Courts, or the Department of Taxation

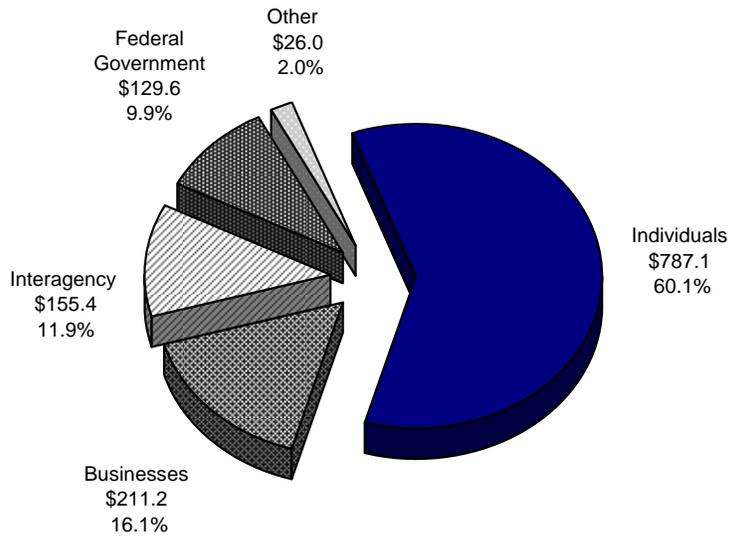
As of September 30, 2009

Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 7,958,720	48%
	Social Services	3,261,924	20%
	Labor and Industry Inspections	668,382	4%
	State Police Permits	1,093,834	7%
	Corrections	1,111,941	7%
	Other	1,274,765	7%
	Subtotal	15,369,566	93%
	Interagency Receivables	1,163,087	7%
Total General Fund Collectible		\$ 16,532,653	100%
Nongeneral Funds 99%	Medicaid - Dedicated Penalty Fees	\$ 39,135,747	3%
	Medicaid - Federal Reimbursements	12,550,838	1%
	Unemployment Taxes *	58,876,260	5%
	Transportation	106,641,680	8%
	Child Support Enforcement	132,338,988	10%
	Federal Government	28,441,632	2%
	DBHDS Patient Services	28,716,435	2%
	Hospital	248,091,543	19%
	Enterprise	67,989,522	5%
	Higher Education	381,159,321	30%
	Other	34,586,009	3%
	Subtotal	1,138,527,975	88%
	Interagency Receivables	154,260,955	12%
Total Nongeneral Fund Collectible		\$ 1,292,788,930	100%
All Funds	Grand Total	\$ 1,309,321,583	100%

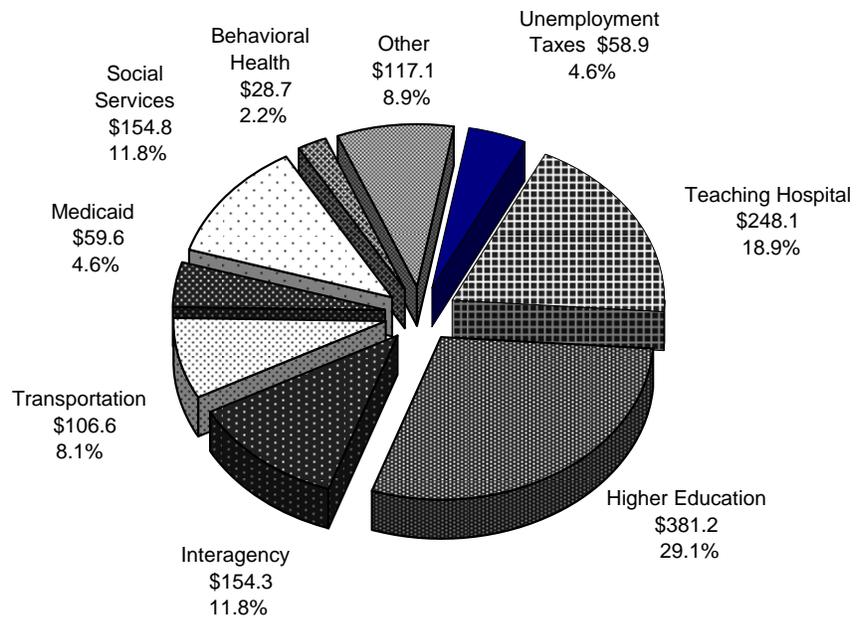
* Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor
(dollars in millions)
As of September 30, 2009



Sources of Collectible Receivables by Type
(dollars in millions)
As of September 30, 2009



Not counting Taxation and the Courts, ten agencies account for 78 percent of the Commonwealth's adjusted gross and 74

percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary
Not Including Circuit Courts, District Courts, or Department of Taxation
Quarter Ended September 30, 2009

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	\$ 302,254,108	\$ 20,185,743	\$ 282,068,365
Department of Social Services	393,994,781	236,925,789	157,068,992
Virginia Polytechnic Institute and State University	89,923,355	2,522,074	87,401,281
Department of Transportation	87,330,925	1,447,096	85,883,829
University of Virginia - Academic Division	74,818,941	1,260,594	73,558,347
Virginia Employment Commission	97,510,520	34,448,491	63,062,029
Department of Medical Assistance Services	93,300,825	33,588,298	59,712,527
George Mason University	57,972,136	437,512	57,534,624
State Lottery Department	53,887,846	-	53,887,846
Virginia Commonwealth University	56,940,315	4,369,336	52,570,979
Total	\$ 1,307,933,752	\$ 335,184,933	\$ 972,748,819
All Other Agencies	366,262,832	29,690,068	336,572,764
Grand Total	\$ 1,674,196,584	\$ 364,875,001	\$ 1,309,321,583

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 60 days or more past due which 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 60 days or more past due to the Division of Debt Collection.

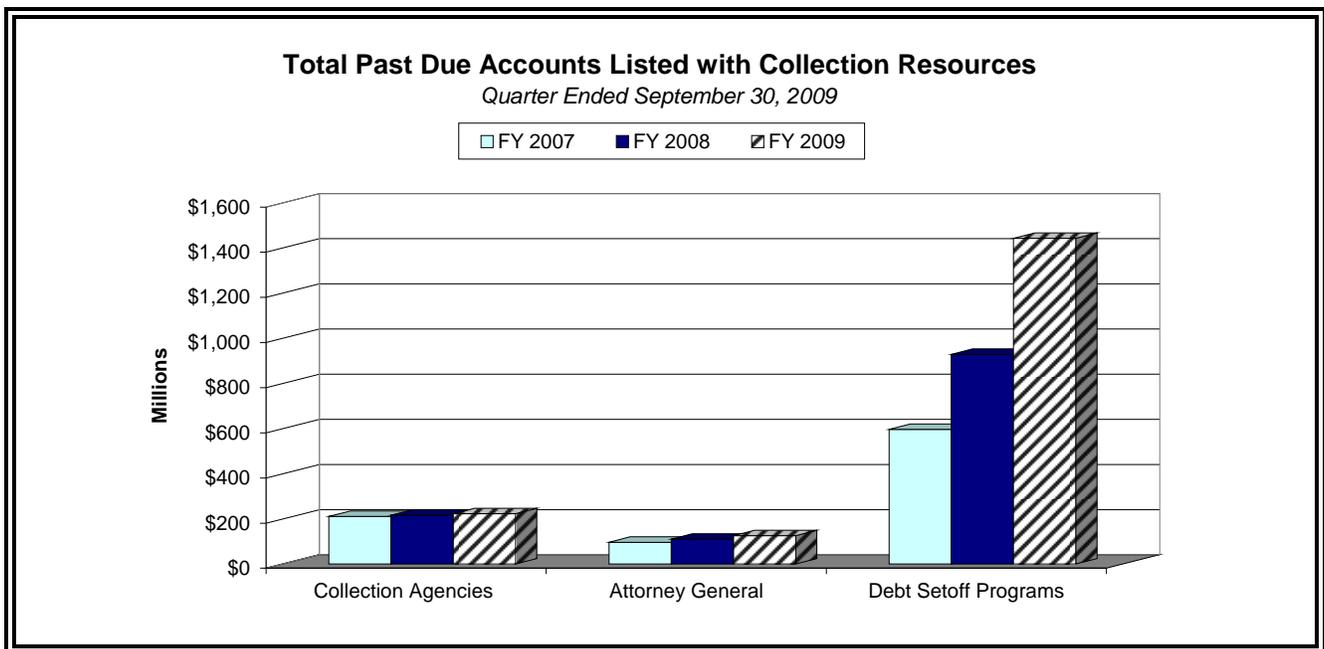
These additional collection tools recovered \$5.4 million during the quarter ended September 30, 2009. The Division of Debt Collection contributed \$1.8 million. Private collection agencies collected \$2.2 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$1.3 million.

Private collection agencies returned \$7.7 million of accounts to agencies, and the Division of Debt Collection discharged \$5.6 million of accounts and returned \$918,872 of accounts to agencies.

Collectible Receivables Over 60 Days Past Due
Not Including Circuit Courts, District Courts or the Department of Taxation
As of September 30, 2009

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 136,787,349	\$ 2,610	\$ -	\$ 136,784,739
Virginia Employment Commission	42,969,586	8,939,739	8,517,529	25,512,318
Department of Medical Assistance Services	33,787,242	619,801	3,398,484	29,768,957
University of Virginia Medical Center	28,966,131	-	-	28,966,131
Department of Transportation	22,552,936	958,348	7,805,690	13,788,898
Department of Behavioral Health and Developmental Services	10,218,841	-	-	10,218,841
Virginia Information Technologies Agency	8,490,613	-	-	8,490,613
Virginia Commonwealth University	5,111,595	245,741	8,345	4,857,509
University of Virginia - Academic Division	4,511,128	403,956	44,247	4,062,925
University of Mary Washington	3,726,761	294,404	98,996	3,333,361
TOTAL	\$ 297,122,182	\$ 11,464,599	\$ 19,873,291	\$ 265,784,292
All Other Agencies	40,015,822	5,985,784	6,532,254	27,497,784
TOTAL OVER 60 DAYS	\$ 337,138,004	\$ 17,450,383	\$ 26,405,545	\$ 293,282,076
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	1,457,223,531	207,021,503	99,408,262	1,150,793,766
TOTAL COLLECTION EFFORTS	\$ 1,794,361,535	\$ 224,471,886	\$ 125,813,807	\$ 1,444,075,842

Note: The additional amounts retained by agencies are placed for collection with several debt setoff collection programs.



Comptroller's Debt Setoff (CDS) Program

CDS is one of the debt setoff programs used by agencies to collect past due accounts receivable owed to 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 to the State. CDS collected \$2.3 million through the second quarter of FY 2010. Please note the amount reported is before any refunds.

Receivable Trend Data

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 60 days past due. The following

table looks at trend percentages of receivables over 60 days past due as a percentage of gross receivables for the agencies with the largest amounts over 60 days past due.

Percentage of Gross Receivables Over 60 Days Past Due

Agency	Percent at 9/30/09	Comparative	
		Percent at 6/30/09	Percent at 3/31/09
University of Mary Washington	62%	46%	54%
Virginia Employment Commission	44%	38%	15%
Department of Medical Assistance Services	36%	38%	40%
Department of Social Services	35%	35%	34%
Department of Transportation	26%	11%	53%
Department of Behavioral Health and Developmental Services	24%	23%	21%
Virginia Information Technologies Agency	21%	20%	18%
University of Virginia Medical Center	10%	14%	15%
Virginia Commonwealth University	9%	17%	18%
University of Virginia - Academic Division	6%	13%	15%
Statewide Average - All Agencies	20%	21%	23%

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 accounts receivable balances. In total, these ten agencies are responsible for 74 percent of the Commonwealth's collectible receivables balances, as adjusted to exclude the Department of Taxation and the circuit and district courts. Percentages over 100 percent indicate the collection of prior balances as well as current billings.

In evaluating these percentages it is important to understand that the percentages may fluctuate based on how the different agencies conduct their business and the cycles that those businesses typically follow.

The statewide average of 85 percent indicates that for every \$1 billed during the quarter ended September 30, 2009, the state collected 85 cents. This rate is three percent less than last year, and two percent less than the September 30, 2007 quarter.

Collections as a Percentage of Billings

Agency	Percent 9/30/2009	Comparative	
		Percent 9/30/2008	Percent 9/30/2007
Department of Transportation	126%	166%	101%
Virginia Employment Commission	102%	114%	118%
State Lottery Department	99%	99%	103%
Department of Social Services	93%	82%	82%
University of Virginia - Academic Division	89%	96%	96%
Virginia Polytechnic Institute and State University	87%	88%	87%
Virginia Commonwealth University	84%	86%	83%
George Mason University	80%	79%	81%
Department of Medical Assistance Services	39%	33%	50%
University of Virginia Medical Center	29%	38%	43%
Statewide Average - All Agencies	85%	88%	87%

Commonwealth Receivables Analysis

The following individual accounts receivable narratives describe agency collection programs and related trend information:

Department of Medical Assistance Services (DMAS)

DMAS is responsible for overseeing service delivery to eligible recipients, and reviewing and auditing the providers of a variety of federally and State funded health care programs. These programs include Medicaid, Family Access to Medical Insurance Security (FAMIS), and State and Local Hospitalization (SLH) programs.

DMAS' collectible accounts receivable of \$59.7 million at September 30, 2009, is a \$11.7 million increase over the \$48.0 million reported at September 30, 2008. Over the same period, total past due receivables of \$38.3 million have increased by \$7.3 million.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 500 bed hospital, a School of Medicine, and over twenty research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$282.1 million at September 30, 2009, were a \$78.6 million increase from the \$203.5 million reported the previous year. Past due receivables increased by \$6.6 million to \$102.3 million at September 30, 2009.

Virginia Employment Commission (VEC)

VEC is responsible for paying unemployment insurance benefits to workers who have become unemployed. VEC also provides employment assistance for job seekers and analyzes and reports on a variety of labor market information.

VEC collectible receivables were \$63.1 million at September 30, 2009, an increase of \$9.5 million from the previous year. Total past due receivables were \$46.6 million, a \$7.5 million increase over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

Virginia Information Technologies Agency (VITA)

VITA is the state's central information technologies provider. VITA operates the information technology infrastructure for much of State government, providing both hardware and services. VITA also procures hardware and software for agencies and institutions of higher education.

VITA reported collectible receivables at September 30, 2009, of \$41.2 million, which is an increase of \$4.7 million reported in the previous year. Most of these receivables are due from other state agencies. As of September 30, 2009, \$8.5 million was over 60 days past due, an increase of \$3.2 million from the previous year.

State Lottery Department (SLD)

The State Lottery Department is an independent agency responsible for operating the State's on-line lottery and scratch-off games and actively participates in two multi-state games, Mega Millions and Win for Life. Retail merchants who sell the State Lottery games are covered by surety bonds and deposit Lottery receipts into bank accounts approved by the State Treasurer.

At September 30, 2009, the State Lottery reported net receivables of \$53.9 million, a \$3.2 million increase from the previous year's net of \$50.7 million. Billings decreased by \$5.1 million and collections decreased by \$3.6 million during the September 30, 2009 quarter when compared to the September 30, 2008 quarter. At September 30, 2009, the State Lottery had \$227,046 that was over 60 days past due. The total amount owed is covered by surety bonds.

Department of Education (DOE)

Education acts as the pass-through agency for state and federal education funds and determines the allocation of funds to local school divisions under the Direct Aid to Public Education Program. Localities file expenditure reimbursement requests with the Department who then reviews the claims for accuracy and correctness. Eligible expenditures under federal grants are paid by DOE, which then draws down the money from the U. S. Department of Education.

At September 30, 2009, DOE had no accounts receivable due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

Virginia Polytechnic Institute and State University (VPISU)

VPISU is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At September 30, 2009, the University reported net collectible receivables of \$87.4 million, a \$655,297 increase over the prior year. At the same time, total past due receivables of \$20.1 million increased by \$1.4 million over the prior year.

The University uses a variety of collection methods to encourage payments. At September 30, 2009, VPISU had \$3.6 million of accounts over 60 days past due. \$614,462 was placed with the Attorney General's Division of Debt Collection, another \$1.0 million was placed with private collection agencies and \$2.6 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates 16 facilities around the State to treat patients. These facilities account for nearly all of the department's receivables, consisting primarily of fees due for patient care. DBHDS bills third party insurers and patient assistance programs such as Medicare and Medicaid whenever they are available. In other cases, the Department looks to responsible family members and tangible real and personal property for payment. When property is located, a lien is filed in the local courts so that when estates are liquidated, DBHDS can recover some of the costs involved in a patient's care.

At September 30, 2009, the Department reported collectible receivables of \$28.7 million, a \$1.3 million increase over the previous year. \$15.8 million was past due, with \$10.2 million being over 60 days past due. Total past due receivables decreased by \$464,698 over the year, and accounts over 60 days past due decreased by \$488,006. At September 30, 2009, the Department had a total of \$5.7 million of accounts placed with the Attorney General and \$766,370 listed in Taxation's Debt Setoff Programs.

Department of Transportation (VDOT)

Depending upon how a particular road construction project is funded, VDOT receives payments from a variety of sources. These include the federal government, local government units, and for damage repairs, responsible parties or their insurers. The majority of VDOT receivables stem from these sources.

At September 30, 2009, VDOT reported \$85.9 million of collectible receivables, an increase of \$30.6 million from the prior year. VDOT also reported \$27.5 million total past due and \$22.6 million being over 60 days past due. Past due receivables increased by \$756,955 over the year, while receivables over 60 days past due increased by \$3.0 million. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and where the local fund shares are provided by local debt financing.

VDOT reported placing \$7.8 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection, and \$958,348 with private collection agencies.

Department of Social Services (DSS)

Social Services provide financial assistance to eligible individuals and families through 121 local departments of social services. The assistance programs include the Temporary Assistance for Needy Families (TANF), Medicaid, Food Stamps, and Community Services Block Grants. In addition to the assistance programs, DSS is the federally - mandated state agency to provide child support enforcement assistance. Child support paid for children receiving money from an assistance program is required to be paid to reimburse the federal and state funds which provide the assistance. Overpayments of assistance benefits from ineligible participants must also be repaid to the originating funds. Receivables due from the Federal government usually are the Federal share of assistance payments and allowable cost recoveries made through the local offices during the preceding month.

At September 30, 2009, DSS reported gross receivables of \$394.0 million, an allowance for doubtful accounts of \$236.9 million and collectible receivables of \$157.1 million. Past due receivables totaled \$139.3 million, of which \$136.8 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$347.5 million (88 percent) of the gross receivables, \$215.1 million (91 percent) of the allowance for doubtful accounts and \$132.3 million (84 percent) of the collectible receivables.

From September 30, 2008, to September 30, 2009, gross receivables increased \$28.9 million and collectible receivables decreased by \$677,605. Total past due receivables increased by \$17.7 million and receivables over 60 days past due increased by \$17.4 million.

Department of Rail and Public Transportation (DRPT)

DRPT is responsible for overseeing Virginia's railroads, providing funding and project resources for public transportation, and researching feasible alternatives for commuters. DRPT works closely with VDOT, the railroads, local governments, the Washington Metropolitan Area Transit Authority, and the Federal Transit Authority.

At September 30, 2009, DRPT had gross and net receivables of \$30.0 million. The majority of this money is due via an interagency transfer from VDOT. \$1.3 million was past due at September 30, 2009. Of this amount, \$593,097 was over 60 days past due.

Virginia Commonwealth University (VCU)

VCU, based in Richmond, offers 140 degree programs to over 32,000 students in a variety of fields ranging from accounting to pharmacy at both undergraduate and graduate levels.

At September 30, 2009, VCU had \$52.6 million of collectible receivables, a \$6.8 million increase from September 30, 2008. Total past due accounts were \$6.6 million, a \$1.3 million increase from September 30, 2008. Accounts over 60 days past due (\$5.1 million) increased by \$1.3 million from the prior year. Billings increased by \$220,496 and collections decreased by \$4.1 million to \$180.7 million for the September 30, 2009 quarter, when compared to the September 30, 2008 quarter.

The following table is prepared to present the September 30, 2009, aging information in conformity with the provisions of Section 2.2-603.E.(ii) of the *Code of Virginia*.

Commonwealth's total \$3.02 billion past due accounts receivable at September 30, 2009. Another 18 agencies accounted for 17 percent (\$513.8 million), leaving 71 other agencies to comprise the last one percent at \$44.3 million.

Taxation and the Circuit and District Courts accounted for 82 percent (\$2.46 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of September 30, 2009

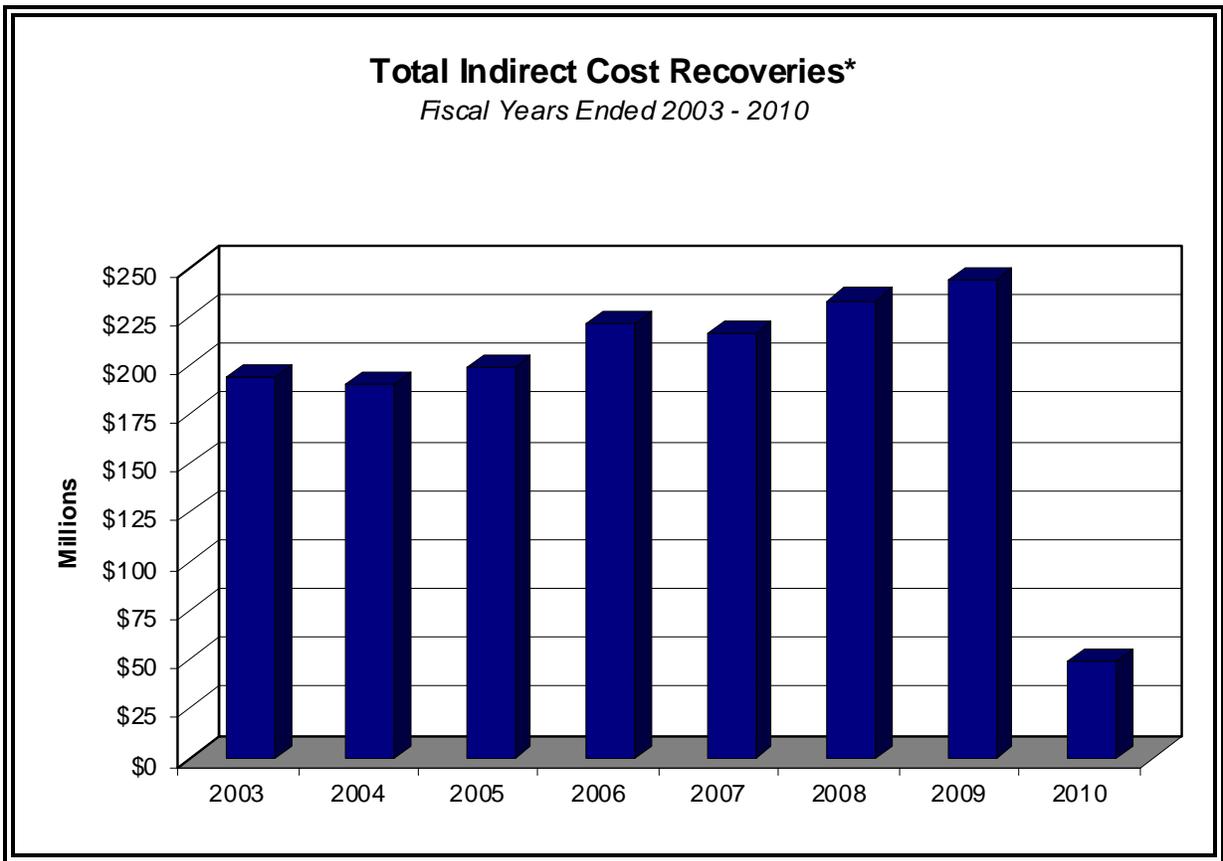
Agency	Total Past Due	1 to 180 Days Past Due	181 to 360 Days Past Due	Over One Year
Department of Taxation	\$ 1,925,073,835	\$ 354,095,029	\$ 271,094,875	\$ 1,299,883,931
Localities' Circuit and District Courts	538,990,195	39,276,087	66,435,816	433,278,292
Total - Taxation Assessments and Court Fines and Fees	\$ 2,464,064,030	\$ 393,371,116	\$ 337,530,691	\$ 1,733,162,223
All Other Large Dollar Agencies:				
Department of Social Services	139,323,651	7,524,409	7,565,096	124,234,146
University of Virginia Medical Center	102,335,243	93,161,590	6,448,991	2,724,662
Virginia Employment Commission	46,601,651	13,491,661	7,683,416	25,426,574
Department of Medical Assistance Services	38,265,234	7,937,948	16,401,121	13,926,165
University of Virginia - Academic Division	35,785,979	34,458,814	953,447	373,718
Department of Transportation	27,497,252	7,956,149	9,997,899	9,543,204
Virginia Polytechnic Institute & State University	20,125,756	17,858,129	1,255,873	1,011,754
Virginia Information Technologies Agency	16,744,009	11,399,045	3,931,407	1,413,557
Department of Behavioral Health and Developmental Services	15,779,323	12,440,556	8,772	3,329,995
George Mason University	13,501,869	12,496,446	955,386	50,037
Department of General Services	8,707,762	6,485,787	303,276	1,918,699
Old Dominion University	8,636,772	8,477,014	85,786	73,972
James Madison University	7,666,468	7,204,876	177,488	284,104
Virginia Community College System	7,410,291	6,086,448	747,074	576,769
Norfolk State University	7,201,782	6,901,157	72,333	228,292
Virginia Commonwealth University	6,645,376	3,218,920	1,907,935	1,518,521
University of Mary Washington	5,914,204	5,430,093	119,882	364,229
Virginia State University	5,611,595	4,658,932	572,459	380,204
Total - Largest Dollar Volume Agencies	\$ 513,754,217	\$ 267,187,974	\$ 59,187,641	\$ 187,378,602
All Other Agencies	44,282,443	31,845,815	4,839,024	7,597,604
Grand Total Past Due Receivables	\$ 3,022,100,690	\$ 692,404,905	\$ 401,557,356	\$ 1,928,138,429



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 2010 reflects indirect cost recoveries through December 31, 2009.

Indirect Cost Recoveries from Grants and Contracts
Fiscal Year 2010

Fund	Year-to-Date		
	Higher Ed	Non-Higher Ed	Total
Nongeneral:			
Agency / Institution (1)	\$ 11,072,505	\$ 36,599,719	\$ 47,672,224
Statewide	56,827	369,628	426,455
Agency / Institution ARRA	156,471	176,286	332,757
Statewide ARRA	267	3,479	3,746
Total Nongeneral	\$ 11,286,070	\$ 37,149,112	\$ 48,435,182
General:			
Agency (Cash Transfers)	-	-	-
Statewide	-	435,041	435,041
Statewide (Cash Transfers)	-	-	-
Total General	\$ -	\$ 435,041	\$ 435,041
Total All Funds	\$ 11,286,070	\$ 37,584,153	\$ 48,870,223

- (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 \$26,762,777 representing the Department of Social Services' estimate of indirect cost recoveries received. This does not include covered higher education institutions.



Loans and Advances

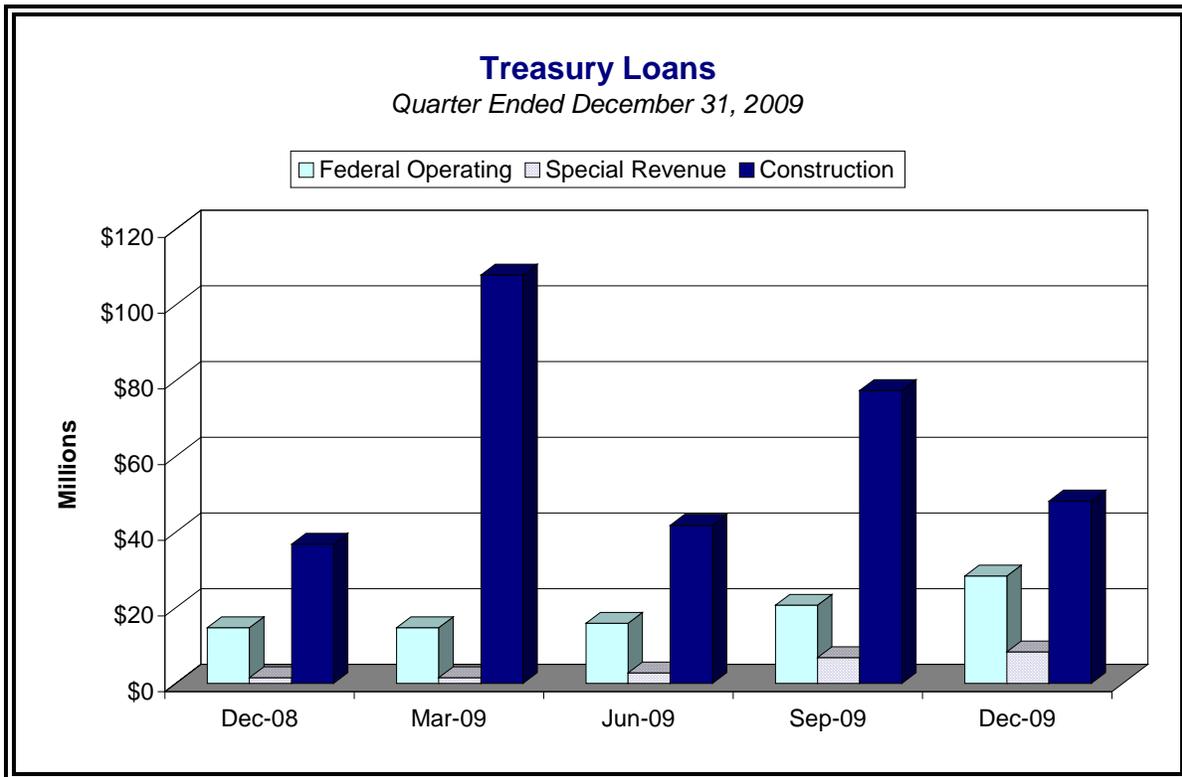
Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement, typically federal or special revenues. They are loans of a temporary nature, approved on the basis of the following conditions:

- **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.

The total of all types of treasury loans as of December 31, 2009, was \$84.9 million.



Significant New Loans / Drawdowns	New Balance
<p>Department of Taxation(TAX) Drawdown on a \$6.9 million loan used for planning and implementation of the Virginia Tax Amnesty Program.</p>	<p>\$ 1,200,000.00</p>
<p>Department Military Affairs(DMA) Drawdown on a \$2.6 million loan used to provide funding pending receipt of National Guard Bureau Cooperative Agreement advances.</p>	<p>\$ 1,625,000.00</p>
<p>Norfolk State University (NSU) Drawdown on a \$22 million loan used for improvements, renovation and expansion of student center.</p>	<p>\$ 8,509,162.00</p>
<p>Virginia Department of Transportation(VDOT) Drawdown on a \$15 million loan used to fund the Highway Planning and Construction – ARRA Fund.</p>	<p>\$ 5,000,000.00</p>
<p>Department of Conservation and Receptions (DCR) Drawdown on a \$4.8 million loan used to acquire land for a state park – Biscuit Run/Forest Lodge Tract.</p>	<p>\$ 4,799,166.00</p>
<p>Virginia College Building Authority (VCBA) Drawdown on a \$90 million loan used to reimburse Higher Education Institutions for equipment purchases under the 21st Century Program.</p>	<p>\$ 89,505,640.43</p>
Significant Loan Repayments	Prior Balance
<p>College of William and Mary(CWM) Payment on loan used to improve intercollegiate athletic facilities.</p>	<p>\$ 1,278,016.50</p>
<p>Department of Conservation and Receptions (DCR) Payment on a \$3 million loan to acquire land as an addition to the Crow’s Nest Natural Area Preserve.</p>	<p>\$ 2,700,000.00</p>
<p>Virginia College Building Authority (VCBA) Payment on a \$55 million loan used to reimburse Higher Education Institutions for equipment purchases under the 21st Century Program.</p>	<p>\$ 38,487,852.97</p>
<p>Virginia College Building Authority (VCBA) Payment on a \$90 million loan used to reimburse Higher Education Institutions for equipment purchases under the 21st Century Program.</p>	<p>\$ 89,505,640.43</p>

Other methods not charted but used to ensure an agency or institution has sufficient operating cash include authorized appropriation deficits, working capital advances, and lines of credit.

- **Authorized Appropriation Deficits**, which provide funding, when authorized by the Governor, under emergency conditions as described in §4-3.01 and §4-3.02 of the Appropriation Act. The total of all outstanding deficit loans/appropriations as of December 31, 2009, was \$60,117,635.
- **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. The total of all outstanding working capital advances as of December 31, 2009, was \$11.7 million.

- **Lines of Credit**, which provide funding for recurring shortfalls of operating cash and are authorized in §3-2.03 of the Appropriation Act. The total of all outstanding lines of credit as of December 31, 2009, was \$38.1 million.

