

**REPORT ON
STATEWIDE FINANCIAL MANAGEMENT
AND COMPLIANCE**

FOR THE QUARTER ENDED DECEMBER 31, 2015



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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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 State wide 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, 2015, and comparative FY 2015 data. Some information in the report is for the quarter ended September 30, 2015, 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 No. 10205, *Agency Response to APA Audit*, contains instructions and guidance on preparing the workplan.

The APA also reports additional recommendations that can include risk alerts, efficiency issues, or any other improvements that can be made within agency operations. Risk alerts address issues that are beyond the capacity of agency management to implement effective corrective actions. Efficiency issues provide management with recommendations to enhance agency practices, processes or procedures. Additional recommendations are provided following the Audit Findings section.

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

Audit Reports – Quarter Ended December 31, 2015

The APA issued 11 reports covering 35 State Agencies 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				
Department of General Services ⁽¹⁾	1	0	1	Yes
Agriculture and Forestry				
None				
Commerce and Trade				
Virginia Economic Development Partnership	0	0	0	N/A
Virginia Racing Commission	0	0	0	N/A

	New Findings	Repeat Findings	Total Findings	CAW Received
Education				
Frontier Culture Museum of Virginia	1	0	1	Yes
Norfolk State University	4	1	5	Yes
University of Virginia ⁽²⁾	6	0	6	Yes
University of Virginia Medical Center	0	1	1	Yes
Virginia Community College System ⁽³⁾	1	0	1	Yes
Blue Ridge Community College	5	0	5	Yes
Central Virginia Community College	0	0	0	N/A
Dabney S. Lancaster Community College	1	0	1	Yes
Danville Community College	0	0	0	N/A
Eastern Shore Community College	1	0	1	Yes
Germanna Community College	5	0	5	Yes
J. Sargeant Reynolds Community College	7	0	7	Yes
John Tyler Community College	0	0	0	N/A
Lord Fairfax Community College	3	0	3	Yes
Mountain Empire Community College	0	0	0	N/A
New River Community College	5	0	5	Yes
Northern Virginia Community College	4	2	6	Yes
Patrick Henry Community College	0	0	0	N/A
Paul D. Camp Community College	0	0	0	N/A
Piedmont Virginia Community College	4	0	4	Yes
Rappahannock Community College	1	0	1	Yes
Southside Virginia Community College	1	0	1	Yes
Southwest Virginia Community College	4	0	4	Yes
Thomas Nelson Community College	5	0	5	Yes
Tidewater Community College	0	0	0	N/A
Virginia Highlands Community College	0	0	0	N/A
Virginia Western Community College	2	0	2	Yes
Wytheville Community College	0	0	0	N/A
Virginia Polytechnic and State University	0	0	0	N/A
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
None				
Natural Resources				
None				
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	3	0	3	Yes
Transportation				
Virginia Port Authority ⁽⁴⁾	2	0	2	Yes
Veterans and Defense Affairs				
Department of Veterans Services	6	0	6	Yes

- (1) *The Department of General Services audit for the period ended June 30, 2015 included the Division of Real Estate Services.*
- (2) *The University of Virginia audit for the period ended June 30, 2015 included the University of Virginia Academic Division and Medical Center.*
- (3) *The Virginia Community College System audit included 23 Community Colleges and the Virginia Community College System (VCCS) Central Office.*
- (4) *The Virginia Port Authority audit was performed by PBMares, LLP and the audit report provided to the APA.*



Audit Findings - Quarter Ended December 31, 2015

The following agencies had one or more findings contained in their audit report.

Administration

Department of General Services⁽¹⁾

1. Improve Internal Controls over Lease Reporting

Education

Frontier Culture Museum

1. Strengthen Internal Controls over Fiscal Operations

Norfolk State University

1. Improve Controls for Deactivating System Access. **This is a Repeat Finding.**
2. Improve IT Server Maintenance Management Controls
3. Improve IT Asset Surplus and Sanitization Controls
4. Properly Reflect Enrollment Changes in the National Student Loan Data System
5. Promptly Remit Unclaimed Federal Student Aid Funds

University of Virginia⁽²⁾

1. Improve Virtual Private Network Security Controls
2. Improve Controls for Granting and Restricting Elevated Workstation Privileges
3. Improve myVRS Navigator Reconciliation and Confirmation
4. Improve System Activity Monitoring Controls
5. Improve Sole Source Procurement Documentation
6. Improve Equipment Inventory Process

University of Virginia Medical Center⁽²⁾

1. Improve myVRS Navigator Reconciliation and Confirmation. **This is a Repeat Finding.**

Virginia Community College System⁽³⁾

1. Improve Database Security

Blue Ridge Community College

1. Properly Perform Return to Title IV Calculations
2. Promptly Return Title IV Funds
3. Perform and Document Monthly Reconciliations of Direct Loans
4. Improve Compliance over Enrollment Reporting
5. Improve Reporting to the Common Origination and Disbursements System (COD)

Dabney S. Lancaster Community College

1. Improve Notification of Awards to Students

Eastern Shore Community College

1. Properly Perform Return to Title IV Calculations

Germanna Community College

1. Assign System Access Based on Least Privilege
2. Deactivate User Access Promptly Upon Employee Separation
3. Continue to Improve Documentation of Policies and Procedures
4. Establish Allowance for Doubtful Accounts Procedures
5. Improve Controls Related to Approvals

J. Sargeant Reynolds Community College

1. Deactivate User Access Promptly Upon Employee Separation
2. Improve Review over Accrued Payroll Schedule
3. Promptly Return Title IV Funds
4. Perform and Document Monthly Reconciliations of Direct Loans
5. Improve Reporting to the Common Origination and Disbursements System (COD)
6. Improve Notification of Awards to Students
7. Improve Procedures over Cost of Attendance Calculations

Lord Fairfax Community College

1. Assign System Access Based on Least Privilege
2. Deactivate User Access Promptly Upon Employee Separation
3. Improve Allowance for Doubtful Accounts Procedures

New River Community College

1. Promptly Return Title IV Funds
2. Improve Reporting to the Common Origination and Disbursements System (COD)
3. Improve Notification of Awards to Students
4. Reconcile Federal Funds Accounts
5. Promptly Disburse Title IV Funds

Northern Virginia Community College

1. Assign System Access Based on Least Privilege. **This is a Repeat Finding.**
2. Deactivate User Access Promptly Upon Employee Separation. **This is a Repeat Finding.**
3. Improve Documentation of Adjustments
4. Improve Controls over Outside Service Organizations
5. Improve Administration of X Batch Checks
6. Improve myVRS Navigator Reconciliation Process

Piedmont Virginia Community College

1. Deactivate User Access Promptly Upon Employee Separation
2. Improve Preparation and Review Process for Accrued Payroll Schedule
3. Improve Procedures for Employee Separation
4. Improve Controls over AJE Approvals

Rappahannock Community College

1. Assign System Access Based on Least Privilege

Southside Virginia Community College

1. Reconcile Federal Funds Accounts

Southwest Virginia Community College

1. Properly Perform Return to Title IV Calculations
2. Improve Compliance over Enrollment Reporting
3. Improve Reporting to the Common Origination and Disbursements System (COD)
4. Improve Internal Control Environment

Thomas Nelson Community College

1. Deactivate User Access Promptly Upon Employee Separation
2. Improve myVRS Navigator Reconciliation and Snapshot Confirmation Process
3. Improve Compliance over Enrollment Reporting
4. Improve Notification of Awards to Students
5. Properly Perform Drawdowns of Federal Student Aid Funds

Virginia Western Community College

1. Perform and Document Monthly Reconciliations of Direct Loans
2. Improve Internal Control Environment

Public Safety and Homeland Security

Virginia Department of Alcoholic Beverage Control

1. Implement Automated User Access System
2. Improve Web Application Security
3. Finalize Security Exception Requests for Unsupported Databases

Transportation

Virginia Port Authority⁽⁴⁾

1. Improve Internal Controls over Financial Reporting
2. Improve Internal Controls over Major Federal Programs

Veterans and Defense Affairs

Department of Veterans Services

1. Strengthen Detailed Standard Operating Procedures for Reconciling Financial Related Systems
2. Ensure a Supervisor Approves Each Time and Attendance Record
3. Improve Controls over the Virginia Retirement System Reconciliation Process
4. Apply Access Management Policies to Internal Systems
5. Improve Oversight of Third-Party Providers
6. Improve Information Security Awareness Training Program to Meet Required Standards

- (1) *The Department of General Services audit for the period ended June 30, 2015 included the Division of Real Estate Services.*
- (2) *The University of Virginia audit for the period ended June 30, 2015 included the University of Virginia Academic Division and Medical Center.*
- (3) *The Virginia Community College System audit included 23 Community Colleges and the Virginia Community College System (VCCS) Central Office*
- (4) *The Virginia Port Authority audit was performed by PBMares, LLP and the audit report provided to the APA.*



Additional Recommendations – Quarter Ended December 31, 2015

No APA reports containing “Additional Recommendations” were received.

Special Reports – Quarter Ended December 31, 2015

The APA issued the following “Special Reports” that did not contain management recommendations:

2015 Annual Report of the Auditor of Public Accounts

General Assembly, Legislative Agencies, and Commissions of the Commonwealth of Virginia Financial Report for the year ended June 30, 2015

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2015 through September 30, 2015

Revenue Stabilization Fund Calculations for the year ended June 30, 2015

Virginia Retirement System GASB 68 Schedules for the following:

Political Subdivision Retirement Plans for the fiscal year ended June 30, 2014

State Employee Retirement Plan for the fiscal year ended June 30, 2014

State Employee Retirement Plan for the fiscal year ended June 30, 2013

Teacher Retirement Plan for the fiscal year ended June 30, 2014

Teacher Retirement Plan for the fiscal year ended June 30, 2013

Virginia Retirement System Management’s Assertions Related to Census Data for the year ended June 30, 2014

The APA issued the following “Special Reports” that contained management recommendations:

2015 State of Information Security in the Commonwealth of Virginia

Governance over Enterprise Applications – December 2015

Review of eVA and Cardinal Interface Efforts – December 2015

Review of the Commonwealth’s Mobile Devices – September 2015

Other Audit Reports Received – Quarter Ended December 31, 2015

The APA issued the following “Other Report” that did not contain management recommendations:

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2015

Virginia Commercial Space Flight Authority for the year ended June 30, 2015

The APA issued the following “Other Reports” that contained management recommendations:

Virginia College Savings Plan for the year ended June 30, 2015

Virginia Health Workforce Development Authority for the year ended June 30, 2014

Virginia Lottery for the year ended June 30, 2015



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary 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 summarized in this report.

It is important to note that the finding status reported is self-reported by the agencies and will be subject to subsequent review and audit. Corrective action is considered to be delayed when it has not been completed by the original targeted date. Additional detail for the status of each finding is provided in the subsequent table.

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Compensation Board	0	0	0	1
Department of Human Resource Management	2	0	0	0
Agriculture and Forestry				
Department of Agriculture and Consumer Services	0	2	0	0
Commerce and Trade				
Virginia Employment Commission	0	3	2	1
Virginia Small Business Financing Authority	0	1	0	0
Education				
Department of Education and Direct Aid to Public Education	1	0	0	0
George Mason University	2	0	0	0
James Madison University	0	0	5	0
Longwood University	1	0	0	0
New College Institute	2	0	0	0
Richard Bland College	3	0	0	0
The College of William and Mary	4	0	0	0
University of Mary Washington	1	1	2	0
Virginia Museum of Fine Arts	3	0	0	0
Virginia State University	3	0	4	0
Executive Offices				
Division of Selected Agency Support Services	0	0	2	0
Secretary of Veterans and Defense Affairs	0	0	1	0
Finance				
Department of Accounts	0	3	0	0
Department of Planning and Budget	0	1	0	0
Department of Taxation	2	0	0	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Health and Human Resources				
Department of Behavioral Health and Developmental Services	0	6	0	0
Department of Health	1	0	0	1
Department of Medical Assistance Services	2	1	0	0
Department of Social Services	0	1	0	1
Department for Aging and Rehabilitative Services	2	0	7	0
Natural Resources				
Department of Game and Inland Fisheries	0	3	0	1
Department of Conservation and Recreation	4	0	9	0
Public Safety				
Commonwealth's Attorneys' Services Council	0	0	1	0
Department of Alcoholic Beverage Control	0	1	0	0
Department of Corrections	0	0	3	0
Department of State Police	5	2	0	0
Transportation				
Department of Motor Vehicles	1	7	0	0
Department of Rail and Public Transportation	0	1	0	0
Department of Transportation	0	0	2	0
TOTALS	39	33	38	5



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.

The first two digits of the finding number are the fiscal year audited in which the finding occurred. The next two digits represent the number of the finding that occurred in the year audited. Multiple finding numbers for one finding represent repeat findings.

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Compensation Board (CB)</u>				
2014	14-01	Improve Controls over Systems Access	Corrective action plan has been completed.	Completed (Delayed)
<u>Department of Human Resource Management (DHRM)</u>				
2014	14-01	Improve System Security for the Time, Attendance, and Leave System	The VITA information technology shared security center will provide an information technology security audit, information security officer, and vulnerability scanning services centrally. These services are available to agencies that opt to participate in the shared security center. DHRM has already been identified as one of VITA high priority agency for these services. DHRM is waiting on VITA Implementation of those services.	In Progress (On Schedule)
	14-02	Improve Controls over the Personnel Management Information System	The PMIS Migration project is on schedule to be completed before June 30, 2016. Migration of application code is in progress. Environment setup is in progress.	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of Agriculture and Consumer Affairs (VDACS)</u>				
2013	13-01	Perform Timely Updates to IT Risk Management and Contingency Plans	VDACS has updated the Disaster Recovery Plan and procured Disaster Recovery services, but these have not been implemented. VDACS will participate in the Disaster Recovery testing in August 2016.	In Progress (Delayed)
	13-02	Improve Oracle Database Security	VDACS will undertake planning to see that the missing control is in place in the new Oracle environment after Cardinal implementation.	In Progress (Delayed)
<u>Virginia Employment Commission (VEC)</u>				
2014	14-01	Allocate Adequate Resources to Reduce IT Security Risk. This is a Material Weakness.	The agency has contracted with Assura Inc. for the development of the agency Information Security program, including policies, standards, guidelines, and procedures. The BIA is in final draft and will be completed by the end of January. The agency has developed a schedule to deploy resources to meet information security documentation requirements. The revised estimated completion date is December 31, 2016.	In Progress (Delayed)
	14-02	Improve Organizational Placement of Information Security Officer	Corrective action plan has been completed.	Completed (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03	Maintain Oversight Over the Information Security Program	The agency recently hired a new IT Director and continues the effort to identify agency needs. The agency is recruiting an Oracle DBA and two Java programmers. The Oracle position was not successfully recruited on the first round, so the agency is evaluating its options of re-advertising the position or seeking contractor support. Revised estimated completion date is December 31, 2016.	In Progress (Delayed)
	14-04	Upgrade Unsupported and Vulnerable Operating Systems	The agency is nearly finished with the Windows 7 roll out. The agency has approximately 20 PCs or laptops that are using XP. Approximately half of those have been dispatched to Roanoke on an emergency basis to recover from a fire at the facility. VITA/NG has been notified to schedule replacements. The other half are premium laptops awaiting refresh by VITA/NG because premium laptops were on backorder. The premium laptops are now in stock and are in the process of being replaced. All production servers at CESC have operating systems that are either compliant or the ESOSS service has been added. The revised estimated completion date is July 31, 2016.	In Progress (Delayed)
	14-06	Confirm VABS is Calculating Maximum Benefit Amount Consistently for All Claimants	Corrective action plan has been completed.	Completed (On Schedule)
	14-07 13-02	Withhold Child Support Obligations from Benefit Adjustment Payments. This is a Repeat Finding.	Corrective action plan has been completed.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Virginia Small Business Financing Authority (DSBSD)</u>				
2014	14-01*	Improve Controls over Financial Reporting Process	The VSBFA has been delayed in submitting its financial statements due to personnel changes. The financials will be completed soon and then the detailed instructions and reporting policy will be drafted and submitted.	In Progress (Delayed)
<u>Department of Education and Direct Aid to Public Education (DOE)</u>				
2014	14-04	Improve IT Risk Management Documentation	DOE will reclassify IT systems and Systems and Data Sensitivity and will document the regulatory requirements for data according to each sensitive system. DOE will also document the roles and responsibilities for each sensitive IT system.	In Progress (On Schedule)
<u>George Mason University (GMU)</u>				
2014	14-01	Document myVRS Navigator Reconciliation to Support Virginia Retirement System (VRS) Snapshot Confirmation	Proposed resolutions are reviewed during the account review process. Outstanding items are updated as new information becomes available from VRS. Reconciling items are assigned a status and expected resolution date. Proposed resolutions are reviewed during the account review process. Outstanding items are updated as new information becomes available from VRS.	In Progress (On Schedule)

**DOA did not receive an updated Corrective Action Workplan status by the time period required.*

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-02	Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges	University Policy 1312 Physical and Logical Access Security will be updated to include statements related to elevated user privileges on workstations. The statements will cover the approval process for these elevated privileges.	In Progress (On Schedule)
<u>James Madison University (JMU)</u>				
2014	14-01	Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges	The script has been run to remove the local workstation admin rights (e-IDx accounts) of those who do not need them. IT continues to monitor use of admin rights of the remaining population. Training has been developed and integrated into the on-going security awareness training.	Completed (On Schedule)
	14-02	Improve Reporting of Pell Grant Disbursements	The query has been created and runs each Monday. Review and action taken is documented and saved on this spreadsheet.	Completed (On Schedule)
	14-03	Improve Documentation of Monthly Reconciliations of Direct Loans	Procedures have been put in place to update monthly and annual 'Drawdowns and Refunds of Cash' spreadsheets after each disbursement and return of funds, as well as a spreadsheet listing of loan resolutions effecting cash. These spreadsheets aid in the monthly reconciliation process and are reviewed following each month's reconciliation.	Completed (On Schedule)
	14-04	Promptly Remit Unclaimed Financial Student Aid Funds	UBO has begun utilizing vendor reporting to identify students for follow-up. Procedures for vendor return of funds after 180 days continues to be in place.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-05	Improve Reporting to National Student Loan Data System	Degree files are now sent once per month to NSLDS.	Completed (On Schedule)
<u>Longwood University (LU)</u>				
2014	14-01*	Improve Information Security Management and Prioritization	The University's ITS department has reviewed the findings and is taking a proactive approach to the findings. Some of the findings have already been addressed, some are requiring procurement, and others are requiring process change. Items that are the direct responsibility of the ITS department are anticipated to be completed May 2016.	In Progress (On Schedule)
<u>New College Institute (NCI)</u>				
2014	14-01	Improve Internal Controls over Fixed Assets	Current year assets have been implemented into the new system and reconciled. Continued progress towards prior year assets has begun and will continue.	In Progress (On Schedule)
	14-02	Improve Information Security Management and Prioritization	Changes have been implemented to address some concerns. The request for additional IT equipment will be requested in the next biennium for purchase, thus changing the completion date. Plans have been developed and will continue to be implemented and reviewed.	In Progress (On Schedule)

**DOA did not receive an updated Corrective Action Workplan status by the time period required.*

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
Richard Bland College (RBC)				
2014	14-02*	Improve the Financial Reporting Process	<p>Director-Financial Operations will partner with College of William and Mary (College) to implement and follow the procedures already. Furthermore, the Chief Operation's Office will require the College's checklist process be used for each year-end task submission made by the Director-Financial Operations.</p> <p>RBC will improve the setup of their trial balance reports in Banner, run these reports regularly, and reconcile them to account balances in Banner to ensure accuracy.</p> <p>RBC will collaborate on the financial reporting process throughout the year and will establish bi-annual meetings to review all questions and/or best practices.</p>	In Progress (On Schedule)
	14-03	Continue to Improve Information Security Program	The CIO will execute a team re-design to improve the quality of the resources needed to address the FOIAE recommendation. The CIO will continue to address the weaknesses discussed in the provided FOIAE recommendation.	In Progress (On Schedule)

**DOA did not receive an updated Corrective Action Workplan status by the time period required.*

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-05*	Improve the myVRS Navigator Reconciliation Process	Director-Finance Operations and Director-Human Resources and Compliance will develop procedures in concert with the APA Payroll Service Bureau. RBC is procuring the services of the Payroll Service Bureau effective August 1, 2015. RBC will outline the appropriate individuals responsible for performing this function.	In Progress (On Schedule)
<u>The College of William and Mary in Virginia (CWM)</u>				
2014	14-03*	Improve the Employee Termination Process	A revised policy has been written and it is with the College's compliance department for review. Effective November 10, 2015 a single form will be used for both faculty and staff.	In Progress (On Schedule)
	14-04*	Improve Controls over Timesheet Approval	The Payroll and HR offices have developed three polices and associated procedures along with proposed communications to address the audit concerns. These documents are currently being reviewed and finalized by Financial Operations and HR management and will be submitted to the College's Senior Vice President for Finance and Administration and Internal Audit Director for review soon.	In Progress (On Schedule)
	14-05*	Improve the myVRS Navigator Reconciliation Process	HR has started the review and approval process for VNAV changes. HR has developed a policy. Once payment is submitted to VRS, Financial Reporting compares the activity recorded in the VRS	In Progress (On Schedule)

****DOA did not receive an updated Corrective Action Workplan status by the time period required.***

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			Snapshot to the withholdings as recorded in the Banner HR/Payroll system, and insures that the payment and withholdings are properly reflected in the GL. Any differences are then shared with payroll who will communicate the findings to HR, and HR will then resolve the issues.	
	14-06*	Comply with the Department of Human Resources Management Policy for Wage Employees	HR is currently monitoring the 1500 hour report and will begin distributing quarterly reports to departments by January 2016. A policy has been drafted and is currently under review for approval.	In Progress (On Schedule)
<u>University of Mary Washington (UMW)</u>				
2014	14-01	Ensure Capital Outlay Projects are Properly Closed Out	All procedures have been updated.	Completed (On Schedule)
	14-02	Implement Financial Aid Disbursement Notifications	An email notification goes out to the student for each disbursement. This was completed for the summer term of the 2014-2015 academic year with the first notification going out June 3, 2015.	Completed (On Schedule)
	14-03	Improve the myVRS Navigator Reconciliation Process	UMW is continuing the review of the VNAV reconciliation process to ensure documentation of the monthly reconciliation is maintained along with updated final procedures. The revised completion date is March 31, 2016 instead of December 31, 2015. HR, Finance and Payroll have been meeting and have draft procedures, all reports have been electronically saved and reviews of data completed.	In Progress (Delayed)

***DOA did not receive an updated Corrective Action Workplan status by the time period required.**

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-04	Improve IT Change Management Program	UMW is on target to complete the new change management program implementation by March 31, 2016.	In Progress (On Schedule)
<u>Virginia Museum of Fine Arts (VMFA)</u>				
2014	14-02	Properly Manage Local Funds	The museum has started the process of transferring the funds. First transfer occurred on December 15, 2015.	In Progress (On Schedule)
	14-03	Update Fine Arts Policies and Procedures	This initiative will be phased in over the next several months. Updated procedures will cover not only areas addressed in the audit but entire museum.	In Progress (On Schedule)
	14-04	Improve Internal Control over and Compliance with the Small Purchase Charge Card Program	The museum will review its SPCC policies and reassess and update the nature, type, and extent of controls it believes are necessary to manage its SPCC program.	In Progress (On Schedule)
<u>Virginia State University (VSU)</u>				
2014	14-01	Improve Financial Management	Corrective action has been completed.	Completed (On Schedule)
	14-02	Improve Procurement and Contract Management Processes	Corrective action has been completed.	Completed (On Schedule)
	14-03	Improve IT Procurement Process	VSU will work with Ellucian to complete a modification to the statement of work for the hosting agreement which would add wording similar to the below: "SERVICE PROVIDER will provide the UNIVERSITY with a SSAE 16 SOC 2 report on a bi-annual basis and will ensure that its IT security program is equivalent or exceeds the requirements outlined in	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			<p>COV ITRM SEC 501. The SERVICE PROVIDER will participate in any IT security audits conducted by the UNIVERSITY.”</p> <p>If VITA is agreeable to the proposed remedy above, VSU will execute the contract modification. VSU has also instituted several corrective actions to prevent future occurrences of non-compliance with any Commonwealth IT governance policies:</p> <p>1) VSU issued a statement of work for a vendor to evaluate the University’s IT governance program.</p> <p>2) VSU requested additional training on IT Investment Management (ITIM) processes from VITA PMD and all project managers were trained on the Commonwealth’s ITIM and Project Management Standard by VITA Project Management Division (PMD).</p> <p>3) VSU has provided additional training for its project management staff by ensuring all project managers attended the VITA IT Project Management summit.</p>	
	14-04	Ensure Foundations Reimburse for University Employee Time	VSU obtained written approval from DOE concerning the use of Title III funds.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-05	Improve Controls over Physical Inventory	Corrective action has been completed.	Completed (On Schedule)
	14-06	Improve Policy over the Proper Use of Travel Cards	The travel card policy is currently under review.	In Progress (On Schedule)
	14-07	Improve User Access Review Process	Services Management is conducting one-on-one sessions with Banner Security Managers to review security roles and responsibilities, review security matrices and user privileges, perform security testing, and user acceptance sign-off.	In Progress (On Schedule)
<u>Secretary of Administration (SOA) – Division of Selected Agency Support Services</u>				
2014	14-01	Improve Controls over Virginia Israel Advisory Board Travel Voucher Processing	Definitive procedures have been established and implemented to ensure compliance.	Completed (On Schedule)
	14-02	Improve Controls over myVRS Navigator System	Definitive procedures have been established and implemented to ensure compliance.	Completed (On Schedule)
<u>Department of Veterans Services (DVS)</u>				
2014	14-01	Improve Oversight of Federal Action Contingency Trust Funds	Definitive procedures have been established and implemented.	Completed (On Schedule)
<u>Department of Accounts (DOA)</u>				
2014	14-02	Improve Payline Web Application and SQL Server Database Security	Penetration testing conducted by VITA/NG November 2 – November 6, 2015. Finalized report will be provided by the partnership by end of year. Any/all findings will be documented in a CAW and addressed by DOA IT.	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03	Improve Risk Management and Continuity Planning Documentation	DOA Risk Assessments and COOP are under review and being updated accordingly. Any/all additional risks will be documented.	In Progress (Delayed)
	14-04	Improve IT Security Audit Plan	DOA is in process of contracting with outside audit firm to conduct security audits of DOA sensitive systems.	In Progress (Delayed)

Department of Planning and Budget (DPB)

2014	14-03	Improve IT Risk Management and Disaster Recovery Planning Programs	In April 2015, the agency updated its Disaster Recovery Plan (DRP) and it successfully restored files from backup in July of 2015. Since April of 2015, the agency has been working with the VITA Small ISO assistance program to enhance the agency's current IT security program, which includes addressing risk assessments across all sensitive systems and annual self-assessments. Please note that some items (notably the DRP and sensitive systems identification) have already been addressed. As of January 2016, DPB continues to work with VITA's small ISO program to identify and remediate treatment plans for its sensitive systems.	In Progress (Delayed)
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Department of Taxation (TAX)

2014	14-01 13-02	Improve Internal Controls over Advantage Revenue Access. This is a Partial Repeat Finding.	TAX will implement an identity management application. Although the timeline for full implementation of this application extends to 2017, TAX will implement this application sufficiently by September 30, 2016 to	In Progress (On Schedule)
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<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
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address the issues noted in this recommendation.

14-03	Improve Physical Security to Server Rooms	TAX received funding in the 2015 Appropriation Act for a resource to complete the System Security Plans. Although the staff resource has been hired and work has been completed, there was not sufficient time to complete the System Security Plans before the audit testing. TAX will complete a System Security Plan for each mission critical or sensitive system.	In Progress (On Schedule)
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Department of Behavioral Health and Developmental Services (DBHDS)

2014	14-01	Improve Database Security. This is a Repeat Finding.	The Department has completed all FMS upgrades as of December 25, 2015. The corrected SQL deficiencies in FMS will be verified. The Department's Business Solutions Development (BSD), in collaboration with the Department's Production Support (PS) team and the Agency IT Advisory Committee, will complete a schedule for remediating all hardware and software (according to Commonwealth standards).	In Progress (Delayed)
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<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-02	Improve IDOLS Security	Items have been submitted in the IT Budget Request package for consideration by DPB. The IS and PS teams will present a plan to the Chief Information Officer for review, approval and initial implementation by December 31, 2016.	In Progress (Delayed)
	14-03	Develop and Submit an Information Technology Audit Plan	VITA did not accept the plan as all IT systems at DBHDS had not been entered into CETR. They now have been entered. A new plan will be submitted. DBHDS has also committed a one-time amount of \$50,000 to begin the audits of IT systems.	In Progress (Delayed)
	14-04	Improve Controls over Systems Access. This is a Repeat Finding.	Regional Information Security Officers are now an integral part of the account management process. Improvements in process have been made. DBHDS is currently recruiting for an Identity Management Specialist to shepherd this process and has requested funding to implement an access management system.	In Progress (Delayed)
	14-05	Improve Controls over Hours Worked by Wage Employees	Facilities continue to monitor compliance and controls are in place. In addition, Internal Audit tested compliance at four facilities in FY 2016. The two facilities found to have issues in FY 2015 had no repeat issues found in the FY 2016 reviews. There will be a repeat finding in the FY 2015 APA audit as two exceptions were found at facilities tested in FY 2016. Controls are in place to monitor the hours worked as there were only	In Progress (Delayed)

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two exceptions for 700 wage employees.

14-06

Improve Controls over the VNAV System

Procedures were created at DBHDS facilities and notice was given to have Snapshot reconciliations done timely. The importance of segregation of duties was highlighted and HR departments in the DBHDS facilities know that snapshot reconciliations are to be done by that unit.

In Progress (Delayed)

Department of Health (VDH)

2014

14-11

Review Subrecipient Single Audit Reports and Issue Management Decisions. **This is a Repeat Finding.**

The Division of Administration in OFHS continues to review A-133 audit reports for the applicable fiscal years under review. Based on the timing of sub-recipient fiscal years and the Federal requirements for submission and review, OFHS is issuing management decisions as they are required and when the audit information is complete and available. Because sub-recipients can and do have different fiscal years than the state fiscal year, A-133 audits are required nine months after the sub-recipient fiscal year-end, and VDH management decisions are required within six months of their audit report date; monitoring will be an on-going and continuous activity. OFHS is confident that its internal sub-recipient review process is in place and all quantitatively significant fiscal year 2014 sub-recipients were reviewed by October 31, 2015.

Completed (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-15	Improve Access Management to Information Systems	Information on primary agency systems has been collected by the QA team and this information is complete for approximately 90% of the agency. In addition, meetings between OIM, IA, OHR, etc. have defined potential options for tracking user accounts within the agency along with systems they have access to. This will be incorporated into the Agency HR-14 process to provide reporting to the manager on system access upon termination, transfer, or other HR moves.	In Progress (On Schedule)

Department of Medical Assistance Services (DMAS)

2014	14-01 13-02	Improve Access Reviews of the Medicaid Management Information System. This is a Repeat Finding.	DMAS is working on the following steps address the audit finding: The DMAS Policy and Research Division modified the Memorandum of Understanding (i.e., Interagency Agreement) with the Department of Social Services to reflect that DSS has responsibility to perform the annual review of its Medicaid Management Information System (MMIS) users. The Memorandum of Understanding was approved by both agencies on April 16, 2015. OCS has started a manual process to review MMIS user privileges. OCS produced reports from MMIS that list all other systems users (except DSS users) with the associated privileges. OCS will stagger distribution of the reports	In Progress (Delayed)
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to the division managers /supervisors to review and confirm user assignment, beginning in January 2016. OCS will advise the supervisors and managers how to assign and approve privileges for their staff in MMIS. Division managers/supervisors will either respond with modifications to OCS to make changes or will respond that employee access is appropriate.

After the reviews are completed by May 31, 2016, OCS will provide formal training to DMAS directors, managers, and supervisors to ensure an agency-wide understanding of MMIS user privileges assigned by the supervisors and managers.

In the long term, DMAS plans to purchase a COTS product to more efficiently document MMIS privileges and automate the distribution of listings of users and associated privileges to system owners and managers; however the purchase has been delayed due to the ongoing work toward developing the Medicaid Enterprise System RFP (MMIS replacement). In order to integrate a COTS product into the future MES environment, a COTS purchase may

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			not occur until the end of 2017.	
	14-02	Create Formal Document that Facilitates Controlling Privileges in the Medicaid Management Information System	<p>The DMAS Office of Compliance and security (OCS) plans the following steps to address the APA recommendations: The MOU between DMAS and DSS was modified in April 2015 to require DSS to complete an annual review of all DSS MMIS users. OCS created a listing of DSS users with the associated privileges and has been working with DSS since October 2015 for the access review and expects to complete the review by February 2016.</p> <p>OCS has produced reports from MMIS that list all other systems users (except DSS users) with the associated privileges. OCS will stagger distribution of the reports to the division managers/supervisors to review and confirm user assignment, beginning in January 2016. OCS will advise the supervisors and managers how to assign and approve privileges for their staff in MMIS. Division managers/supervisors will either respond with modifications to OCS to make changes or will respond that employee access is appropriate. After the reviews are completed by May 31, 2016, OCS will provide formal training to DMAS directors, managers, and supervisors to ensure an agency-wide</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			<p>understanding of MMIS user privileges assigned by the supervisors and managers.</p> <p>In the long term, DMAS plans to purchase a COTS product to more efficiently document MMIS privileges and automate the distribution of listings of users and associated privileges to system owners and managers; however, the purchase has been delayed due to the ongoing work toward developing the Medicaid Enterprise System (MES) RFP (MMIS replacement). In order to integrate a COTS product into the future MES environment, a COTS purchase may not occur until the end of 2017.</p>	
	14-04	Correct Operating Environment and Security Issues Identified by their Security Compliance Audit	DMAS has resolved 11 of the 15 findings from the Security Compliance Audit.	In Progress (On Schedule)
<u>Department of Social Services (VDSS)</u>				
2013	13-08	Automate an Eligibility Control	Action on this issue remains underway. No change in status to report this quarter; however, the Phase II deployment has been extended to the Fall of 2016. A pilot for SNAP and TANF will occur in the Spring of 2016.	In Progress (Delayed)

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2014	14-04 13-05	Review User Accounts and Privileges for Mission Critical Systems. This is a Repeat Finding.	All OASIS users have been validated and have the appropriate documentation for continued usage of the system. As of January 1, 2016, monitoring of OASIS access was transferred to the Security team at VDSS. Security Officers were notified of this change in procedure on December 3, 2015 with a reminder on December 16, 2015.	Completed (Delayed)
<u>Department for Aging and Rehabilitative Services (DARS)</u>				
2014	14-01	Continue to Improve IT Governance	The agency is approximately 25% complete. Change Management procedures have been submitted, an in house CM system will be developed, server reports are done quarterly and submitted to security, and renaming the SA account is being studied.	In Progress (On Schedule)
	14-02	Create Payroll Policies and Procedures and Document Pre-Certification Activities	Payroll pre-certification has been revised and reviewed and development of Payroll policies has begun.	In Progress (On Schedule)
	14-03 DARS & WWRC	Improve Documentation to Support Pay Actions	Written approval from appropriate management levels is now obtained before final implementation of pay actions. That approval is maintained in the personnel and position files. On May 1, 2015, an e-mail was sent to compensation staff and the WWRC HR Manager re-emphasizing the need to be more consistent about including the FLSA designation on the EWPs and the Human Resource Action Worksheet and to make sure that the information agrees.	Completed (On Schedule)

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	14-04 WWRC	Ensure Hours Worked by Wage Employees Do Not Exceed 1500 hours	For wage employees in TAL: Human Resources provides information on wage employee hours to supervisors and managers every three months during the measurement period of May 1 to April 30. Employees whose hours appear excessive are highlighted. Employees, supervisors, and managers also have the ability, through TAL, to review the number of hours worked at any time. During the last three months of the measurement period, the information is also sent to agency heads. For wage employees not in TAL: this applies to wage employees at the Department for the Blind and Vision Impaired in the Virginia Industries for the Blind Division. The CIPPS 1500 report is sent to the VIB Division Director each month.	Completed (On Schedule)
	14-05	Remove CIPPS Access Promptly	Information Security Access Agreement (ISAA) Notifications – The ISAA application is used to request, change and delete access to systems and applications used by DSA staff. Managers are required to enter walk out dates in the ISAA application when employees terminate. The ISAA application sends notification to the Automated Financial Systems Specialist and the Training and Staff Development Coordinator when a change in the ISAA application indicates that an	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			employee has terminated employment. Payroll Notification - Each pay period Payroll Staff distributes a list of employees that have terminated or that are out on extended leave. The Automated Financial Systems Specialist is included in the distribution. Fiscal Quarterly Fiscal System Reviews – The Automated Financial Systems Specialist performs Quarterly Reviews of user access to fiscal systems and applications. These reviews look for users that no longer need access due to termination or a change in job responsibilities.	
	14-06	Perform CIPPS/CARS Reconciliations	Automated process has been created to perform CIPPS / CARS reconciliation monthly.	Completed (On Schedule)
	14-07	Perform myVRSNavigator Reconciliations	A desktop procedure was developed to ensure that reconciliations for all agencies are consistent and accurate.	Completed (On Schedule)
	14-08	Re-evaluate myVRS Access	A review has been completed with payroll and human resource staff to ensure that each person has the correct access. Any staff member identified that access was not necessary for their position has been removed from VNAV. Each position was reviewed with the VRS role descriptions. Confirmation of the HR	Completed (On Schedule)

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and PR staff that need access to VNAV have been documented in the Access file and updated in the system. It has been established that these will be reviewed quarterly to ensure that the access is accurate and up to date.

14-09

Improve Policies and Documentation of Checks Received at the Industries for the Blind

The documented policies and procedures have been reviewed by management and were implemented as of December 1, 2015. Checks received in the Charlottesville office are being deposited locally. A check log to include receipt date, payee, check number, check amount is being maintained on the SharePoint site. GA and VIB will perform monthly reconciliations and resolve any discrepancies. DARS Fiscal GA has sent out address 'Remit To' Letters as of October 15, 2015 to customers that repeat remitting payments to the Charlottesville office.

Completed
(On Schedule)

Department of Game and Inland Fisheries (DGIF)

2014

14-02

Create Policies and Procedures for Multiple Areas in the Agency

DGIF continues to draft/adopt policies and procedures and evaluate these policies against future requirements /opportunities of CARDINAL, eVA, and internal systems' updates. Many new policies have been applied to updated training for P&F staff, and a new DGIF policy committee is meeting in November to formalize

In Progress
(Delayed)

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			<p>policies for ED signature approval. Updated policies and procedures are being communicated to P&F staff, along with anticipated changes in process/workflow as it pertains to CARDINAL, eVA and internal systems. Formal adoption/ acknowledgement of all policies will occur after the Executive Director signature approval.</p>	
	14-03	Improve Controls for Fixed Asset Management	<p>DGIF has established a set inventory schedule and updated specific policies and procedures for our fixed asset/inventory control function. As a result of DGIF HQ move in May, 2015, Federal Audit commencing in June, 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August, 2015. Training has been provided to Fixed Asset Coordinator. Training for regional offices is being handled as part of updated inventory schedule for field visits.</p>	In Progress (Delayed)
	14-04	Perform a Physical Inventory At Least Every Two Years	<p>DGIF has established a set inventory schedule for our fixed asset/inventory control function. As a result of DGIF HQ move in May, 2015, Federal Audit commencing in June, 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August, 2015.</p> <p>DGIF has provided training to Fixed Asset Coordinator and other</p>	In Progress (Delayed)

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			staff within the Planning and Finance Division already to support the inventory function. Training for regional offices is being handled as part of updated inventory schedule for field visits.	
	14-08	Establish an Internal Records Retention Policy	DGIF communicated to all DGIF employees the appropriate records retention schedule and requirements in accordance with the Library of Virginia. The Planning and Finance Director, along with a policy analyst in the office of Executive Director serve as records retention liaison for questions that arise. DGIF continues to communicate records retention requirements to staff when appropriate.	Completed (Delayed)
<u>Department of Conservation and Recreation (DCR)</u>				
2014 Special Review	14-12 Armics-01	Improve Controls over ARMICS Certifications to Comptroller	ARMICS review is in progress and on track to be completed by March 31, 2016.	In Progress (On Schedule)
	14-13 Armics-02	Ensure ARMICS Documentation is Accurate	ARMICS review is in progress and on track to be completed by March 31, 2016.	In Progress (On Schedule)
	14-14 Armics-03	Complete ARMICS Requirements	ARMICS review is in progress and on track to be completed by March 31, 2016.	In Progress (On Schedule)
	14-23 AP-01	Update Accounts Payable Policies and Procedures	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-45 Risk M-02	Use Agency Risk Management Function for All Loss Claims	Policy issued as of December 29, 2015.	Completed (On Schedule)

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	14-63 Travel-03	Update Agency Vehicle Management Policies	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-68 Proc-01	Ensure Change Orders are Properly Approved	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-69 Proc-02	Maintain All Required Procurement Documentation	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-71 Proc-04	Ensure Proposal Evaluation Committees Properly Document Procurement Decisions	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-72 Proc-05	Restrict the Use of Request for Proposal to Appropriate Situations	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-73 Proc-06	Maintain Required Documentation Justifying Use of Competitive Negotiation	Policy issued as of December 29, 2015.	Completed (On Schedule)
	14-81 IT-07	Ensure Internal Auditor is Not Performing IT Management Functions	DCR has filled the Information Security Officer position.	Completed (On Schedule)
	14-83 IT-09	Update Information Technology Policies	DCR IT policies are awaiting final review and approval before being submitted for the Director's signature.	In Progress (On Schedule)
<u>Commonwealth's Attorneys' Services Council (CASC)</u>				
2014	14-02	Improve Expenditure Processes	Corrective action has been completed.	Completed (On Schedule)
<u>Department of Alcoholic Beverage Control (ABC)</u>				
2014	13-02	Improve Database Security	ABC purchased Breach Insurance in March 2014. MOVE upgrade will be complete by February 2016. Currently working on an RFP for PeopleSoft Financials. Exception has been submitted to VITA.	In Progress (Delayed)

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<u>Department of Corrections (DOC)</u>				
2014	14-01	Properly Report Accounts Payable	DOC has remedied the error as a result of migrating to Cardinal.	Completed (On Schedule)
	14-02	Improve Database Security	DOC has completed its action plan to address the audit recommendations.	Completed (On Schedule)
	14-03	Ensure Oversight of Third-Party Providers	Completion of the oversight control of the inventory management provider was done in July 2015. Collection and filing of the SOC report took place as of July 31, 2015.	Completed (On Schedule)
<u>Department of State Police (VSP)</u>				
2011	11-01	Upgrade Unreliable and Unsupported Infrastructure Devices (Develop a Secretary Level Transformation Strategy for State Police and VITA)	VSP and VITA are actively working to find an Enterprise solution that addresses all VSP's security requirements as well as Commonwealth Security requirements. Governor's proposed budget did not include funding for transformation or separation. As a result, there is no clear path to resolution for this finding.	In Progress (Delayed)
2014	14-01	Improve Motor Vehicle Inspection Program Web Application Security	Competing high priority projects and limited knowledgeable resources has slowed VSP's progress addressing these issues. VSP has acquired a support resource for MVIP. He will review and address MVIP related issues.	In Progress (On Schedule)
	14-03 11-02 09-03	Continue to Upgrade Database System Software. This is a Repeat Finding.	VSP has selected a candidate and is in the hiring process for the FTE position to develop the OEBS Human Resources module. VSP has identified and is researching a possible	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			package solution for Asset Tracking.	
	14-05	Improve Financial Management System Controls. This is a Repeat Finding.	The Cardinal Project will create new roles /responsibilities which will be implemented February 1, 2016. The Project will also put in place an automated approval process.	In Progress (On Schedule)
	14-06	Improve Fixed Asset Internal Controls and Processes	The Communications Division is in the process of replacing its current Asset Management inventory system which will increase control as well as accountability regarding assets within the STARS Network. Department management will, within existing cost constraints, consider the integration of this system once implemented and operational.	In Progress (On Schedule)
			The Information Technologies and Property and Finance Divisions are planning to meet with the Communications Division in the near future to discuss further agency wide solutions.	
			As part of the Cardinal Project the receiving and storing of FAACS accounting data will be facilitated in Cardinal.	
	14-08	Improve Processes over Work Zone Project Billings	The Property and Finance Division is reviewing current processes to determine the best way to proceed before issuing out new instructions to the field divisions.	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-09	Improve and Adhere to Record Retention Schedules	<p>In 2014, a File Retention Review Committee was formed to review VSP specific schedules and streamline them, using general schedules whenever possible. All VSP specific schedules have been thoroughly reviewed. VSP specific schedules were reduced from eight to one, and VSP series were reduced from 120 to 11. In August, the Records Oversight Committee (ROC) approved the changes.</p> <p>Offices throughout the Department will be revising their file lists in accordance with general schedules and the revised VSP schedule. Statewide training will be conducted in October and November 2015. Revised file lists will be submitted to the Records Officer for approval in May 2016.</p> <p>The Records Officer will be conducting annual training on records retention and disposition to ensure compliance with the Public Records Act.</p>	In Progress (On Schedule)
<u>Department of Motor Vehicles (DMV)*</u>				
2013	13-01*	Improve Database Management System Security. This is a Repeat Finding.	DMV is in the process of doing a DLCI Schema Data extraction/import scripting and documenting and scripting a data validation process.	In Progress (Delayed)

**DOA did not receive an updated Corrective Action Workplan status by the time period required.*

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	13-02* 12-03	Improve User Access Controls. This is a Repeat Finding.	Review documents have been sent out and received back with signatures and corrections. SSG is currently working through the corrections to be made and the documents sent back for signature for acceptance of corrections. Pending completion of the review, the documentation will be organized and delivered to the IT Security Office.	In Progress (Delayed)
2014	14-01*	Develop Database and Application Baseline Security Configurations	DMV is in the process of evaluating the best solution for this based on the latest information from Oracle. DMV deleted the affected accounts from the affected database. DMV will remediate the header information on the affected server. DMV will develop and implement security configurations for affected database. DMV will develop and implement appropriate configurations for the affected application. DMV will evaluate the need for requested configurations for other systems, based on risk and sensitivity. DMV will develop and implement appropriate configurations for other systems based on risk and sensitivity. DMV will apply configurations after to affected systems to ensure that security requirements are met.	In Progress (On Schedule)
	14-02*	Improve Physical and Environmental Security Controls	Policy/Procedure has been developed, approved, and published. It was submitted to the APA and no questions have been received from	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
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the APA regarding it.

DMV will develop clear procedures for procedures for locking rack doors, communicating procedures to personnel, inspecting the server rooms quarterly for compliance, preparing reports based on these inspections and providing copies of the report to CIO, Deputy CIO, AITR and others as appropriate.

DMV appointed a committee composed of facilities personnel and IT personnel to investigate the situation of using a water-based fire suppression system without proper controls to protect the IT systems from water damage. The DVM prepared a report including commendations, provided copies of the report to the CIO, Deputy CIO, AITR and others as appropriate. The DMV will be selected and implemented a solution or accept the risk.

DMV will review the options with regard to identifying and designating a dedicated resource to ensure adequate physical and environmental controls are implemented over sensitive systems and data.

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03*	Improve IT Risk and Continuity Management Program	<p>DMV will implement consistent risk and continuity policies and procedures for sensitive systems.</p> <p>DMV will reconcile and correct MEF functions to BIA & COOP.</p> <p>DMV will ensure BIA is revised to include the RTOs for the MEF's.</p> <p>DMV will reconcile and correct the inconsistencies between the RTO's in the Agency COOP and the IT COOP.</p> <p>DMV will test the IT Disaster Recovery Plan, conduct the necessary review of CSS, and maintain all required documentation for user access controls.</p>	In Progress (Delayed)
	14-04*	Improve IT Security Audit Program Management	DMV has not started to address this audit finding.	In Progress (Delayed)
	14-05*	Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access	<p>DMV will ensure timely modification or removal of access when employees are separated from employment at DMV as well as ensure timely modification of access as employee roles and responsibilities change with the DMV Human Resource Office.</p> <p>Quarterly, DMV will review access rights to CIPPS and PMIS to ensure they are appropriate based on the employee roles and responsibilities. DMV requests that the APA communicate with DHRM regarding a better way to access PMIS information on a routine basis rather</p>	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			<p>than having to request a special report be run. It would be helpful if it was available on the Agency Repository in HurMan. This would give DMV the ability to review the report on an ongoing basis to ensure timely removal of employees who no longer should have access.</p> <p>Effective January 15, 2015, the agency's System Access Request was revised to include CIPPS and PMIS as an additional reminder to the Security Administrator.</p>	
	14-06*	Improve Retirement Contribution Snapshot Certification Process	<p>Two employees, primary and back-up, have received all the training currently available by VRS related to MyVRS. When VRS provides additionally training, DMV will ensure they receive the training.</p> <p>When My VRS was rolled out to the agencies, there were unresolved issues within the system. VRS training was insufficient. Although payroll bulletins were provided, the VRS help desk could not provide detailed information when contacted. Based on feedback that VRS has received from the agencies, VRS is planning conducting hands-on training that DMV will attend.</p> <p>VRS is scheduled to provide written procedures this spring, well after agencies were required to go live with the system. Once VRS has provided detailed procedures, DMV</p>	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			will develop internal procedures.	
			We have been informed that this issue affects all state agencies, and that APA will issue a Risk Alert to all agencies about this issue.	
<u>Department of Rail and Public Transportation (DRPT)</u>				
2014	14-01 13-01	Implement a Comprehensive Information Security Program. This is a Repeat Finding.	DRPT started Phase III.	In Progress (Delayed)
<u>Department of Transportation (VDOT)</u>				
2014	14-03	Improve Information Security Officer Designation	The ISO function has been segregated from the Information Technology function. The ISO function reports to the Chief Deputy Commissioner and the Information Technology function head reports to the Chief of Administration.	Completed (On Schedule)
	14-04	Improve Controls over Sub-recipient Monitoring. This is a Repeat Finding.	Local Assistance Division has amended the project agreement form to include the CFDA number.	Completed (On Schedule)
			The Assurance and Compliance Office has worked with the localities to perform reconciliations of VDOT's pass through records to the subrecipients' Schedule of Federal Awards. ACO will work with the subrecipients to complete the reconciliations within six months of its receipt of the Single Audit Reports.	



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 standards and guidance for establishing and assessing agency internal controls in order to more effectively manage risk and maintain accountability. The ARMICS process culminates with an annual certification by the agency head and fiscal officer that they have established, maintained, and evaluated their agencies’ internal control framework and tested key controls. DOA conducts periodic Quality Assurance Reviews (QAR) and issues reports on agency ARMICS implementations.

Although an agency’s QAR report may state that it “generally” or minimally complies with the ARMICS standards, most reports contain some findings and recommendations, which agencies are strongly encouraged to address.

Non-compliance with ARMICS can take several forms and will be reported, as stated below:

1. Late submission of the annual certification statement (without an extension authorized by DOA) will result in citation in the current year’s 9/30 Comptroller’s Quarterly Report (QR).
2. Submission of Exhibit 4: Agency Statement, which states that the agency has not complied with ARMICS, will result in continued citation in the QR until the agency complies with the ARMICS standards and submits an ARMICS certification. The status of the agency’s submitted Corrective Action Plan (CAP) will be reported until the ARMICS certification has been received.
3. Substantial non-compliance with the processes required for the successful completion of ARMICS (based on a QAR performed by DOA) will result in continued citation in the QR until the agency has complied with ARMICS and has submitted an ARMICS certification. The status of the agency’s submitted CAP will be reported until the ARMICS certification has been received.

As of December 31, 2015, the following agencies were not in compliance with the ARMICS process based on their 2015 ARMICS submission:

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Conservation and Recreation	Exhibit 4 Filed	Yes	In process. ARMICS will be completely redone. Agency has stated that corrective action will be completed by June 30, 2016.

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Small Business and Supplier Diversity	Exhibit 4 Filed	No	No corrective action plan or status received.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	90-day status not received.
Richard Bland College	Exhibit 4 Filed	Yes	In process. Agency has stated that corrective action will be completed by December 30, 2016.

The following agencies were not in compliance with the ARMICS process based on a QAR performed during FY15:

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by September 30, 2016.
Marine Resources Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency is working on the agency-level and transaction-level assessments and testing. The agency has indicated this process should be completed by April 1, 2016.
Virginia Museum of Natural History	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by March 31, 2016.
Virginia Retirement System	Substantial non-compliance with the ARMICS process based on a QAR.	No	No corrective action plan or status received.
Virginia Worker's Compensation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by June 30, 2016.

All agencies who certify ARMICS are considered to be in compliance.



Compliance Monitoring

Certification 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 Certification of Agency Reconciliation to CARS Report.

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in CARS. Certifications for September, October, and November were due 10/30/2015, 12/04/2015, and 01/08/2016 respectively.

Certifications Late or Outstanding

As of January 28, 2016

Agency	Sep	Oct	Nov
Virginia Department of Emergency Management	-	1/14/16	-
Department of Game and Inland Fisheries	-	1/6/16	-

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

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, 2015, 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, 2015, no agencies failed to respond timely, make corrective action and/or provide additional information.

Trial Balance Review

As of December 31, 2015

Agency	Oct	Nov	Dec
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, 2015, no agency failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of December 31, 2015

None	Agency	Oct	Nov	Dec
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Disbursement Processing

During the quarter ended December 31, 2015, DOA deleted, at the submitting agency's request, 130 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments for returned items, payments with incorrect vendor information and payments of incorrect amounts. These types of transactions may point to areas where improved agency internal accounting controls should be evaluated.

Nineteen separate agencies requested deletes during the quarter. For the quarter, ended December 31, 2015, one agency requested more than four vendor payment deletions.

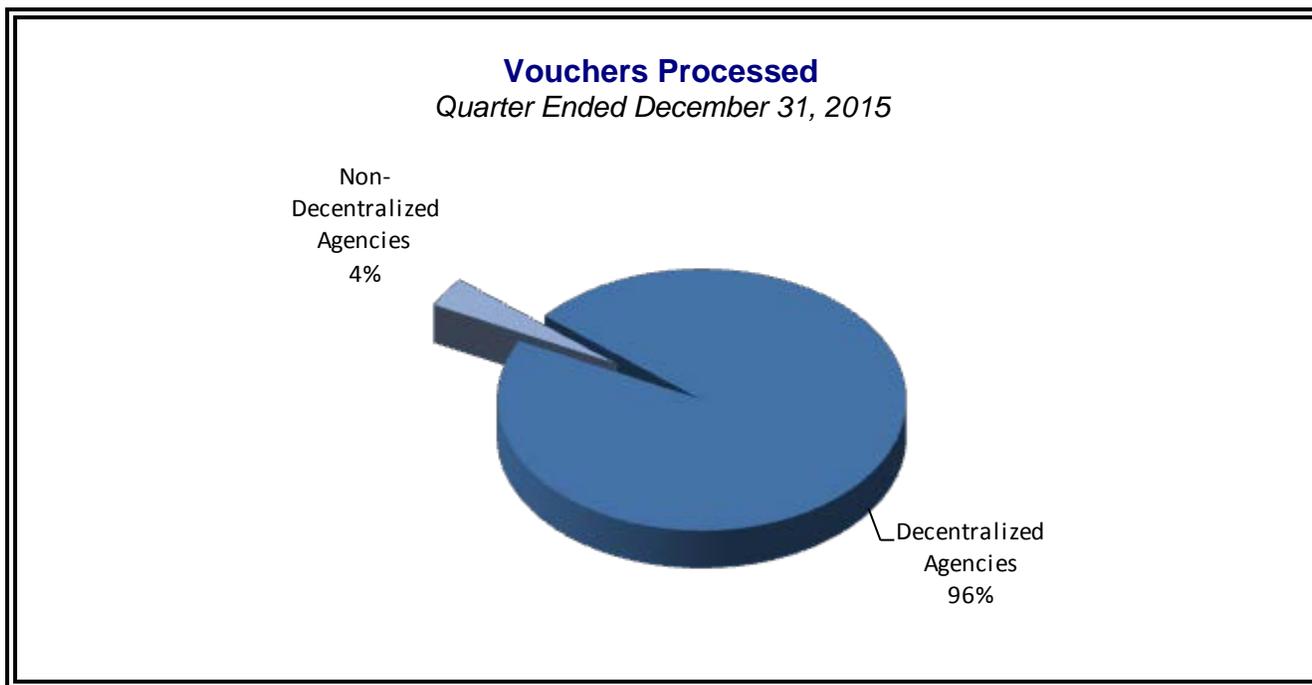
- Department of Game and Inland Fisheries



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.

Agencies are 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. No reviews were completed for decentralized agencies during this quarter.

Compliant Agencies

None

Agencies Requiring Corrective Action

Corrective Actions Needed

N/A



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) or agencies for which the cost of delegation is greater than the efficiency benefits to be gained through decentralization.

During the quarter, DOA reviewed all non-decentralized agencies. A total of 216 non-travel disbursement batches and 112 travel disbursement batches were reviewed, disclosing two 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, 2015		Fiscal Year 2016 To-Date		Comparative Quarter Ended December 31, 2014	
	Late	Total	Late	Total	Late	Total
Number of Payments	6,060	574,740	11,922	1,132,455	4,098	565,877
Dollars (in thousands)	\$ 41,255	\$1,777,479	\$87,365	\$3,708,128	\$ 29,069	1,492,590
Interest Paid on Late Payments				\$8,057		
Current Quarter Percentage of Payments in Compliance				98.9%		
Fiscal Year-to-Date Percentage of Payments in Compliance				98.9%		
Comparative Fiscal Year 2015 Percentage of Payments in Compliance				99.3%		



Prompt Payment Performance by Secretarial Area

Quarter Ended December 31, 2015

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.7%	99.6%
Agriculture and Forestry	99.7%	98.2%
Commerce and Trade	97.7%	98.0%
Education*	99.0%	97.6%
Executive Offices	99.3%	99.5%
Finance	99.9%	98.2%
Health and Human Resources	99.1%	97.9%
Independent Agencies	99.6%	99.5%
Judicial	99.9%	99.9%
Legislative	99.7%	98.9%
Natural Resources	98.0%	93.7%
Public Safety and Homeland Security	98.3%	98.4%
Technology	99.9%	99.9%
Transportation*	99.1%	95.4%
Veterans and Defense Affairs	98.0%	96.6%
Statewide	98.9%	97.7%

Prompt Payment Performance by Secretarial Area

Fiscal Year 2016

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.7%	99.0%
Agriculture and Forestry	99.6%	98.9%
Commerce and Trade	98.1%	98.8%
Education*	98.8%	97.4%
Executive Offices	99.2%	99.4%
Finance	99.9%	98.1%
Health and Human Resources	99.1%	98.4%
Independent Agencies	99.7%	99.7%
Judicial	99.9%	99.9%
Legislative	99.8%	99.1%
Natural Resources	98.7%	95.9%
Public Safety and Homeland Security	98.6%	97.1%
Technology	99.9%	99.9%
Transportation*	99.3%	96.9%
Veterans and Defense Affairs	98.0%	96.5%
Statewide	98.9%	97.6%

* 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, and may include local payments. These agencies and institutions are decentralized for vendor payment processing.

For the quarter ended December 31, 2015, the following agencies that processed 50 or more 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, 2015

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Commerce and Trade			
Virginia Employment Commission	74	1,345	94.5%
Education			
Richard Bland College	47	645	92.7%
Health and Human Resources			
Department of Medical Assistance Services	100	972	89.7%

For FY 2016, the following agencies that processed 200 or more vendor payments

during the year were below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate
Agencies Below 95 Percent**
Fiscal Year 2016

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Education			
Paul D Camp Community College	62	877	92.9%
Health and Human Resources			
Department of Medical Assistance Services	177	1,951	90.9%
Eastern State Hospital	212	3,407	93.8%

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, 2015			Comparative Quarter Ended December 31, 2014
	E-Commerce	Total	Percent	Percent
Number of Payments	2,203,889	2,487,323	88.6%	86.7%
Payment Amounts	\$ 10,537,266,337	\$ 11,041,474,682	95.4%	93.7%
	Fiscal Year 2016 To-Date			Comparative Fiscal Year 2015
	E-Commerce	Total	Percent	Percent
Number of Payments	4,358,616	4,934,198	88.3%	86.6%
Payment Amounts	\$ 20,132,795,934	\$ 21,523,675,154	93.5%	92.4%

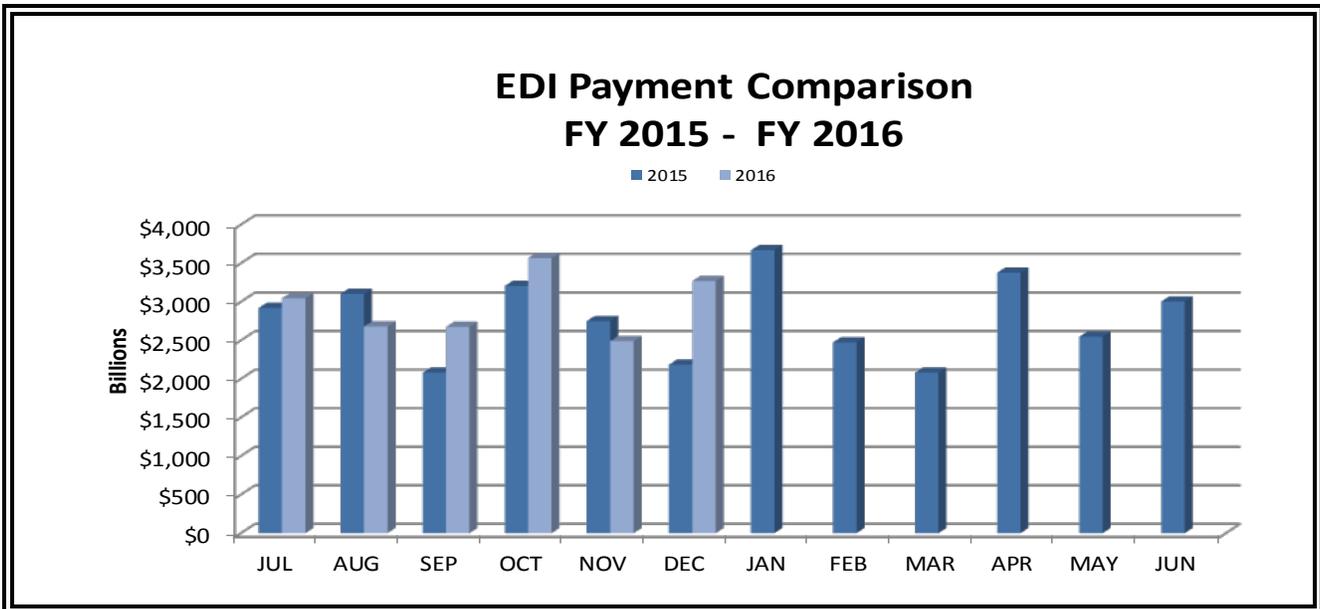
Financial Electronic Data Interchange (EDI)

The dollar volume of Financial EDI payments for the second quarter of FY 2016 was over \$1,189 billion (15 percent) more than the same quarter last year. The number of trading partner accounts increased by 12 percent from December 2014. The increase is due to efforts to convert state employee travel reimbursements from checks to electronic payments. In February 2013, Department of

Accounts began a process efficiency that utilizes employee CIPPS banking for travel reimbursements. This increased the number of payments made via EDI and the number of trading partner accounts. In addition, enrollment by corporations, sole proprietors and grantees has increased significantly due to solicitation by Department of Accounts staff.

Financial EDI Activity

Financial EDI Activity	Quarter Ended December 31, 2015	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Number of Payments	77,659	145,256	138,243
Amount of Payments	\$ 9,323,609,716	\$ 17,717,716,402	\$ 16,235,514,420
Number of Invoices Paid	204,903	383,929	391,900
Estimated Number of Checks Avoided	121,768	229,157	220,650
Number of Trading Partner Accounts as of 12/31/15		160,560	143,357



Travel EDI

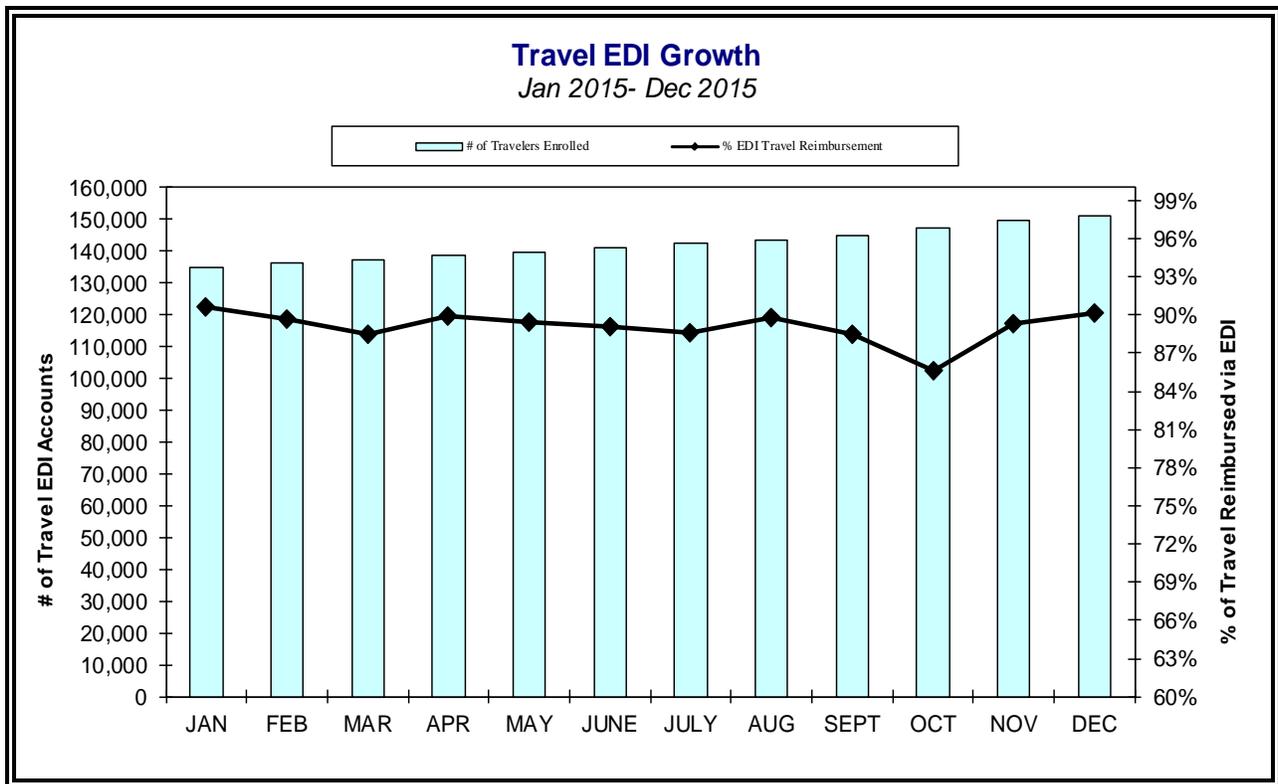
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. Per Chapter 806, 2013, Virginia Acts of Assembly §4-5.04 e.5. *State employees traveling on official business of state government shall be reimbursed for their travel costs using the same bank account authorized by the employee in which their net pay is direct deposited.*

DOA completed implementation of this change in May 2013. The change does not apply to employees whose net pay goes to an EPPI Card. Those employees should provide a bank account for travel reimbursements. Quarterly utilization statistics are provided to the EDI Coordinators of each agency in an

effort to identify areas where EDI can be expanded.

In accordance with §4-5.04 f. 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 2016, 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, 2015

Secretarial Area	Employee Percent	Non-Employee Percent	Reimbursement Checks Issued
Administration	97.6%	0.0%	16
Agriculture and Forestry	98.5%	5.7%	43
Commerce and Trade	98.7%	45.1%	63
Education (1)	96.3%	45.4%	887
Executive Offices	98.8%	0.0%	113
Finance (2)	99.6%	-	2
Health and Human Resources	98.5%	19.0%	594
Independent Agencies	98.7%	42.9%	22
Judicial	95.2%	3.7%	1,177
Legislative	99.3%	7.1%	30
Natural Resources	97.7%	35.0%	58
Public Safety	85.5%	7.5%	911
Technology	97.7%	-	3
Transportation (1)(2)	99.4%	46.2%	27
Veterans Affairs and Homeland Security	100.0%	62.8%	32
Statewide for Quarter	95.6%	24.6%	3,978

Fiscal Year 2016 To-Date

Statewide	96.1%	23.3%	7,096
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*Comparative
Fiscal Year 2015 To-Date*

Statewide	95.6%	29.5%	7,363
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- (1) Statistics do not include agencies and institutions decentralized for vendor payment processing.
(2) Statistics include both travel and non-travel payments.

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**

<u>Agency</u>	<u>Percent</u>	<u>Reimbursement Checks Issued</u>
Public Safety		
Department of Military Affairs	30.4%	433
Division of Community Corrections	83.8%	44
Department of Juvenile Justice	81.5%	58

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.

Per action by the 2011 General Assembly, certain nonlegislative members of state boards, commissions, etc, that meet three or more times a year must receive their payments via EDI. Failure to comply with this may result in fees per §4-5.04f of the Appropriation Act.

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

Agency	Percent	Reimbursement Checks Issued
Agriculture and Forestry		
Department of Agriculture and Consumer Services	5.7%	33
Education		
Virginia Military Institute	4.0%	48
Longwood University	0.0%	85
Executive		
Attorney General and Department of Law	0.0%	109
Health and Human Resources		
Virginia Board for People with Disabilities	3.2%	60
Department of Behavioral Health and Developmental Services	7.4%	50
Department of Social Services	7.8%	131
Judicial		
Supreme Court	7.7%	169
Circuit Courts	3.5%	420
General District Courts	6.1%	46
Juvenile and Domestic Relations District Courts	6.5%	43
Virginia State Bar	0.7%	294
Legislative		
Commission on VASAP	7.1%	26
Public Safety		
Department of Criminal Justice Services	3.2%	120

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 2016, the charge is \$5 per check. These statistics indicate noncompliance with §4-5.04f 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
None		



Direct Deposit

During the second quarter of FY 2016, 529,003 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. All agencies have attained a salaried direct deposit performance rate of at least 98% and will be reported only if performance drops below that rate during the quarter.

Direct Deposit Performance by Secretarial Area

Quarter Ended December 31, 2015

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	99.9%	100.0%
Agriculture and Forestry	99.9%	96.9%
Commerce and Trade	99.8%	100.0%
Education	99.9%	97.0%
Executive Offices	100.0%	100.0%
Finance	99.6%	100.0%
Health and Human Resources	99.8%	99.5%
Independent Agencies	99.7%	100.0%
Judicial	99.8%	91.2%
Legislative	99.9%	100.0%
Natural Resources	99.6%	98.8%
Public Safety and Homeland Security	99.8%	99.4%
Technology	100.0%	100.0%
Transportation	100.0%	99.3%
Veterans and Defense Affairs	95.8%	89.4%
Statewide	99.8%	97.6%
<i>Comparative</i>		
<i>Quarter Ended December 31, 2014</i>		
Statewide	99.7%	97.2%

Statewide Salaried Direct Deposit Performance

Quarter Ended December 31, 2015

Salaried Direct Deposit Participation	99.8%
--	--------------

Salaried Direct Deposit Below 98 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
Veterans and Defense Affairs		
Virginia Veterans Care Center	89.5%	286

Statewide Wage Direct Deposit Performance

Quarter Ended December 31, 2015

Wage Direct Deposit Participation	97.6%
--	--------------

Wage Direct Deposit Below 90 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
Education		
Radford University	83.8%	1,250
Southwest Virginia Community College	85.5%	386
Judicial		
Combined District Courts	84.2%	19
General District Courts	86.4%	154

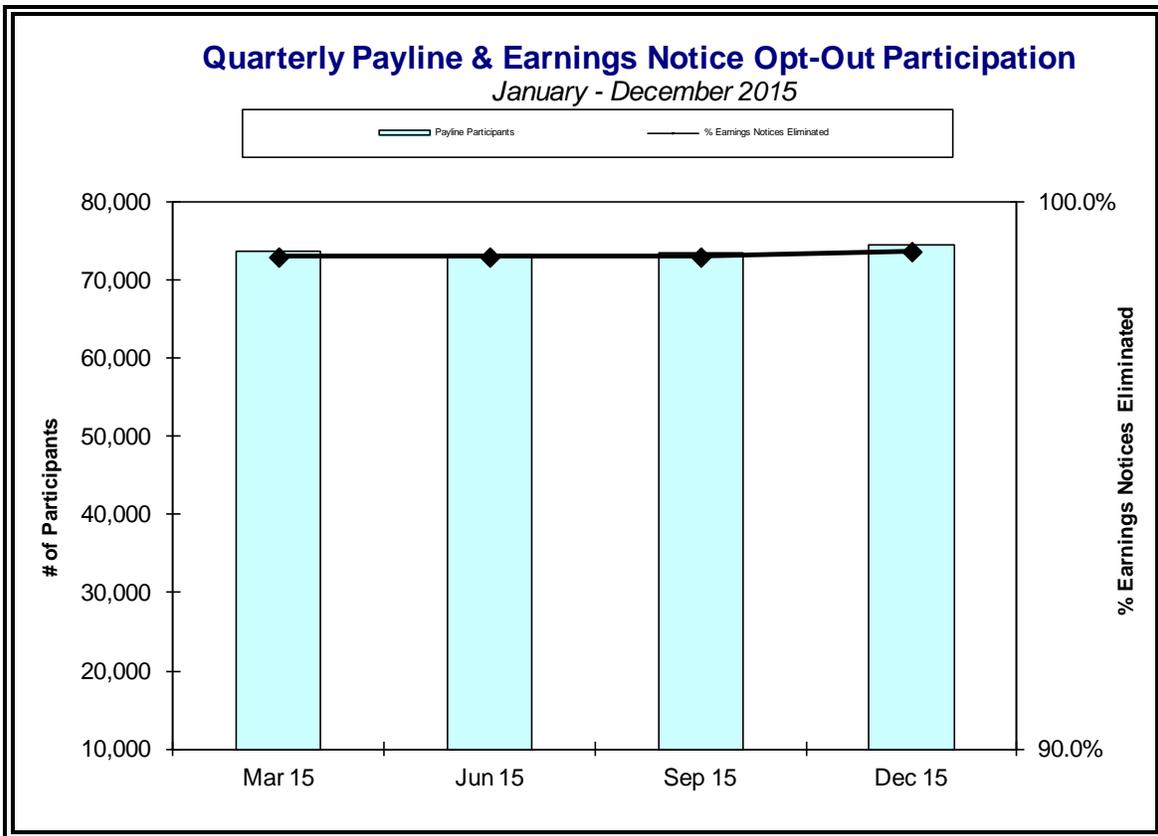


Payroll Earnings Notices

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.

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 16,267,807 earnings notices.

In addition to increasing direct deposit participation, agencies and institutions are



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

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

Quarter Ended December 31, 2015

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	98.3%	100.0%
Agriculture and Forestry	80.8%	82.5%
Commerce and Trade	98.3%	100.0%
Education	63.3%	100.0%
Executive Offices	89.4%	100.0%
Finance	98.6%	100.0%
Health and Human Resources	94.4%	100.0%
Independent Agencies	96.2%	100.0%
Judicial	88.0%	94.3%
Legislative	68.7%	76.5%
Natural Resources	88.4%	97.4%
Public Safety and Homeland Security	92.5%	100.0%
Technology	94.5%	100.0%
Transportation	96.9%	100.0%
Veterans and Defense Affairs	71.4%	74.3%
Statewide	83.6%	99.1%
<i>Comparative</i>		
<i>Quarter Ended December 31, 2014</i>		
Statewide	82.4%	98.9%

* Employees must participate in Direct Deposit 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, employees in specific units or all employees.

Most agencies elected a global opt-out in response to the January 1, 2009, mandate. As of December 31, 2015, the following agencies have not met the established goal of 90% for eliminating earnings notice print.

Earnings Notice Elimination

<u>Agency</u>	<u>Percent Earnings Notices Eliminated QE 12/31/2015</u>	<u>Percent Earnings Notices Eliminated QE 09/30/2015</u>
Agriculture and Forestry		
Department of Agriculture and Consumer Services	88.1%	84.7%
Department of Forestry	73.3%	83.2%
Judicial		
Circuit Courts	77.8%	79.2%
Natural Resources		
Marine Resources Commission	58.7%	56.6%
Veterans and Defense Affairs		
Virginia Veterans Care Center	31.0%	27.5%



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

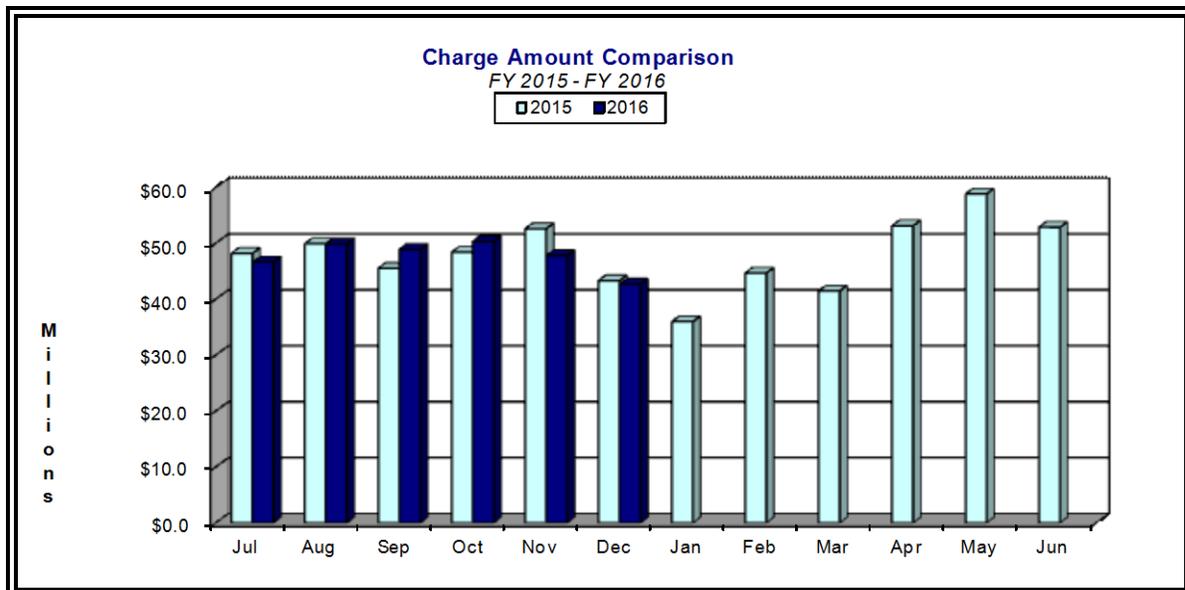
Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than \$50,000. Use of the purchasing charge cards decreases the number of checks issued and 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 Department of Accounts has a third charge card tool called ePayables. This program allows payments processed through CARS for vendors enrolled in the ePayables program to convert their payment to a card thus increasing the card program’s spend.

The total amount charged on SPCC, Gold and ePayables cards during the second quarter of FY 2016 decreased by \$3.5 million or 2 percent from the same quarter last year.

Small Purchase Charge Card Program

Charge Card Activity	Quarter Ended December 31, 2015	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Amount of Charges	\$ 140,748,810	\$ 286,050,718	\$ 287,756,384
Estimated Number of Checks Avoided	202,241	392,200	395,205
Total Number of Participating Agencies		196	202
Total Number of Cards Outstanding		14,641	14,788



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.

Section 4-5.04 f. of the Appropriations Act authorizes the Comptroller to collect a \$5 underutilization fee when in his judgment agencies have failed to comply with the Commonwealth's electronic commerce initiatives to reduce unnecessary administrative costs for the printing and mailing of state checks and earning notices. Now that these programs have matured and agencies have embraced these initiatives, DOA believes it is an appropriate time to change the compliance monitoring and enforcement process. Beginning with the quarter ended March 31, 2014, the \$5 fee is no longer assessed. Compliance data for the quarter ended March 31 was reported utilizing the old threshold of 80%. Beginning with the quarter ended June 30, 2014, the compliance criteria for reporting purposes will utilize a threshold of 70%. The new reporting process will utilize the reduced compliance threshold

of 70% and monitoring agencies' performance using trend analysis. DOA will continue to monitor utilization and agencies with reduced utilization trends will be contacted for explanation.

For data compilation purposes, all local governments have been exempted from the utilization process.

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. As part of the new monitoring process, enhancements will be made to the matching process.

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. The Department of Accounts appreciates agencies' efforts to make this initiative a statewide success.

Statewide SPCC Performance

Quarter Ended December 31, 2015

Percentage Utilization for Eligible Transactions

89%

SPCC Utilization by Secretarial Area

Quarter Ended December 31, 2015

Secretarial Area	Payments in Compliance ⁽¹⁾	Non-Compliant Transactions ⁽²⁾
Administration	91%	364
Agriculture and Forestry	97%	122
Commerce and Trade	77%	472
Education*	89%	4,347
Executive Offices	96%	47
Finance	98%	64
Health and Human Resources**	91%	2,728
Independent Agencies	85%	498
Judicial	42%	1,813
Legislative	97%	32
Natural Resources	93%	629
Public Safety	95%	1,719
Technology	63%	134
Transportation*	82%	4,745
Veterans and Defense Affairs	96%	88
Statewide	89%	17,802

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

** Department for Aging and 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	42%	411
Education		
Norfolk State University	61%	833
Independent Agencies		
State Corporation Commission	48%	336
Judicial		
Board of Bar Examiners	0%	24
Circuit Courts	0%	152
Combined District Courts	0%	127
General District Courts	0%	667
Juvenile and Domestic Relations District Courts	0%	470
Magistrate System	0%	107
Supreme Court	65%	163
Virginia Criminal Sentencing Commission	0%	22
Public Safety		
Department of Forensic Science	68%	398
Technology		
Virginia Information Technologies Agency	63%	134



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) business days is reported. For the month of October, this represents the bill date of October 15, 2015, 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 table lists agencies more than two days late in submitting their payments by each program type.

Agency	Oct	Nov	Dec
<u>Purchase Card Program:</u>			
Education			
Piedmont Virginia Community College			X
Richard Bland College		X	X
<u>Airline Travel Card Program:</u>			
Education			
Virginia Western 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, 2015, and the total amounts past due.

Travel Charge Card Program

As of December 31, 2015

Agency	Total Delinquent Accounts	Amounts 60 Days Past Due	Amounts 90-120 Days Past Due	Amounts >150 Days Past Due
Education				
George Mason University	1	186	0	0
James Madison University	2	667	0	0
Longwood University	4	721	0	0
Old Dominion University	1	362	0	0
University of Mary Washington	1	543	0	0
University of Virginia	1	3,088	0	0
University of Virginia Medical Center	2	476	0	0
Virginia Commonwealth University	2	35	0	0
Virginia Military Institute	1	169	224	0
Virginia Museum of Fine Arts	1	290	0	0
Virginia Polytechnic Institute and State University	2	985	0	0
Virginia State University	4	1,137	0	0
Health & Human Resources				
Department of Behavioral Health and Developmental Services	1	399	0	0
Department of Health	1	260	0	0
Independent Agencies				
State Corporation Commission	1	236	0	0
Public Safety and Homeland Security				
Department of Corrections	1	211	0	0
Transportation				
Department of Motor Vehicles	1	546	118	0



Payroll Controls

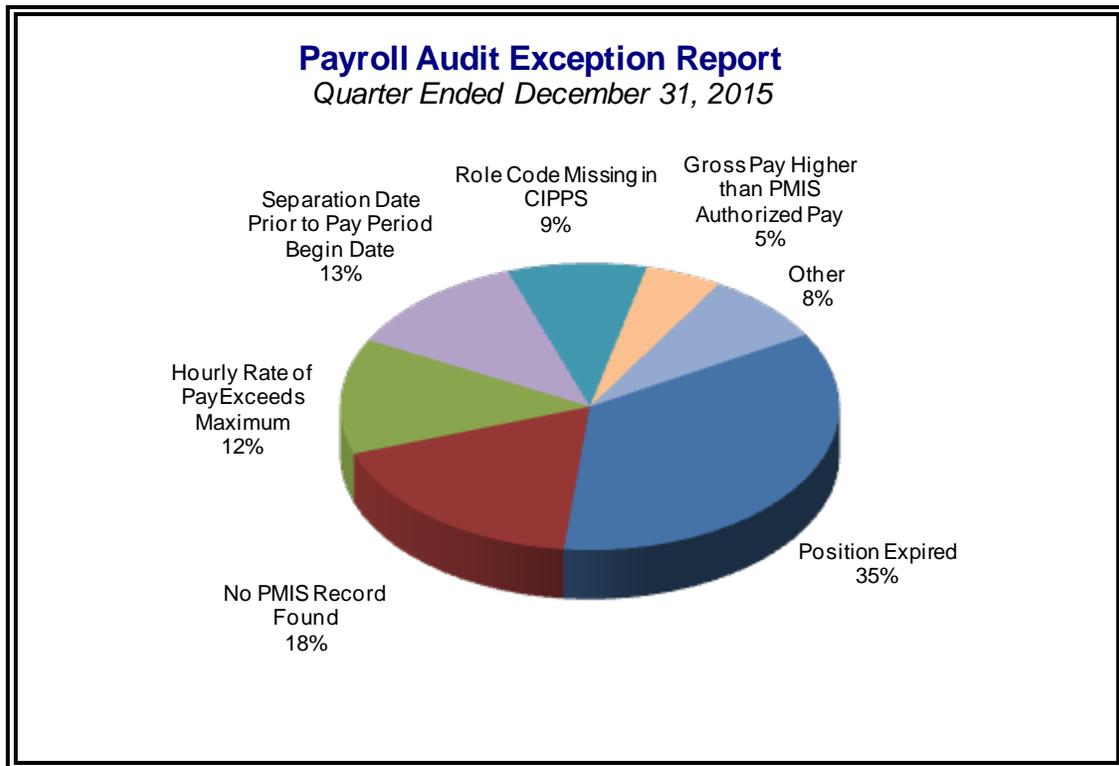
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 403,535 salaried pay transactions and 121,603 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 4,371 new exceptions noted statewide during the quarter, with an overall exception rate of 0.11%.

The statewide salaried payroll exception rate was 0.32% and the wage payroll exception rate was 0.31%. During this quarter, 5

employee paychecks were reduced to recover \$1,396.94 in overpayments.

While the largest cause of exceptions are employees whose position has expired in PMIS, the second largest cause of exceptions is the processing of payments to employees whose records have been terminated in PMIS. This 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.



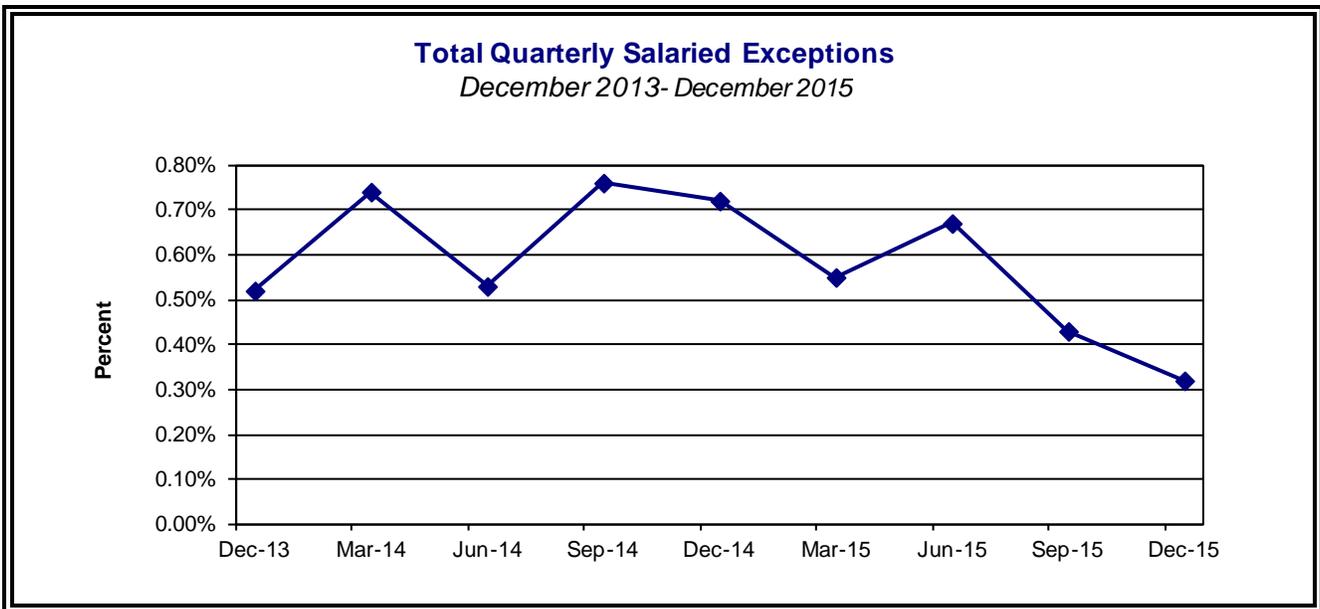
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage

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, 2015

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Total Salaried Payroll Exceptions for the Quarter</td> <td style="text-align: right; width: 30%;">0.31%</td> </tr> </table>			Total Salaried Payroll Exceptions for the Quarter	0.31%
Total Salaried Payroll Exceptions for the Quarter	0.31%			

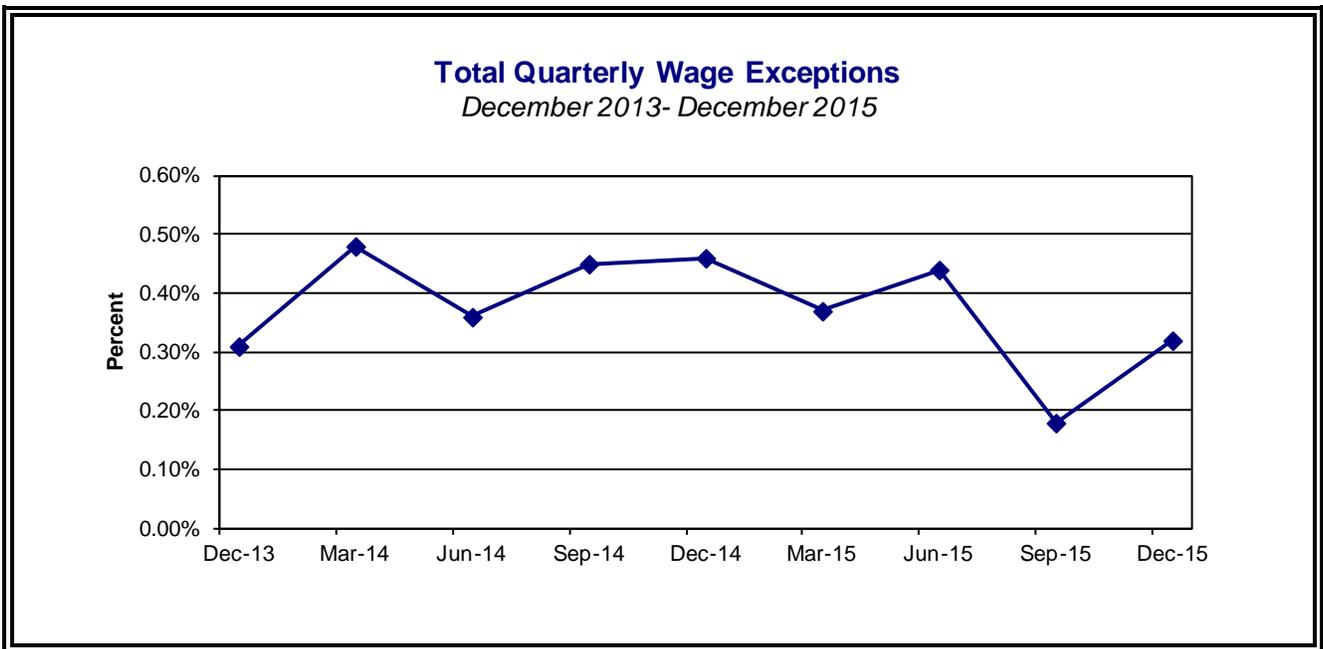
The following chart compares payroll exceptions as a percentage of salaried payments by quarter for the past two years.



Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended December 31, 2015

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
Norfolk State University	29	0.72%
Northern Virginia Training Center	12	21.43%
Total Wage Payroll Exceptions for the Quarter		0.31%

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



CIPPS/PMIS 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>
<i>Education</i>	
Eastern Shore Community College	5
Lord Fairfax Community College	18
Mary Washington University	3
Virginia Western Community College	4
<i>Health & Human Resources</i>	
Central State Hospital	42
Hiram W. Davis Medical Center	3
Northern Virginia Training Center	17
Southern Virginia Mental Health Institute	1



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)
Administration				
Department of General Services*	\$290,061			
Education				
Patrick Henry Community College	95,974			
Paul D Camp Community College	38,790			
Health and Human Resources				
Northern Virginia Training Center		1		
Legislative				
Senate of Virginia	36,000			
Public Safety				
Haynesville Correctional Center	32,127			

* Payroll services provided by DOA Payroll Service Bureau

Columns show the following:

- (a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than \$20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.
- (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* package 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 did not comply with reporting requirements.

**Health Care Reconciliations
as of December 31, 2015**

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
None			

*Agencies with more than two occurrences over the most recent 5-month period are reported.



FINANCIAL MANAGEMENT ACTIVITY

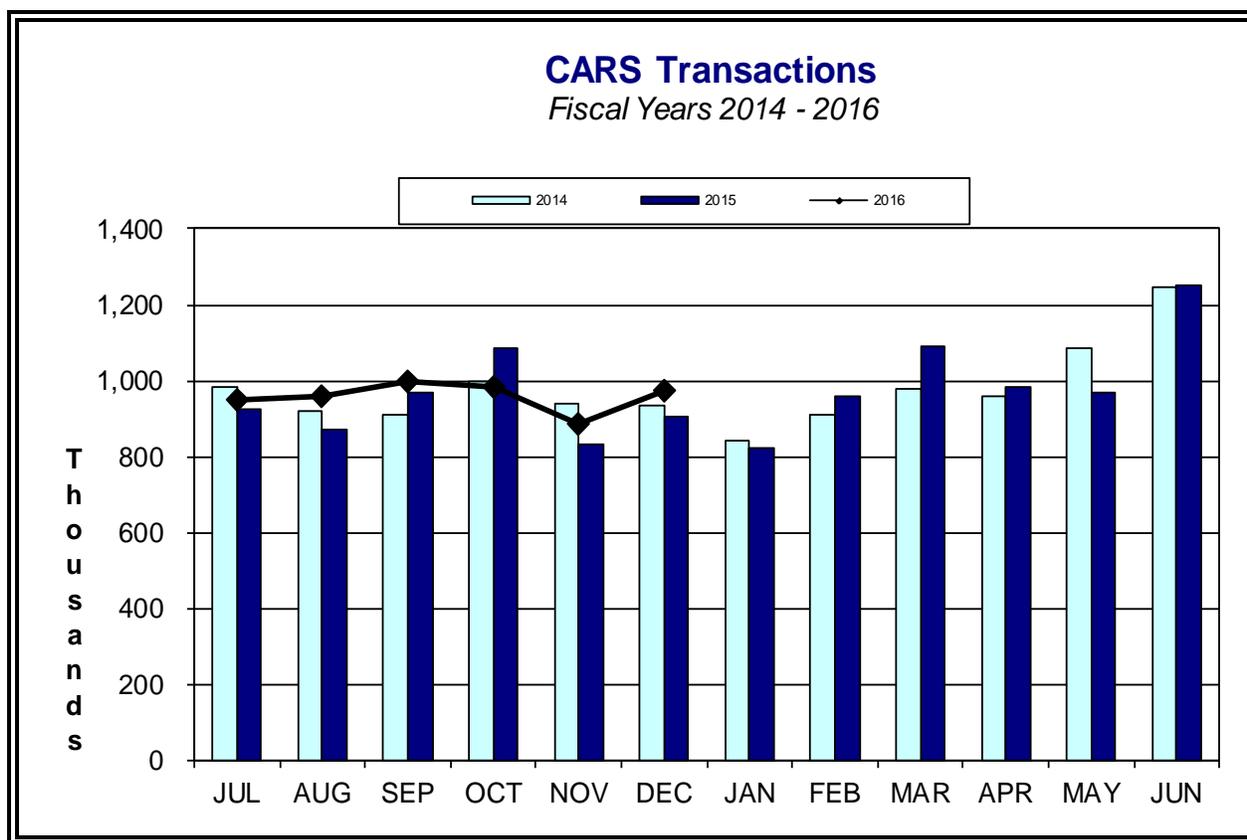
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

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.

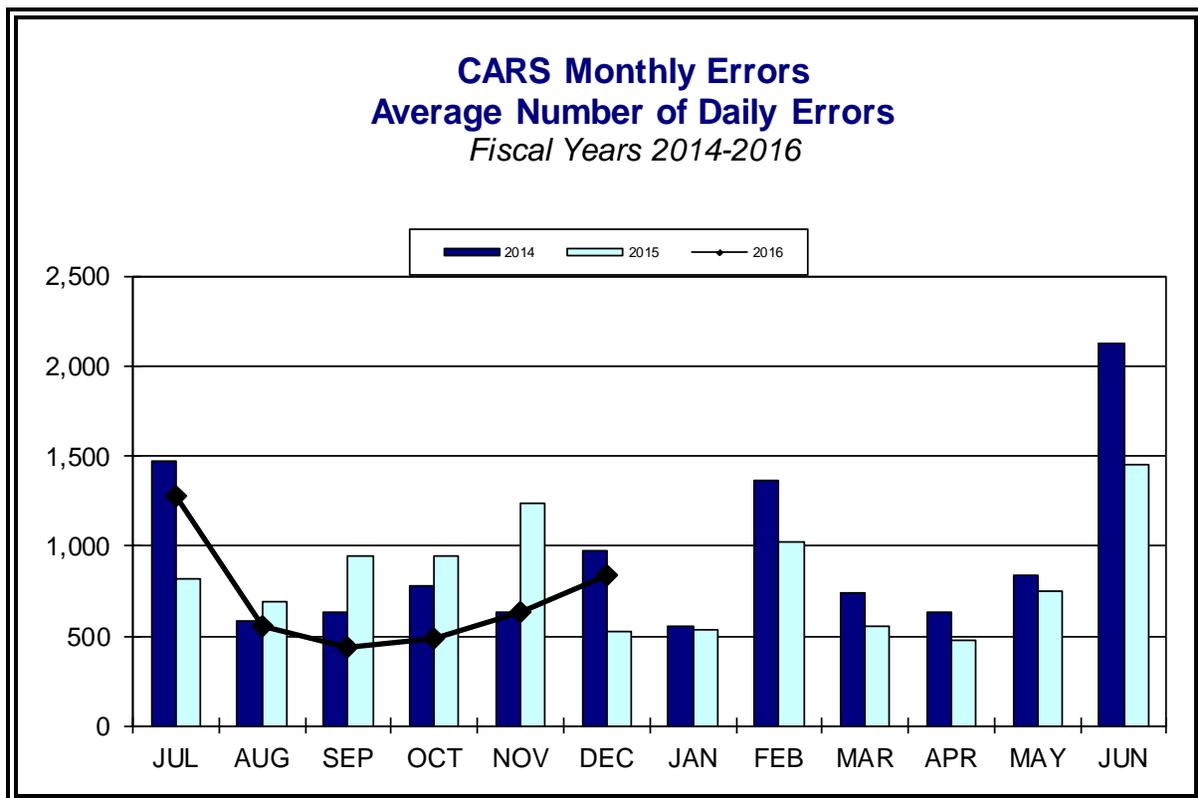


CARS Edits

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 2016, 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.

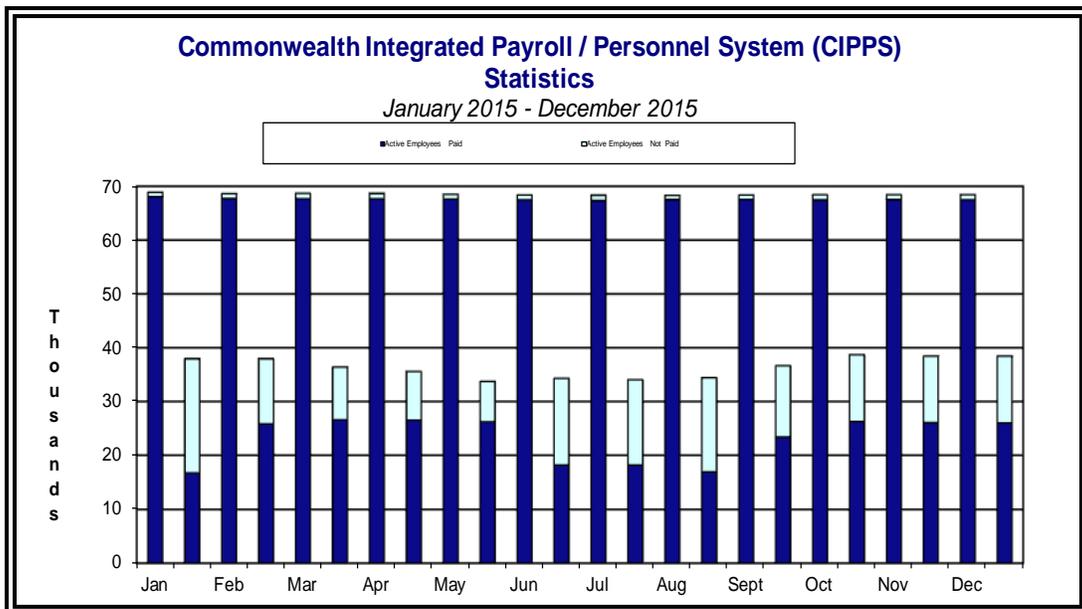
- Available Cash Negative
- Certified Amount not in Balance
- Expenditures Exceeds Allotments



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 106,986 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 93,648 employees were paid each month, of which 67,492 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.

**Benefit Participation
Number of Participating Employees**

Benefit	As of 12/31/2015	Comparative	
		As of 12/31/2014	As of 12/31/2013
Health Care**			
COVA Care	76,837	78,740	79,821
COVA Health Aware	4,706	3,988	3,437
Kaiser	2,089	2,106	2,130
Tricare	60	60	63
Optional Retirement Plans**			
Fidelity Investments	702	693	665
Political Appointee - ORP	116	107	44
TIAA/CREF	1,713	1,745	1,714
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	39,795	42,330	44,300
Hybrid 457 Voluntary D/C Plan	878	N/A	N/A
Flexible Reimbursement**			
Dependent Care	951	936	994
Medical Care	9,780	9,706	10,246

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



Accounts Receivable

Executive Summary

The *Code of Virginia* § 2.2-4800 et seq. 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 on-going effectiveness of agencies in managing their accounts receivable.

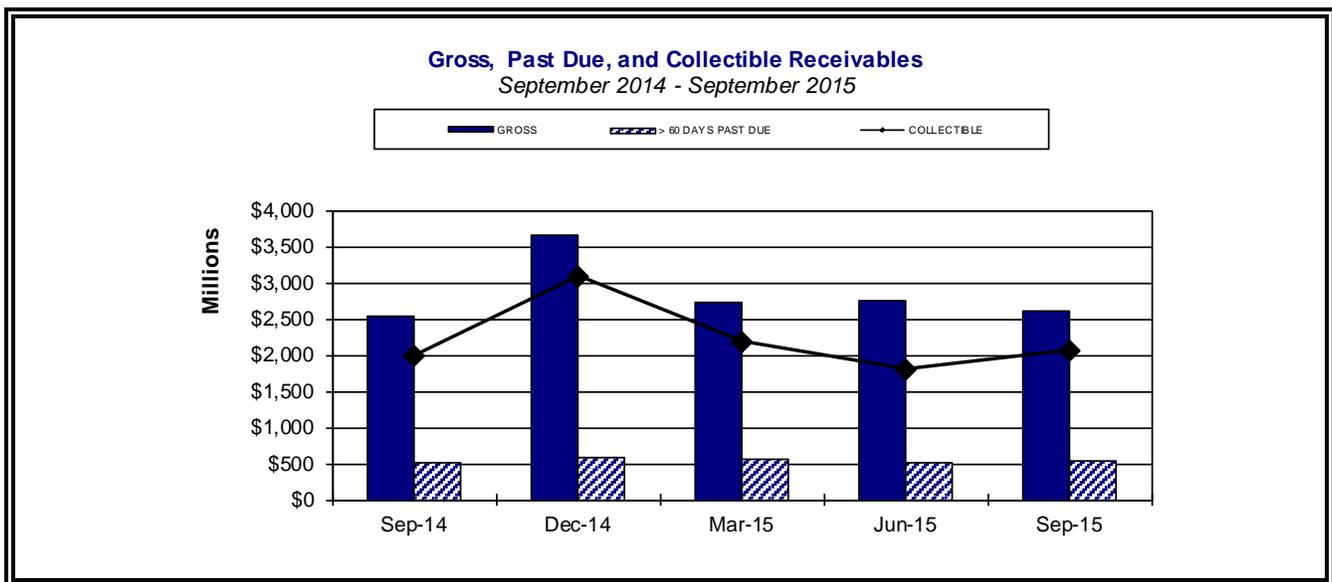
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$2.62

billion at September 30, 2015, with \$2.07 billion considered collectible. Receivables over 60 days past due as of September 30, 2015, totaled \$543.3 million. Of that amount, \$28.2 million was placed with private collection agencies, \$34.5 million was placed with the Division of Debt Collection and \$480.6 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, 2015, agencies expected to collect \$2.07 billion (79 percent) of the \$2.62 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 Courts, District Courts, or Department of Taxation

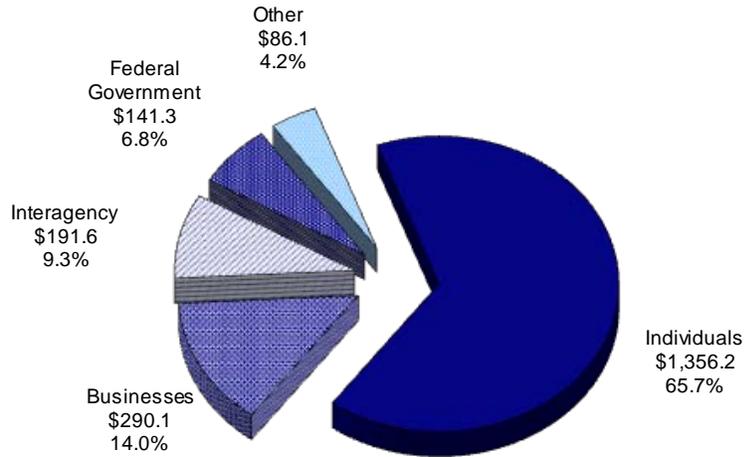
As of September 30, 2015

Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 14,048,381	55%
	Social Services	3,423,124	13%
	State Police Permits	1,522,481	6%
	Corrections	1,172,142	5%
	Labor and Industry Inspections	494,255	2%
	Other	1,454,288	6%
	Subtotal	22,114,671	87%
	Interagency Receivables	3,309,154	13%
Total General Fund Collectible		\$ 25,423,825	100%
Nongeneral Funds 99%	Medicaid - Dedicated Penalty Fees	\$ 60,454,798	3%
	Medicaid - Federal Reimbursements	12,998,785	1%
	Unemployment Taxes *	101,106,974	5%
	Transportation	94,133,403	5%
	Child Support Enforcement	220,606,652	11%
	Federal Government	31,134,859	2%
	DBHDS Patient Services	21,544,926	1%
	Hospital	631,058,338	30%
	Enterprise	91,153,931	4%
	Higher Education	547,595,457	27%
	Other	39,769,716	2%
	Subtotal	1,851,557,839	91%
	Interagency Receivables	188,309,276	9%
Total Nongeneral Fund Collectible		\$ 2,039,867,115	100%
All Funds	Grand Total	\$ 2,065,290,940	100%

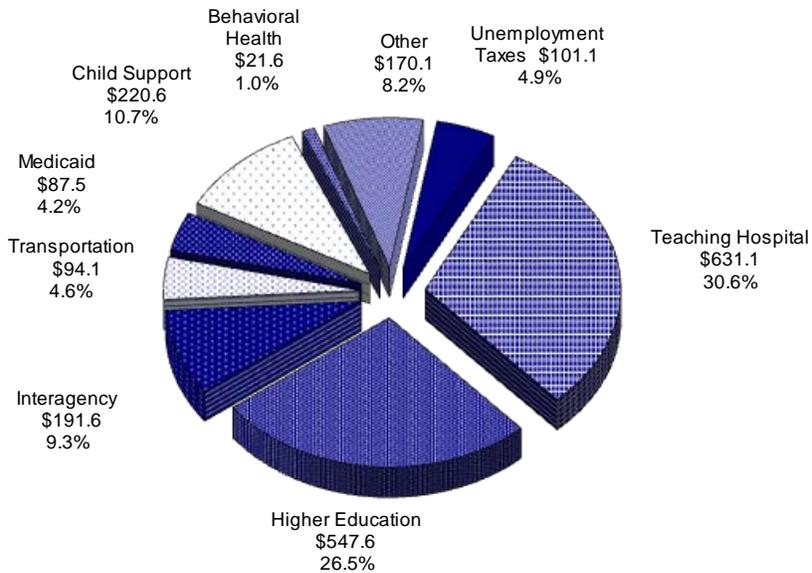
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor
 (dollars in millions)
 As of September 30, 2015



Sources of Collectible Receivables by Type
 (dollars in millions)
 As of September 30, 2015



Not counting Taxation and the Courts, ten agencies account for 82 percent of the Commonwealth's adjusted gross and 79

percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary
Not Including Circuit Courts, District Courts, or Department of Taxation
As of September 30, 2015

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	\$ 708,016,601	\$ 25,062,451	\$ 682,954,150
Department of Social Services	630,521,717	389,070,001	241,451,716
Virginia Employment Commission	146,555,624	41,287,901	105,267,723
Department of Medical Assistance Services	126,814,440	39,312,476	87,501,964
Virginia Polytechnic Institute and State University	103,465,957	1,826,780	101,639,177
Virginia Commonwealth University	97,077,632	6,101,674	90,975,958
Department of Transportation	92,777,729	2,826,863	89,950,866
University of Virginia - Academic Division	87,302,981	2,271,500	85,031,481
Virginia Lottery	76,190,772	-	76,190,772
George Mason University	69,601,933	1,365,899	68,236,034
Total	\$ 2,138,325,386	\$ 509,125,545	\$ 1,629,199,841
All Other Agencies	479,172,453	43,081,354	436,091,099
Grand Total	\$ 2,617,497,839	\$ 552,206,899	\$ 2,065,290,940

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 \$10.6 million during the quarter ended September 30, 2015. The Division of Debt Collection contributed \$2.0 million. Private collection agencies collected \$3.4 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$5.2 million.

Private collection agencies returned \$9.8 million of accounts to agencies, and the Division of Debt Collection discharged \$2.2 million of accounts and returned \$1.1 million of accounts to agencies.

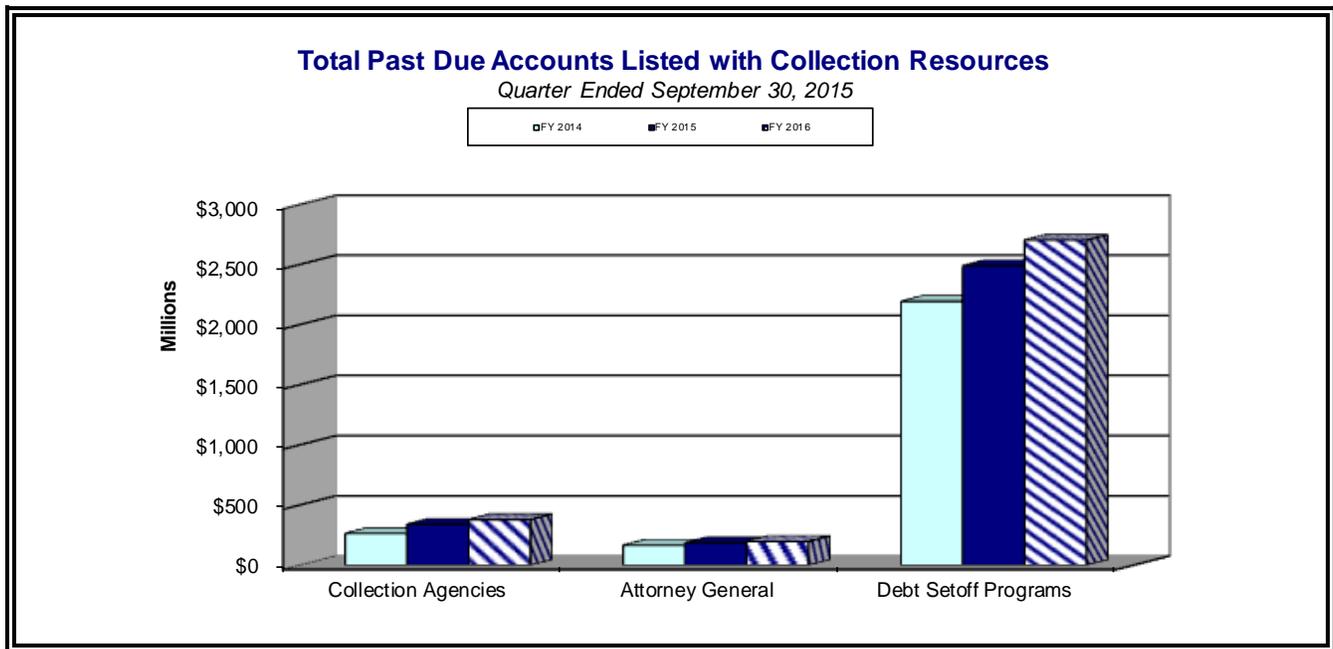
Collectible Receivables Over 60 Days Past Due

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

As of September 30, 2015

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 224,771,152	\$ 9,323	\$ 55,279	\$ 224,706,550
University of Virginia Medical Center	92,555,257	-	-	92,555,257
Virginia Employment Commission	59,982,524	12,650,339	15,538,360	31,793,825
Department of Medical Assistance Services	42,881,034	23,624	2,477,767	40,379,643
Department of Transportation	31,351,567	1,675,204	6,162,005	23,514,358
Department of Behavioral Health and Developmental Services	19,711,530	-	-	19,711,530
Virginia Community College System	11,469,410	7,141,288	1,293,345	3,034,777
Virginia Commonwealth University	6,990,346	160,237	275,268	6,554,841
University of Virginia - Academic Division	6,924,129	92,349	44,247	6,787,533
Virginia Workers' Compensation Commission	5,048,459	879,946	4,052,577	115,936
TOTAL	\$ 501,685,408	\$ 22,632,310	\$ 29,898,848	\$ 449,154,250
All Other Agencies	41,562,469	5,549,296	4,558,853	31,454,320
TOTAL OVER 60 DAYS	\$ 543,247,877	\$ 28,181,606	\$ 34,457,701	\$ 480,608,570
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	2,741,008,533	352,691,928	164,528,690	2,223,787,915
TOTAL COLLECTION EFFORTS	\$ 3,284,256,410	\$ 380,873,534	\$ 198,986,391	\$ 2,704,396,485

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 \$2.7 million for the second quarter with a total of \$5.3 million collected through FY 2016. 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 9/30/15	Comparative	
		Percent 6/30/15	Percent 3/31/15
Virginia Workers' Compensation Commission	84%	85%	85%
Department of Behavioral Health & Developmental Services	43%	24%	36%
Virginia Employment Commission	41%	35%	13%
Department of Social Services	36%	34%	36%
Department of Medical Assistance Services	34%	32%	37%
Department of Transportation	34%	24%	39%
Virginia Community College System	18%	6%	15%
University of Virginia Medical Center	13%	12%	14%
University of Virginia - Academic Division	8%	4%	12%
Virginia Commonwealth University	7%	10%	18%
Statewide Average - All Agencies	21%	18%	21%

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 79 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 dollar billed during the quarter ended September 30, 2015, the state collected eighty five cents. This rate is one percent lower than last year and two percent lower than two years ago.

Collections as a Percentage of Billings

Agency	Percent 9/30/15	Comparative	
		Percent 9/30/14	Percent 9/30/13
Virginia Employment Commission	124%	132%	122%
Department of Transportation	106%	99%	104%
Virginia Lottery	98%	100%	98%
Virginia Polytechnic Institute and State University	95%	96%	84%
University of Virginia - Academic Division	93%	96%	98%
George Mason University	93%	93%	92%
Department of Social Services	92%	90%	95%
Virginia Commonwealth University	85%	84%	84%
Department of Medical Assistance Services	42%	54%	18%
University of Virginia Medical Center	26%	26%	26%
Statewide Average - All Agencies	85%	86%	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 \$87.5 million at September 30, 2015, is a \$1.4 million increase over the \$86.1 million reported at September 30, 2014. Over the same period, total past due receivables of \$46.5 million have decreased by \$4.6 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 20 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$683.0 million at September 30, 2015, were a \$64.3 million increase from the \$618.7 million reported the previous year. Past due receivables increased by \$133.7 million to \$261.5 million at September 30, 2015.

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 \$105.3 million at September 30, 2015, a decrease of \$1.7 million from the previous year. Total past due receivables were \$61.8 million, a \$7.8 million decrease 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, 2015, of \$43.4 million, which is an increase of \$6.4 million reported in the previous year. Most of these receivables are due from other state agencies. As of September 30, 2015, \$339,165 was over 60 days past due, a decrease of \$394,522 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 four multi-state games, Mega Millions, Powerball, Win for Life and Decades of Dollars. 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, 2015, the State Lottery reported net receivables of \$76.2 million, a \$7.4 million increase from the previous year. Billings increased by \$12.5 million and collections increased by \$6.7 million during the September 30, 2015 quarter when compared to the September 30, 2014 quarter. At September 30, 2015, the State Lottery had \$219,996 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, 2015, DOE did not have any receivables 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, 2015, the University reported net collectible receivables of \$101.6 million, a decrease of \$8.0 million over the prior year. At the same time, total past due receivables of \$13.6 million decreased by \$2.6 million over the prior year.

The University uses a variety of collection methods to encourage payments. At September 30, 2015, VPISU had \$2.9 million of accounts over 60 days past due. \$58,666 was placed with the Attorney General's Division of Debt Collection, another \$697,853 was placed with private collection agencies, and \$2.1 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, 2015, the Department reported collectible receivables of \$21.5 million, a \$6.2 million decrease over the previous year. \$25.2 million was past due, with \$19.7 million being over 60 days past due. Total past due receivables increased by \$2.8 million over the year, and accounts over 60 days past due increased by \$3.2 million. At September 30, 2015, the Department had a total of \$10.9 million of accounts placed with the Attorney General and \$1.2 million 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, 2015, VDOT reported \$90.0 million of collectible receivables, a decrease of \$23.9 million from the prior year. VDOT also reported \$38.0 million total past due and \$31.4 million being over 60 days past due. Past due receivables increased by \$10.2 million over the year, while receivables over 60 days past due increased by \$9.1 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 \$6.2 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

Department of Social Services (DSS)

Social Services provides 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, 2015, DSS reported gross receivables of \$630.5 million, an allowance for doubtful accounts of \$389.1 million and collectible receivables of \$241.5 million. Past due receivables totaled \$228.3 million, of which \$224.8 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$579.2 million (92 percent) of the gross receivables, \$358.6 million (92 percent) of the allowance for doubtful accounts and \$220.6 million (91 percent) of the collectible receivables.

From September 30, 2014 to September 30, 2015, gross receivables increased by \$35.9 million and collectible receivables increased by \$13.9 million. Total past due receivables increased by \$13.2 million and receivables over 60 days past due increased by \$13.0 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, 2015, DRPT had gross and net receivables of \$16.5 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$2.3 million of past due receivables at September 30, 2015.

Virginia Commonwealth University (VCU)

VCU, based in Richmond, offers more than 200 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, 2015, VCU had \$91.0 million of collectible receivables, a \$14.6 million increase from September 30, 2014. Total past due accounts were \$10.4 million, a \$1.2 million increase from September 30, 2014. Accounts over 60 days past due (\$7.0 million) increased by \$1.4 million from the prior year. Billings increased by \$32.7 million to \$318.8 million and collections increased by \$29.1 million to \$270.6 million for the September 30, 2015 quarter, when compared to the September 30, 2014 quarter.

The following table is prepared to present the September 30, 2015, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$2.86 billion past due accounts receivable at September 30, 2015. Another 18 agencies accounted for 29 percent (\$842.6 million), leaving 57 other agencies to comprise the last two percent at \$53.7 million.

Taxation and the Circuit and District Courts accounted for 69 percent (\$1.96 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of September 30, 2015

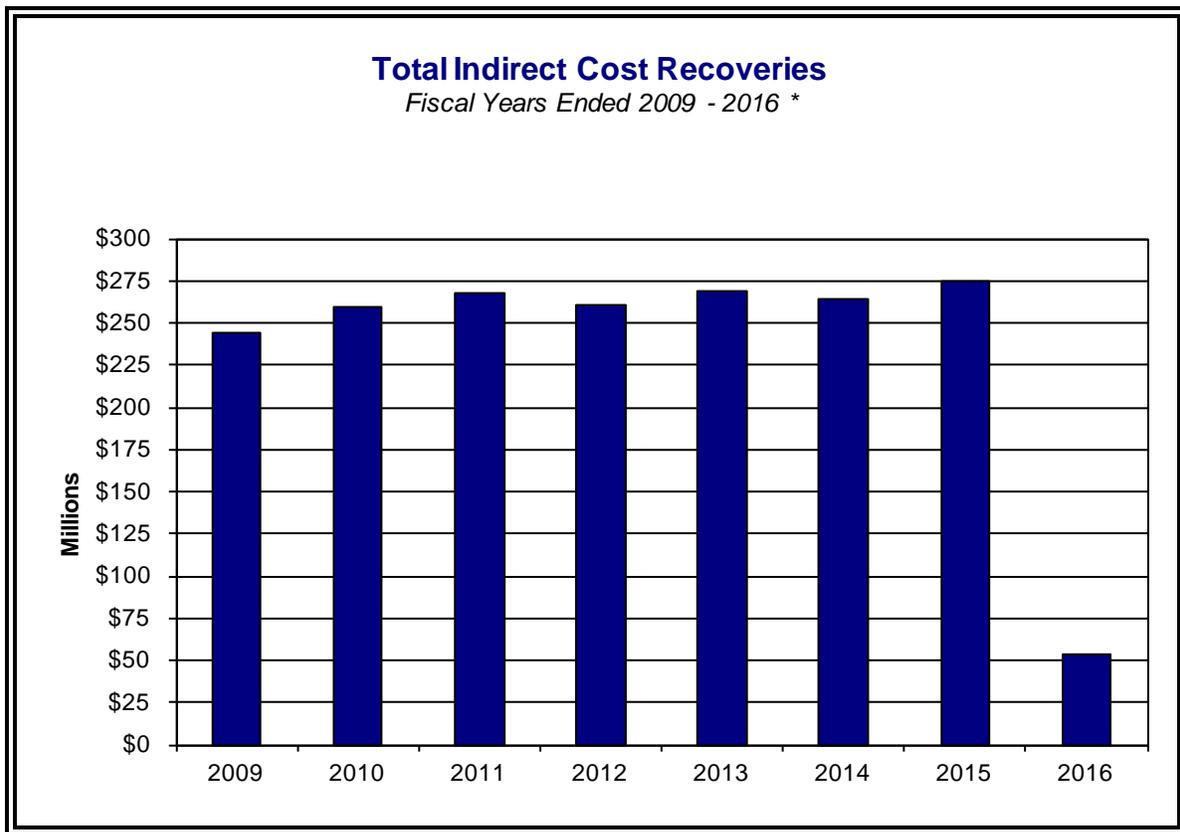
Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 1,592,934,433	209,549,771	136,736,877	1,246,647,785
Localities' Circuit and District Courts	366,488,648	38,224,626	62,232,842	266,031,180
Total - Taxation Assessments and Court Fines and Fees	\$ 1,959,423,081	\$ 247,774,397	\$ 198,969,719	\$ 1,512,678,965
All Other Large Dollar Agencies:				
University of Virginia Medical Center	261,519,772	235,105,252	18,446,358	7,968,162
Department of Social Services	228,328,638	10,968,531	10,865,870	206,494,237
Virginia Employment Commission	61,821,306	11,518,611	6,093,601	44,209,094
Department of Medical Assistance Services	46,478,883	11,794,642	5,669,193	29,015,048
Department of Transportation	38,035,114	15,443,826	13,989,172	8,602,116
Virginia Community College System	32,073,106	31,363,379	671,218	38,509
University of Virginia - Academic Division	30,288,111	27,555,715	1,980,732	751,664
Department of Behavioral Health and Developmental Services	25,234,753	18,040,031	19,845	7,174,877
George Mason University	20,399,194	18,661,114	864,755	873,325
Old Dominion University	14,069,314	13,432,536	525,889	110,889
Virginia Polytechnic Institute and State University	13,619,842	11,703,391	461,685	1,454,766
Norfolk State University	12,100,262	11,796,587	63,856	239,819
James Madison University	12,000,563	11,058,645	283,685	658,233
Department of Health	11,809,088	11,594,976	131,415	82,697
Virginia Commonwealth University	10,411,742	5,371,541	2,396,104	2,644,097
Virginia Port Authority	10,090,537	10,069,153	13,833	7,551
University of Mary Washington	7,677,373	6,644,362	104,046	928,965
Department of General Services	6,676,448	3,898,736	200,501	2,577,211
Total - Largest Dollar Volume Agencies	\$ 842,634,046	\$ 466,021,028	\$ 62,781,758	\$ 313,831,260
All Other Agencies	53,684,293	35,823,343	4,509,712	13,351,238
Grand Total Past Due Receivables	\$ 2,855,741,420	\$ 749,618,768	\$ 266,261,189	\$ 1,839,861,463



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 2016 reflects indirect cost recoveries through December 31, 2015.

Indirect Cost Recoveries from Grants and Contracts

Fiscal Year 2016

Fund	Year-to-Date		
	Higher Ed	Non-Higher Ed	Total
Nongeneral:			
Agency / Institution (1)	\$ 13,660,407	\$ 38,965,203	\$ 52,625,610
Statewide	39,580	370,296	409,876
Agency / Institution ARRA	138,432	-	138,432
Statewide ARRA	-	-	-
Total Nongeneral	\$ 13,838,419	\$ 39,335,499	\$ 53,173,918
General:			
Agency (Cash Transfers)	-	-	-
Statewide	-	304,325	304,325
Statewide (Cash Transfers)	-	-	-
Total General	\$ -	\$ 304,325	\$ 304,325
Total All Funds	\$ 13,838,419	\$ 39,639,824	\$ 53,478,243

- (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 \$28,599,304 representing the Department of Social Services' estimate of indirect cost recoveries received.

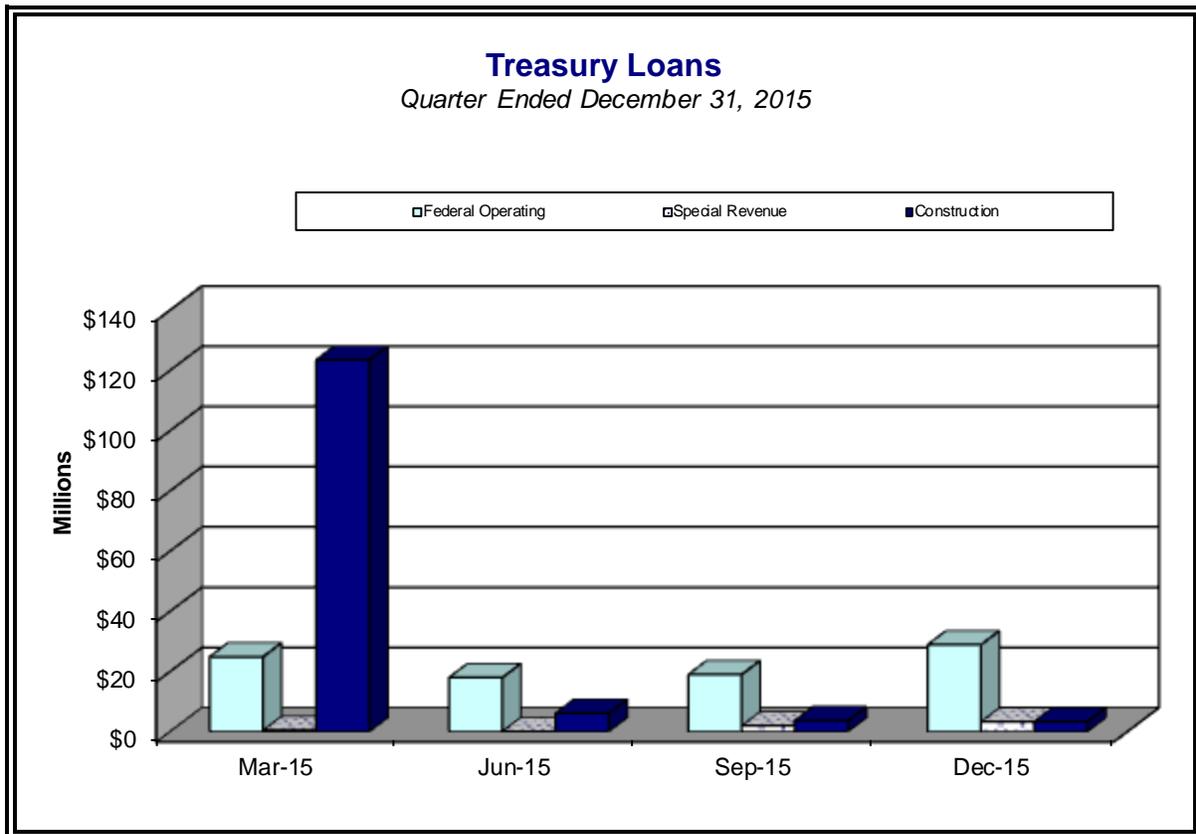


Loans and Advances

Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement, 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, 2015 was \$35.5 million.



Significant New Loans / Drawdowns**New Balance****Department of Military Affairs (DMA)**

Drawdown on a \$21 million loan used to replace advances from cooperative agreements and maintenance reserve projects that may be delayed by the DOD accounting system (GFEBS) implementation.	\$ 10,000,000.00
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Department of Accounts (DOA)

Drawdown on a \$2.9 million loan used for costs associated with the Cardinal system.	\$ 1,120,000.00
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Significant Loan Repayments**Prior Balance****None**

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. There were no deficit loans/appropriations as of December 31, 2015.
- **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, 2015 was \$70.2 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, 2015 was \$41.4 million.

