

**REPORT ON  
STATEWIDE FINANCIAL MANAGEMENT AND  
COMPLIANCE**

**FOR THE QUARTER ENDED DECEMBER 31, 2008**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

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# TABLE OF CONTENTS

## REPORT ON STATEWIDE FINANCIAL MANAGEMENT AND COMPLIANCE

*Quarter Ended December 31, 2008*

	<b>Page</b>
<b>STATEMENT OF PURPOSE.....</b>	<b>2</b>
<b>COMPLIANCE .....</b>	<b>3</b>
<u>Auditor of Public Accounts Reports - Executive Branch Agencies.....</u>	3
Audit Reports – Quarter Ended December 31, 2008 .....	3
Agency Findings – Quarter Ended December 31, 2008.....	5
Risk Alerts – Quarter Ended December 31, 2008.....	9
Efficiency Issues – Quarter Ended December 31, 2008.....	9
Special Reports – Quarter Ended December 31, 2008.....	9
Other Audit Reports Received – Quarter Ended December 31, 2008.....	10
Status of Prior Audit Findings.....	11
<u>Compliance Monitoring .....</u>	35
Confirmation of Agency Reconciliation to CARS Reports .....	35
Response to Inquiries .....	36
Trial Balance Review .....	36
Analysis of Appropriation, Allotments and Expenditures and Cash Balances .....	37
Disbursement Processing .....	37
Paperwork Decentralization .....	38
Prompt Payment Compliance.....	41
E-Commerce.....	44
<i>Financial Electronic Data Interchange (EDI) .....</i>	45
<i>Travel EDI.....</i>	46
<i>Direct Deposit .....</i>	51
<i>Payroll Earnings Notices .....</i>	54
<i>Small Purchase Charge Card (SPCC) and Increased Limit (Gold) Card.....</i>	59
<i>Travel Charge Card .....</i>	65
Payroll Controls.....	66
<i>PMIS/CIPPS Payroll Audit .....</i>	66
<i>PMIS/CIPPS Exceptions .....</i>	69
<i>Payroll Certification .....</i>	70
<i>Health Care Reconciliations .....</i>	72
<b>FINANCIAL MANAGEMENT ACTIVITY .....</b>	<b>73</b>
Commonwealth Accounting and Reporting System (CARS) .....	73
Payroll .....	75
Accounts Receivable .....	77
Indirect Costs.....	89
Loans and Advances.....	91

## STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended December 31, 2008, and comparative FY 2008 data. Some information in the report is for the quarter ended September 30, 2008, which is the most current data available.

David A. Von Moll, CPA, CGFM  
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

## COMPLIANCE

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

Agency audit reports issued by the Auditor of Public Accounts (APA) may contain findings because of noncompliance with state laws and regulations. Agencies may also have internal control findings considered to be control deficiencies. Control deficiencies occur when the design or operation of internal control does not allow management or employees to prevent or detect errors that, in the Auditor's judgment, could adversely affect the agency's ability to record, process, summarize, and report financial data consistent with the assertions of management.

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

### *Audit Reports – Quarter Ended December 31, 2008*

The APA issued 12 separate reports covering 25 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
<b>Administration</b>				
None				
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
Virginia Economic Development Partnership	0	0	0	N/A
Virginia Racing Commission	0	0	0	N/A
<b>Education</b>				
Department of Education, Central Office				
Operations (1)	1	0	1	Yes
Direct Aid to Public Education (1)	0	0	0	N/A
Virginia School for the Deaf and Blind at Staunton (1)	0	0	0	N/A
Virginia School for the Deaf, Blind and Multi-Disabled at Hampton (1)	0	0	0	N/A
University of Virginia	0	1	1	Yes
University of Virginia Medical Center	0	0	0	N/A
Virginia Polytechnic Institute and State University	2	0	2	Yes

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Executive Offices</b>				
Attorney General and Department of Law (2)	0	0	0	N/A
Division of Debt Collection (2)	0	0	0	N/A
The Governor's Cabinet Secretaries (3):				
Secretary of Administration, including Division of Selected Agency Support Services (3)	1	0	1	Yes
Secretary of Agriculture and Forestry (3)	0	0	0	N/A
Secretary of Commerce and Trade (3)	0	0	0	N/A
Secretary of Education (3)	0	0	0	N/A
Secretary of Finance (3)	0	0	0	N/A
Secretary of Health and Human Services (3)	0	0	0	N/A
Secretary of Natural Resources (3)	0	0	0	N/A
Secretary of Public Safety (3)	0	0	0	N/A
Secretary of Technology (3)	0	0	0	N/A
Secretary of Transportation (3)	0	0	0	N/A
<b>Finance</b>				
None				
<b>Health and Human Resources</b>				
Comprehensive Services for At – Risk Youth and Families	0	0	0	N/A
<b>Natural Resources</b>				
None				
<b>Public Safety</b>				
Department of Alcoholic Beverage Control	1	0	1	Yes
<b>Technology</b>				
Innovative Technology Authority, including its Blended Component Unit Center for Innovative Technology	0	0	0	N/A
<b>Transportation</b>				
Virginia Port Authority	3	0	3	Yes

- (1) The audits of these four entities were released in one report.
- (2) The audits of these two entities were released in one report.
- (3) The audits of these ten entities were released in one report.



## *Findings – Quarter Ended December 31, 2008*

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

### **Education**

#### *Department of Education, Central Office Operations (DOE)*

1. Update and Revise Access and Password Policies and Procedures. DOE needs to ensure that its systems authentication policy and process protects against unauthorized access to critical and sensitive assets, requires passwords of sufficient length and ensure appropriate change frequency. Additionally, the Information Security Officer should periodically ensure that the approval process for systems access has adequate documentation; that users only have the current access requested; and that user access corresponds to their position responsibilities. Management should review and appropriately document its access and passwords policies and processes to ensure they provide the appropriate level of control. The Security Officer should review all access to determine that only requested and employed individuals have access and it corresponds to their current job responsibilities.

#### *University of Virginia (UVA)*

1. Properly Complete Employment Eligibility Verification Forms. **This is a repeat finding and progress has been made.** The University has implemented significant improvements in the procedures it follows to ensure that University employees and supervisors properly complete Employment Eligibility Verification Forms (I-9) in accordance with guidance issued by the U. S. Citizenship and Immigration Services of the U. S. Department of Homeland Security. Even so, the University's decentralized I-9 processing has allowed several exceptions to the University's procedures to occur. A sample of 38 forms completed in fiscal year 2008 found one or more errors on seven of the forms as follows:

- Two forms did not have a date of birth completed that is required in Section 1;
- Two employees did not sign and/or date the form on the first day of employment required in Section 1;
- The employer did not verify documentation for one employee within three business days of the employment start date required in Section 2;
- Three forms did not provide sufficient information from the verification documents, such as expiration date and issuing authority, required in Section 2;
- Two forms did not provide certifying title and/or agency name and address required in Section 2.

The newly created Office of Compliance and Immigration Services within the Human Resources Division should continue to improve its processes by ensuring detailed training of all departmental staff who complete these forms, and developing broader procedures to ensure a review of all forms for compliance with federal regulations.

*Virginia Polytechnic Institute and State University (VPISU)*

1. Ensure Title IV Refund Calculations are Accurate. University Student Financial Aid used an incorrect date to calculate refunds of Title IV funds for spring 2008 student withdrawals. Staff used the date of the commencement ceremony (May 10) rather than the last day of exams (May 7) as the official end of the semester. This error caused refund miscalculations for 24 students who withdrew during spring 2008. Had the APA not brought this to the attention of financial aid office staff, this would have resulted in additional miscalculations when refunds were calculated for students who unofficially withdrew. Financial aid office staff corrected these calculations and used the correct dates in calculating the additional Title IV refunds for the spring 2008 semester. Management should implement a secondary review of critical data that financial aid office staff enter into the Banner accounting system to ensure accuracy in the Title IV refund calculations and prevent future errors.
2. Ensure Changes in Enrollment are Reported to the National Student Loan Database System. University Student Financial Aid did not report students who unofficially reduced their attendance to less than half-time enrollment to the National Student Loan Database System (NSLDS). This reporting ensures that students who do not maintain full-time enrollment enter into their grace period for loan repayment. Reporting these students to the NSLDS also allows other institutions to view the student's loan history and accurately assess their continued eligibility for federal student financial aid. Financial aid office management should develop and implement procedures that ensure all applicable student aid recipients are reported promptly to the NSLDS. The financial aid office is working with the University Registrar and other University departments and the federal Department of Education to ensure all students that retroactively or unofficially withdraw are reported promptly.

## **Executive Offices**

*Division of Selected Agency Support Services (DSAS)*

1. Properly Complete Employment Eligibility Verification Forms. DSAS is not properly completing Employment Eligibility Verification forms (I-9) in accordance with guidance issued by the U. S. Citizenship and Immigration Services of the U. S. Department of Homeland Security in its Handbook for Employers (M-274). The guidance requires that the employer or designated representative must complete, sign, and date Section 2 of the I-9 form within three days of employment. A review of ten employees found that DSAS did not complete, sign, and date Section 2 of the I-9 form for all ten employees. DSAS should follow the guidance in the Handbook for Employers regarding the I-9 process, train staff on the requirements of completing I-9 forms, and develop procedures to continuously review I-9 forms for compliance with federal regulations.



## Public Safety

### *Department of Alcoholic Beverage Control (ABC)*

1. Improve Database Security. The Department does not ensure compliance with the Department's own database security policies and procedures. The Department has policies, procedures, and standards for access review, password management, and security monitoring and logging. However, the warehouse inventory system data owner and database administration staff are not following the Department's policies and procedures and have not for several years. The Department should provide adequate oversight to comply with the Department's access review, password management, and security monitoring and logging policies and procedures. The warehouse inventory system data owner should review all user accounts and disable all unused or inappropriate accounts. Database administration staff should implement access auditing computer tools, so long as the tools do not negatively affect system performance.

## Transportation

### *Virginia Port Authority (VPA)*

1. Improve Physical Access Controls. VPA should improve its procedures for granting, changing, or removing physical access to buildings, including access to the server room housing sensitive data. Currently, the Port Police grant access to restricted areas after receiving an e-mail request by the individual's supervisor and the building owner. The Port Police typically remove an individual's access when an employee leaves VPA by removing all accesses associated with the badge. VPA has implemented a biannual review of building access by the building owner; however, evidence of this review for the server room does not exist. As of October 15, 2008, 156 individuals had access to the server room. Best practices would limit access to this room to individuals with a legitimate purpose to access the sensitive equipment, and 156 is an excessive number of individuals. VPA should improve procedures for granting, changing and removing physical access to employees, contractors, and other individuals requiring access to Port facilities. This will become increasingly important as VPA implements use of the Federal Transportation Workers Identification Credential (TWIC) instead of current VPA badges. Beginning January 13, 2009, TWIC cards will be the exclusive method of obtaining access to secured areas at the Ports of Virginia. Since a body external to VPA may issue these cards; it will be critical to Port security that the addition, altering, and removal of access credentials to existing cards occur in real-time. Further, VPA may wish to consider alterations to the physical layout of the server room with relation to Information Systems and other employees in the long-term. The current layout does not allow for proper security of servers and other hardware infrastructure, since it does not separate the equipment from the employees' work-spaces.
2. Obtain Assurance over Security of Information System Infrastructure. VPA lacks assurance over the adequacy of information system infrastructure security including the servers, networks, computer terminals, and other hardware used to store and transmit financial and other critical data vital to port operations. VPA receives no independent verification that system security policies and processes are sufficient to control and safeguard data. VPA relies on its component unit, Virginia International Terminals (VIT), to provide a secure and reliable information system infrastructure to support port operations. While VIT has not had an information security failure, there is no assurance that security processes in place are sufficient to mitigate or prevent future breakdowns which may impact VPA. Generally, third-party organizations providing support

services like the arrangement described above demonstrate that they have adequate controls and safeguards when they host or process data belonging to someone else through an independent review of information security. Because VIT does not have an independent review of information system security, they cannot provide this assurance to VPA. VPA should require that VIT seek out an independent third-party to audit the controls and safeguards within the current information security environment to provide assurance that those controls and safeguards are sufficient to protect VPA's most critical data.

3. Improve Logical Access Controls. A review of VPA's access listing disclosed six individuals have access to both create and approve batched transactions in the Commonwealth Accounting and Reporting System (CARS). One individual created and approved 24 batches and one employee created and approved one batch. These individuals have total control over the information in these batches and could have made changes including directing payments to sources other than the original documentation. Although the review found no indication of improper transactions within these batches, failure to separate the batch entry and batch approval duties provides an opportunity for individuals to make improper vendor payments. VPA has the resources to ensure further segregation of duties by eliminating this type of access. Since VPA performs a monthly reconciliation that would eventually detect any inappropriate transactions, the audit did not consider this a material weakness in internal control. VPA should separate the duties of batch entry and approval when dealing with the same batch of transactions and review current users that have CARS access and determine whether such access is necessary and/or reasonable.



### ***Risk Alerts – Quarter Ended December 31, 2008***

The APA encounters issues that are beyond the corrective action of management and require the action of either another agency, outside party, or the method by which the Commonwealth conducts its operations. Only Executive Branch agencies are included in this section.

No APA reports containing a Risk Alert were received this quarter.

### ***Efficiency Issues – Quarter Ended December 31, 2008***

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

No APA reports containing an Efficiency Issue were received this quarter.

### ***Special Reports Received – Quarter Ended December 31, 2008***

The APA issued the following Special Reports:

- General Assembly and Legislative Agencies and Commissions of the Commonwealth of Virginia -- Financial Report June 30, 2008
- Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2008 to September 30, 2008\*
- Revenue Stabilization Fund Calculations for the year ended June 30, 2008
- Review of Commonwealth Management and Control over Prescription Medication, September 2008\*
- Southeastern Public Service Authority, October 2008\*
- Auditor of Public Accounts -- 2008 Report to the General Assembly
- 2008 Statewide Review of Information Security in the Commonwealth of Virginia; Report on Audit as of December 12, 2008\*
- Virginia Circuit Courts Statewide Report, Report on Audits During the Period July 1, 2007 through June 30, 2008\*
- Virginia General District Courts Statewide Report, Report on Audit During the Period July 1, 2007 through June 30, 2008\*
- Collections and Costs of Operating the Circuit and General District Courts by Locality, Report on Audit for the year ended June 30, 2007\*

\* Contains management control findings

***Other Audit Reports Received – Quarter Ended December 31, 2008***

The APA also issued the following Other Reports:

- State Lottery Department, Report on Audit for the year ended June 30, 2008\*
- Virginia Enterprise Applications Program, September 2008\*
- Payments in Lieu of Taxes for Virginia – from October 1, 2007 until September 30, 2008
- Virginia Commercial Space Flight Authority, Report on Audit for the year ended June 30, 2008
- Tobacco Indemnification and Community Revitalization Commission, Financial Statements, Fiscal Year 2008
- Virginia Board of Bar Examiners, Report on Audit for the Period July 1, 2007 through June 30, 2008\*
- Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2008
- Virginia Tobacco Settlement Foundation, Report on Audit for the year ended June 30, 2008
- Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2008
- Virginia Retirement System, Report on Audit for the year ended June 30, 2008\*

\* Contains management control findings



## *Status of Prior Audit Findings*

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

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

### **Status Report on Resolution of Prior APA Audit Findings**

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><i>Department of General Services (DGS)</i></b>				
2007	07-01	Strengthen internal controls over capital asset useful life methodologies.	DGS reviewed internal controls in connection with ARMICS work. Policy FS-12, "Useful Life, Asset Value, Salvage Value", was adopted and issued on January 15, 2009.	Completed
	07-02	Strengthen controls over capital project record keeping, closing, and capitalization processes.	CIP desk procedures were adopted and issued October 31, 2008. All other Engineering and Buildings and Fiscal Services actions are complete. Project status is reviewed quarterly and FS records CIP quarterly.	Completed
	07-03	Update and comply with Virginia's state plan of operation for federal surplus property.	State Plan of Operation was sent to GSA for review September 19, 2008.	In progress
	06-01	Improve documentation and internal controls over fiscal operations.	DGS Fiscal Services policies and procedures have been approved and posted on the DGS network drive.	Completed
	06-03	Develop and implement policies and procedures for the surplus warehouses.	Policies and procedures were developed by Warehouse management in February 2008 and declared complete on October 24, 2008.	Completed

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	06-04	Include mandated procedures in the surplus property manual.	Chapter 12 of the manual is being updated and reviewed. Completion is expected in the Spring of 2009.	In progress
	06-05	Increase awareness and use of the surplus property and disposal process.	A Marketing Manager was hired in September 2008 to increase customer awareness of the Surplus programs. A new sales point was opened October 2008 in Wise, VA.	Completed
	06-06	Finalize and distribute real estate policies and procedures.	Revised leasing guidelines were issued in July 2008. Revisions to the antenna policy were delayed, but are now ready to be issued. Revisions to the fee acquisition policies are expected to be issued April 1, 2009. Revisions to disposal and employee housing policies are currently underway.	In progress
	06-07	Improve internal controls over appointment of Contract Administrator.	The Central Procurement Unit (CPU) reviewed all contracts that are held by CPU to ensure that Contract Administrators were assigned where appropriate. CPU completed internal procedures for dissemination and use.	Completed

### **Department of Agriculture and Consumer Services (VDACS)**

2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	Responsible staff have received training via PowerPoint and Instructions for Completing the Form I-9. Supervisors and Human Resources staff will review and verify all documents.	In progress
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### **Department of Business Assistance (DBA)**

2007	07-03	Maintain official records of the Department.	Department heads are reviewing and updating the Records Retention and Disposition Schedules and incorporating electronic records whenever possible.	In progress
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## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-06	Document Information Security Program.	DBA has submitted the audit plan to VITA. The analysis is underway with assistance from DOA's Accounting and Internal Control Compliance Oversight Division (AICCO).	In progress
<b><u>Department of Professional and Occupational Regulation (DPOR)</u></b>				
2007	07-01	Improve information systems security policies.	DPOR has modified its information systems policies and procedures as recommended by APA.	Completed
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources staff received additional training and implemented new procedures.	Completed
<b><u>Virginia Employment Commission (VEC)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources reviews all I-9 forms. Additional training is being scheduled, and an on-line training program is being developed. The latest version of the I-9 form has been furnished to all office managers.	In progress
	07-02	Improve tax performance.	Tax and Benefits Units continue to emphasize quality. Tax has provided additional training to employees handling wage discrepancies. Tax Managers reviewed manuals for current documentation and set up schedules for future maintenance reviews. Remedies for identified program deficiencies are explored and incorporated into procedures. The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-04	Continue efforts to improve entered participant data. <b>This is a repeat finding.</b>	VEC Field Operations completed all monitoring visits. Reports were finalized. Preparations have been made to transfer the monitors and their functions to the Virginia Community College System in accordance with the Governor's Executive Order. The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed
	06-03	Continue efforts to improve entered participant data.	See 07-04.	
<b><u>The College of William and Mary in Virginia (CWM)</u></b>				
2007	07-01	Improve financial reporting. <b>This is a repeat finding.</b>	The College has added staff in financial reporting and is documenting in detail steps in preparing the current statements.	In progress
	06-01	Improve financial statement preparation process. <b>This is a repeat finding.</b>	See 07-01.	
	05-01	Test financial statement preparation process.	See 06-01.	
	07-02	Improve information systems security program.	The College has appointed a new Director of the Information Security Program. A re-assessment of the current security programs is underway.	In progress
	07-03	Improve capital asset management.	The College is finishing the fixed asset module of the Banner System. To finalize the module, the College has contracted with an outside specialty firm to conduct a comprehensive inventory of assets.	In progress
	07-04	Implement separation procedures for terminated employees. <b>This is a repeat finding.</b>	The Provost's Office is making every effort to ensure academic departments recognize and adhere to the faculty clearance procedures.	In progress



## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	06-02	Implement separation procedures for terminated employees.	See 07-04.	
	07-05	Properly complete Employment Eligibility Verification (I-9) Forms.	Upon receipt of the finding, management initiated corrective actions by seeking professional guidance, revising internal procedures and establishing a 100% review of all I-9 forms.	In progress
<b><u>George Mason University (GMU)</u></b>				
2007	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	GMU changed its procedures for in-processing new staff. Comprehensive training is now offered three times a year. All existing employee files are being reviewed for proper I-9 forms. Incomplete or incorrect forms will be corrected.	In progress
<b><u>Gunston Hall (GH)</u></b>				
2007	07-01	Strengthen controls over information systems security.	GH has met with VITA and is developing procedures to strengthen the controls.	In progress
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	GH reviewed all I-9 forms and is implementing controls over the forms.	In progress
<b><u>Jamestown–Yorktown Foundation (JYF)</u></b>				
2007	07-01	Strengthen controls over information systems security.	The Disaster Recovery Plan has been completed and approved by the Executive Director.	Completed
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources now makes all employment offers and has new hires report on or before the first day of employment. All I-9 forms are reviewed by 2 HR staff.	Completed
	07-03	Properly code revenue deposits.	Supervisory staff have been trained to make and review revenue deposit entries and coding.	Completed

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-04	Comply with the <i>Code of Virginia</i> .	A prior occurrence was reported to the State Police and the APA. All supervisors and managers have been trained in procedures for reporting fraudulent incidents.	Completed
<b><u>Longwood University (LU)</u></b>				
2007	07-01	Improve system access controls.	LU policies and procedures are modified to indicate that access must be removed on or before the termination date. The manual paper process is being modified to have LU Human Resources directly notify systems administrators via e-mail.	In progress
	07-02	Improve database security.	A configuration document for the Oracle database in the Banner computing system is being reviewed and approved by IT system administrators.	In progress
	07-03	Properly complete Employment Eligibility Verification (I-9) Forms.	LU Human Resources conducted training for HR employees on February 7, 2008. Annual training will be conducted. Training for other departments who have contact with new hires is offered semi-annually. The HR website has employment eligibility information available on-line. Procedures are being developed to continuously review I-9 forms.	In progress
<b><u>Norfolk State University (NSU)</u></b>				
2007	07-01	Improve financial statement preparation process.	A new procedure has been developed to complete the more detailed fluctuation analysis, together with a review of prior year adjustments. The procedure was performed on the FY 08 financial statements to ensure accuracy. The completion date was October 31, 2008.	Completed

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Strengthen controls over capital project management. <b>This is a repeat finding.</b>	Procedures for documenting and monitoring capital outlay projects are written. The University Controller is reviewing the procedures. Procedures will go into place following approval by the Vice President for Finance and Business. The targeted completion date is April 30, 2009.	In progress
	06-02	Strengthen controls over capital project management.	See 07-02.	
	07-03	Promptly tag all equipment.	Required equipment items have been properly tagged, effective November 11, 2008.	Completed
	07-04	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources is developing processes to ensure forms are complete and correct and developing a training program for human resources staff on the requirements of completing I-9 forms. The targeted completion date is June 30, 2009.	In progress
<b><u>Radford University (RU)</u></b>				
2007	07-02	Perform a stringent review of existing operations in the Athletic Department.	The NCAA schedule is complete. Scholarships have been reconciled. Foundation records are being agreed to NCAA schedule amounts.	In progress
<b><u>Richard Bland College (RBC)</u></b>				
2007	07-01	Improve contingency plans.	RBC is developing its own Continuity of Operations Plan which will include specific information required by COV Standards.	In progress
<b><u>The Science Museum of Virginia (SMV)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	The Human Resources staff has undergone training from DHRM and the I-9 forms have been reviewed.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Strengthen controls over information systems security.	The Museum has developed new policies and procedures. DOA's Accounting and Internal Control Oversight Division (AICCO) has reviewed the controls and is working with Museum staff.	In progress
	07-03	Improve controls over capital assets and construction in progress.	All assets have been inventoried and the records updated. A new position managing fixed assets has been filled.	In progress
<b><u>University of Virginia – Academic Division (UVA)</u></b>				
2007	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	The Department of Accounts reported this finding as resolved in September 2008 based upon UVA's certification. The finding has been reissued as "In progress" since the APA reissued the finding in its 2008 audit report for UVA.	In progress
	07-02	Improve and implement system configuration guidelines.	The UNIX operating system configuration and hardening guidelines are being developed using industry best standards and recommendations.	In progress
<b><u>Virginia Commonwealth University (VCU)</u></b>				
2007	07-01	Clear cash reconciling items timely. <b>This is a repeat finding.</b>	The finding was not repeated in the 2008 audit.	Completed
	06-02	Departments should resolve cash reconciliation items timely.	See 07-01.	
	07-02	Improve Employment Eligibility Verification Forms (I-9) process.	Annual training on legal aspects of hiring has been implemented. A formal Personnel Administrator program was created, however errors are still occurring.	In progress
<b><u>Virginia Museum of Fine Arts (VMFA)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	All of the forms have been properly completed and reviewed for compliance.	Completed

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Strengthen controls over access to the Commonwealth Accounting and Reporting System (CARS).	Only one position has level 8 access to CARS. User access is reviewed by the Fiscal Officer.	Completed
<b><u>Virginia Community College System – System Office (VCCS)</u></b>				
2007	07-01	Improve physical security over sensitive and mission-critical data.	The combination to the server room at Featherstone is changed any time an employee leaves. All visitors must enter a designated entrance and register. All visitors are escorted at all times.	In progress
<b><u>Central Virginia Community College (CVCC)</u></b>				
2007	07-01	Return Title IV Funds timely.	The Financial Aid Office reviews input dates annually. The Student Withdrawn Query is run weekly, followed by the PeopleSoft Return of Title IV Funds Report. The Accounting Office completes the refund process.	In progress
<b><u>Danville Community College (DCC)</u></b>				
2007	07-01	Return Title IV Funds timely.	The Financial Aid Office and Business Office use a Return to Title IV business process form. The 45 day turnaround is followed.	Completed
<b><u>J. Sargeant Reynolds Community College (JSRCC)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	Turnover of human resources staff has stabilized. Training tools have been developed.	In progress
	07-02	Improve internal controls over CIPPS access.	The College established a policy and the Director of Financial Operations ensures system deletion.	Completed
<b><u>Northern Virginia Community College (NVCC)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	The College has strengthened its procedures for processing I-9 paperwork and has instituted audit checks to help ensure correctness.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><u>Patrick Henry Community College (PHCC)</u></b>				
2007	07-01	Return Title IV Funds timely.	A spreadsheet is maintained by the Financial Aid Office and Business Office. The Business Manager reviews the process to ensure funds are returned timely.	Completed
<b><u>Piedmont Virginia Community College (PVCC)</u></b>				
2007	07-01	Review and implement system configuration guidelines.	The College has corrected the windows domain setting for stored passwords. The College established a server configuration checklist to ensure compliance with System Office guidelines.	Completed
<b><u>Thomas Nelson Community College (TNCC)</u></b>				
2007	07-01	Review and implement system configuration guidelines.	The setting on the Windows domain server was disabled upon discovery, and will remain disabled.	Completed
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	Copies of all documentation used to verify identity and eligibility are attached to the I-9 form. All I-9 forms have been reviewed to ensure proper completion. All Human Resources staff have been trained and have a copy of the Homeland Security instructions.	Completed
	07-03	Improve controls over CARS access.	One accountant has authority to enter and release batches. After entry, the Business Office Manager reviews the data entry and approves the batches. Processes now require periodic reviews of systems access.	Completed
	07-04	Improve internal controls over SIS access.	SIS access forms require supervisors to indicate the reason a particular level of access is needed. The Security Officers maintain the access files. All access policies have been reviewed to ensure that proper documentation is required and retained.	Completed

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-05	Properly reconcile bank accounts monthly.	TNCC uploaded Unclaimed Property reports to Treasury on June 24, 2008. Reconciliation procedures have been modified so that payees of any outstanding checks over 180 days are contacted. If there is no response, the funds are sent to Unclaimed Property.	Completed
<b><u>Tidewater Community College (TCC)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	The College trained all Human Resource staff and other employees on the 4 campuses who deal with I-9 forms.	Completed
	07-02	Properly record assets in the system.	The warehouse manager and staff updated the capital asset system to correct all deficiencies found during the physical inventory.	Completed
<b><u>Department of Accounts (DOA)</u></b>				
2007	07-01	Enhance validation of lease reporting.	New lease reports were developed to allow for better analysis. DOA and DGS personnel had meetings and additional communications regarding lease issues. In addition, the Accounting and Internal Control Compliance Oversight Division (AICCO) review team was dispatched to gain an understanding of the lease process and identify the appropriate entries for CAFR Reporting.	Completed
<b><u>Department of Taxation (TAX)</u></b>				
2007	07-01	Improve controls over leases.	All leases have been reviewed and are updated in the Lease Accounting System (LAS). TAX is updating all written procedures over leases. The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Properly document application and operating system options.	TAX has documented the risk assessment of vendor supplied software patches, upgrades, and operating systems for the four servers in question. TAX has again elected not to apply a series of patches and has documented the justification. The APA is currently evaluating the documentation.	In progress
<b><u>Department of the Treasury (TD)</u></b>				
2007	07-02	Establish sufficient controls over the wire transfer process.	Three MOUs have been written. Remaining MOUs for wire transfers are being drafted and reviewed. Internal control guidance is being incorporated into the MOUs. The estimated completion date is February 28, 2009.	In progress
	07-03	Establish, maintain, and review centralized cash, investment, and application access account listings.	Treasury developed a manual system with automated features. Further enhancements are planned to the database, and it will be updated and improved on an ongoing basis.	Completed
	07-04	Strengthen controls over information systems: <ul style="list-style-type: none"> <li>• Establish sufficient controls over online banking systems.</li> <li>• Segregate systems access.</li> <li>• Enable audit trails and transaction history on information systems.</li> </ul>	TD Cash Management and Investments sent forms and requirements to all agency fiscal officers for on-line banking access May 29, 2008. Agencies will confirm and update their access every year. All systems have access segregated except one. An exception form has been submitted to VITA for the SPDA web system. Servers and server logs will be monitored after the procurement of a log monitoring software tool. TD is also hiring an Information Security Officer.	Completed



## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-05	Strengthen internal controls over disbursements processing.	Treasury has initiated the process. DOA generated a test file for the Sun Trust payroll disbursement account formatted in the correct file layout for payee positive match pay to send to the Bank and Treasury for testing. Treasury is also working with DSS and Wachovia Bank.	In progress
	07-06	Update risk assessment and test business continuity plan.	A new Business Impact Analysis has been performed, documented and approved by management. A risk assessment is being performed on each system in Treasury. The Continuity of Operations Plan larger scale testing was completed by December 31, 2008. Streamlining changes are being incorporated in the plan and training for staff is scheduled for February 2009.	In progress
<b><u>Department of Health (VDH)</u></b>				
2007	07-01	Update and expand security awareness training.	The web-based security awareness training program has not yet been completed by all employees.	In progress
	07-02	Improve contingency and disaster recovery planning.	VDH Internal Audit identified additional areas needing improvement. The ISO has not completed implementing corrective actions for all applications.	In progress
<b><u>Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)</u></b>				
2007	07-01	Improve monitoring program over Community Service Boards.	The Offices of Community Services Administration, Internal Auditing, and Budget and Financial Reporting are completing a system-wide risk assessment instrument to evaluate the frequency of field site reviews. Finance and Administration has staff reductions of 16 percent and the monitoring is impacted.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	The Department issued comprehensive guidance and the Handbooks explaining the I-9 forms to all facility Human Resource Officers. A small percentage of errors has continued to occur.	In progress
	07-04	Improve contingency and disaster recovery planning. <b>This is a repeat finding.</b>	The Department has a current letter of assurance from VITA. Not all facilities kept paper copies of acknowledgement of security awareness training in employee files. Obtaining the forms will be a facility by facility concern.	In progress
	06-02	Expand security awareness training programs.	See 07-04.	
<b><u>Department of Rehabilitative Services (DRS)</u></b>				
2007	07-01	Update and expand security awareness training.	The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed
	07-02	Improve data protection.	The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed
	07-03	Limit CIPPS access for Woodrow Wilson Rehabilitation Services employees.	With the addition of a fourth payroll position at the DRS site, fiscal staff at the WWRC will have "view only" access to CIPPS.	In progress
	07-04	Remove an employee's ability to create and approve payroll payments.	The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><i>Department of Social Services (DSS)</i></b>				
2007	07-04	Align plan for monitoring local social services offices with best practices.	The Coordinator's position has not been filled. Division directors are researching comprehensive risk assessment tools. Local department options regarding compliance with program requirements are being reviewed and recommendations prepared. A Decision Brief is being prepared on options to require local offices to pay back federal and state funds. Internal meetings with program and finance staff are occurring to resolve differences in federal guidance for some programs and program preferences for other.	In progress
	06-18	Maintain a tracking system for local employees. <b>This is a repeat finding.</b>	A supervisor and two staff verify monthly the employee information for each local agency. The Department of Accounts reported this finding as resolved in June 2008 based upon DSS' certification. The finding has been reissued as "In progress" per the APA's recent fieldwork.	In progress
	05-04	Maintain a tracking system for local employees.	See 06-18.	
	07-05	Establish procedures for controlling the cash in the Child Support Enforcement Fund.	Procedures were rewritten and reviewed with staff. Transfers are being reviewed and approved by knowledgeable staff. Special funds are being watched and reconciled by the Fiscal Director responsible for the Disbursements Unit. The Department of Accounts reported this finding as resolved in June 2008 based upon DSS' certification. The finding has been reissued as "In progress" per the APA's recent fieldwork.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><u>State Corporation Commission (SCC)</u></b>				
2005	05-01	Implement a complete and current information security system.	The Commission is in the process of taking corrective action with respect to the audit finding.	In progress
<b><u>Department of Conservation and Recreation (DCR)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources staff established new policies and procedures, prepared training tools, and established a review process of employment files. All classified files have been reviewed. Reviews of wage files are continuing.	In progress
<b><u>Department of Game and Inland Fisheries (DGIF)</u></b>				
2007	07-01	Retain documentation of monthly purchasing reviews. <b>This is a repeat finding.</b>	This is a repeat finding and progress has been made.	In progress
	07-02	Provide sufficient password controls. <b>This is a repeat finding.</b>	This is a repeat finding and progress has been made.	In progress
	N/A	There were no internal control of compliance findings issued to DGIF, however the APA issued seven recommendations to the DGIF's Board of Directors to strengthen corrective actions.	See 07-01 and 07-02.	
	07-03	Improve information system security.	DGIF is documenting a risk assessment of its information technology infrastructure.	In progress
<b><u>Department of Historic Resources (DHR)</u></b>				
2007	07-01	Complete information security program.	DHR is working on completing its security program using in-house resources. DHR is also obtaining assurances over security areas from VITA, which maintains the Department's hardware.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><u>Virginia Museum of Natural History (VMNH)</u></b>				
2007	07-01	Strengthen controls over information systems security.	The Museum adopted the State's security policy and submitted it to DOA in July. All employees are required to take and certify completion of the security awareness training in the Learning Center.	Completed
	07-02	Properly track and record fixed assets.	A new position has been added and the move to a new site is complete. FAACS is currently up to date. The new building has not been closed out of CIP because of required corrections by the contractor. CIP will be closed out as soon as the remaining payments are made.	In progress
	07-03	Properly complete Employment Eligibility Verification (I-9) Forms.	The HR manager is more diligent about completing the I-9 forms. The Manager has reviewed the new regulations and is very careful to follow Homeland Security procedures closely.	In progress
	07-04	Maintain evidence of review of pre- and post-payroll certification activities.	A checklist has been implemented which is being completed by the payroll technician to document the review of the payrolls.	In progress
<b><u>Department of Corrections (DOC)</u></b>				
2007	07-01	Develop internal controls for leave liability and time tracking system.	Allocation of resources is being affected by budgetary cutbacks.	In progress
	07-02	Enforce inventory procedures.	Allocation of resources is being affected by budgetary cutbacks.	In progress
	07-03	Properly complete Employment Eligibility Verification (I-9) Forms.	Allocation of resources is being affected by budgetary cutbacks.	In progress

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-04	Strengthen supervisory reviews over capital assets and construction in progress. <b>This is a repeat finding.</b>	The control process is inadequate. DOC continues to have misstatements related to capital assets. Allocation of resources is being affected by budgetary cutbacks.	In progress
	06-01	Strengthen controls over capital project closing and capitalization processes.	See 07-04.	
	07-05	Strengthen procedures over agency transaction vouchers (ATVs). <b>This is a repeat finding.</b>	DOC did not modify the form to require both preparing and approving signatures and dates.	In progress
	06-03	Strengthen procedures over agency transaction vouchers. <b>This is a repeat finding.</b>	See 07-05.	
	05-03	Strengthen procedures over agency transaction vouchers.	See 06-03 and 07-05.	
<b><u>Department of Criminal Justice Services (DCJS)</u></b>				
2006	06-02	Comply with the Commonwealth's Security Standard, SEC 2001.	The Department is implementing VITA Data Security Policies and Procedures. Risk assessments have been updated and additional documentation is on file. Users are required to participate in an annual web-based security awareness training program. DCJS plans an internal audit of the Human Resource System and Law Enforcement Training Tracking System in the Spring of 2009.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><u>Department of Emergency Management (DEM)</u></b>				
2007	07-01	Improve internal controls over processes.	Additional staff has been hired to improve segregation of duties in key areas. Individuals are being cross-trained to provide adequate backup if required. The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed
	07-02	Establish policies and procedures over financial reporting.	The new financial staff hired after the drastic turnover are in the process of documenting current procedures and drafting policies and procedures to ensure a continuity of workflow. The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed
	07-03	Improve continuity and disaster recovery plans.	Data Processing and Information Systems are reviewing and drafting revisions to the continuity of operations and the disaster recovery plans.	In progress
<b><u>Department of Forensic Science (DFS)</u></b>				
2008	08-01	Properly complete Employment Eligibility Verification (I-9) Forms.	DFS reviewed the personnel files and existing I-9 forms. Human Resources staff received training in July 2008. Staff are verifying the documents on new employees.	In progress
<b><u>Department of Juvenile Justice (DJJ)</u></b>				
2006	06-04	Improve controls over Anthem contract. <b>This is a repeat finding.</b>	The amounts in dispute resulted from a transposition error which was subsequently corrected. DJJ met again with Anthem on September 25, 2008, with copies of the two contracts and all billings and payments. All necessary adjustments have been made and the issue has been resolved.	Completed
	05-01	Improve controls over contract administration.	See 06-04.	

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><i>Department of Military Affairs (DMA)</i></b>				
2007	07-01	Improve information security program.	DMA is working with VITA and NG to cover the COV ITRM SEC 501-00 standards and document improved system security.	In progress
	07-02	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resources staff attended training on the I-9 forms, sent sample forms to locations which process the forms and discussed the I-9 requirements with employees assisting new employees.	In progress
<b><i>Department of State Police (VSP)</i></b>				
2007	07-01	Information Technology Planning. <b>This is a repeat finding.</b>	IT staff is reviewing the Strategic Plan. The target date for completion is revised to March 1, 2009.	In progress
	06-01	Information Technology Planning.	See 07-01.	
	07-02	Payroll. <b>This is a repeat finding.</b>	The Finance Division has prepared draft payroll certification process procedures for management review and approval. The target completion date is March 1, 2009.	In progress
	06-02	Payroll.	See 07-02.	
	07-03	Travel. <b>This is a repeat finding.</b>	The Finance Division prepared draft desk procedures for Accounts Payable addressing performing the compliance review. The targeted completion date is March 1, 2009.	In progress
	06-03	Travel.	See 07-03.	
	07-04	Petty Cash and Charge Cards. <b>This is a repeat finding.</b>	Current VSP policy was updated to make it clear when P&L approval is required. Finance is now date stamping all SP299 forms. The Financial Procedures Manual is now in the formal review process. The target date is March 1, 2009.	In progress



## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	06-04	Petty Cash and Charge Cards.	See 07-04.	
<b><u>Department of Veterans Services (DVS)</u></b>				
April 1, 2006 Through June 30, 2007	07-01	Reconcile patient revenue system to the Commonwealth's Accounting System.	The VVCC accounting position has been filled and the policies and procedures have been approved. Reconciliation to CARS from Achieve is underway. Prior months are being reconciled first.	In progress
	07-02	Properly prepare reconciliations in a timely manner. <b>This is a repeat finding.</b>	Reconciliations of both funds are current.	In progress
	06-03	Improve petty cash controls.	See 07-02.	
	07-03	Improve debt collection efforts and account write-offs. <b>This is a repeat finding.</b>	Corrective action underway. New collection procedures were written. The accounting position was filled. Bad debts were identified and written off.	In progress
	06-13	Improve debt collection efforts and account write-offs. <b>This is a repeat finding.</b>	See 07-03.	In progress
	05-05	Improve debt collection efforts and account write-offs.	See 06-13.	
	07-05	Establish a complete information security plan to comply with COV Security Policy. <b>This is a repeat finding.</b>	The DVS IT staff are continuing to develop the complete plan as individual policies and procedures are finalized. The estimated completion date was December 31, 2008; however, the finding has not been certified as corrected.	In progress

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
	07-06	Establish sufficient access policies and ensure appropriate system access. <b>This is a repeat finding.</b>	DVS has published policies regarding use of personal laptops and controlling veterans' information. The remaining policies and procedures are in final review and edit. They will be concurrent with the HIPAA regulations.	In progress
	06-08	Information systems security assurance.	See 07-05 and 07-06.	
	07-07	Comply with the health insurance portability and accountability act.	DVS has signed a memorandum of understanding with Rehabilitative Services to provide assistance in complying with HIPAA regulations. The policy is being reviewed. The completion date is November 30, 2008; however, the finding has not been certified as corrected.	In progress
	07-08	Appropriately segregate information system service duties.	DVS is reviewing and editing the draft policies over the segregation of information system service duties. The projected target date is December 2008.	In progress
	07-16	Establish adequate internal controls over fixed assets. <b>This is a repeat finding.</b>	The Department of Accounts reported this finding as resolved in September 2008 based upon DVS' certification. The finding has been reissued as "In progress" per the APA's recent fieldwork.	In progress
	06-15	Properly manage fixed assets.	The Department of Accounts reported this finding as resolved in September 2008 based upon DVS' certification. The finding has been reissued as "In progress" per the APA's recent fieldwork.	In progress

## Status Report on Resolution of Prior APA Audit Findings

*As of December 31, 2008*

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
<b><u>Virginia Correctional Enterprises (VCE)</u></b>				
2007	07-01	Evaluate approach to delivery operations.	The COO has banned overtime unless it is approved in advance. Management has not reported evaluating alternatives to evaluate cost effectiveness.	In progress
	07-02	Improve controls for calculating and recording overtime.	Management has met with supervisors and reviewed procedures to help ensure the review and signing of all timesheets. VCE has adopted Federal Motor Carrier Safety Administration guidelines.	Completed
	07-03	Follow job validation policies.	Job Sampling Procedures were revised effective June 1, 2008. A follow up to determine if the revised procedures are working to ensure Group Manager reviews has not been reported.	In progress
	07-04	Follow access deletion procedures.	The IT Manager is modifying procedures to ensure system access and deletion is properly documented.	In progress
	07-05	Properly complete Employment Eligibility Verification (I-9) Forms.	The HR Manager has reviewed all I-9 Forms on file and has implemented the procedures DOA has posted for agencies.	Completed
<b><u>Virginia Information Technologies Agency (VITA)</u></b>				
2007	07-01	Improve the Independent Verification and Validation Process (IV&V).	PMD procedures are being modified. Changes in the structure are being communicated to stakeholders. IV & V templates are being modified.	In progress
	07-02	Develop standards for project documentation. <b>This is a repeat finding.</b>	An appropriate directory structure is being designed. Selection of a solution that will best support the structure is in progress. Implementation, testing and communicating results to stakeholders have not been started yet.	In progress

## Status Report on Resolution of Prior APA Audit Findings

As of December 31, 2008

Latest Audit Year	Finding Number	Title of APA Audit Finding	Current Status as Reported by Agency	Status Summary
2006	06-04	Develop standards for project documentation.	See 07-02.	
	07-03	Properly complete Employment Eligibility Verification (I-9) Forms.	VITA has reviewed the I-9 forms and implemented actions to ensure future compliance with requirements.	Completed
<b><u>Wireless E-911 Services Board (Board)</u></b>				
2007	07-01	Improve accounting and financial reporting processes.	VITA and DPB have modified the budget language to reflect actual spending practices. <i>Code of Virginia</i> changes have been submitted to the current session to clarify the use of funds for administration of the program.	In progress
<b><u>Department of Motor Vehicles (DMV)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	Human Resource staff were trained in the correct procedures and are reviewing all files of employees hired since January 1, 2004. DMV will continue to review the ongoing process.	In progress
<b><u>Department of Transportation (VDOT)</u></b>				
2007	07-01	Properly complete Employment Eligibility Verification (I-9) Forms.	The APA notified DOA that this finding has been resolved per its recent fieldwork.	Completed



## Compliance Monitoring

### Confirmation of Agency Reconciliation to CARS Reports

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

DOA closely monitors Confirmation status, evaluates exceptions, and posts correcting

entries in CARS. Confirmations for September, October<sup>(1)</sup> and November<sup>(1)</sup> were due 10/31/08, 12/3/08<sup>(1)</sup> and 1/7/09<sup>(1)</sup>, respectively. No Confirmations were late or outstanding.

A web site was developed to facilitate the monitoring of Confirmation status and to make the relevant information available to agency fiscal officers.

### Confirmations Late or Outstanding

*As of January 13, 2009*

<u>Agency</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>
None			

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

<sup>(1)</sup>The October and November due dates were extended due to the November and December Holiday Schedules.

### 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, 2008, 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, 2008, the following agency failed to respond timely, make corrective action and/or provide additional information.

### Trial Balance Review *As of January 13, 2009*

<u>Agency</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>
Division of Community Corrections	-	-	X

## 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, 2008, the following agency failed to make corrective action and/or provide additional information.

### Credit Cash, Excess Expenditures, and Expenditure Credits

*As of January 13, 2009*

Agency	Sep	Oct	Nov
Department of Mental Health, Mental Retardation and Substance Abuse Services	X	X	X

### Disbursement Processing

During the quarter ended December 31, 2008, DOA deleted, at the submitting agency's request, 77 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments with incorrect vendors or addresses, and payments with incorrect amounts. This type of transaction may point to areas where improved agency internal accounting controls should be evaluated.

Twenty-one agencies requested deletes during the quarter. The agency that requested more than four vendor payment deletes during the quarter is listed below:

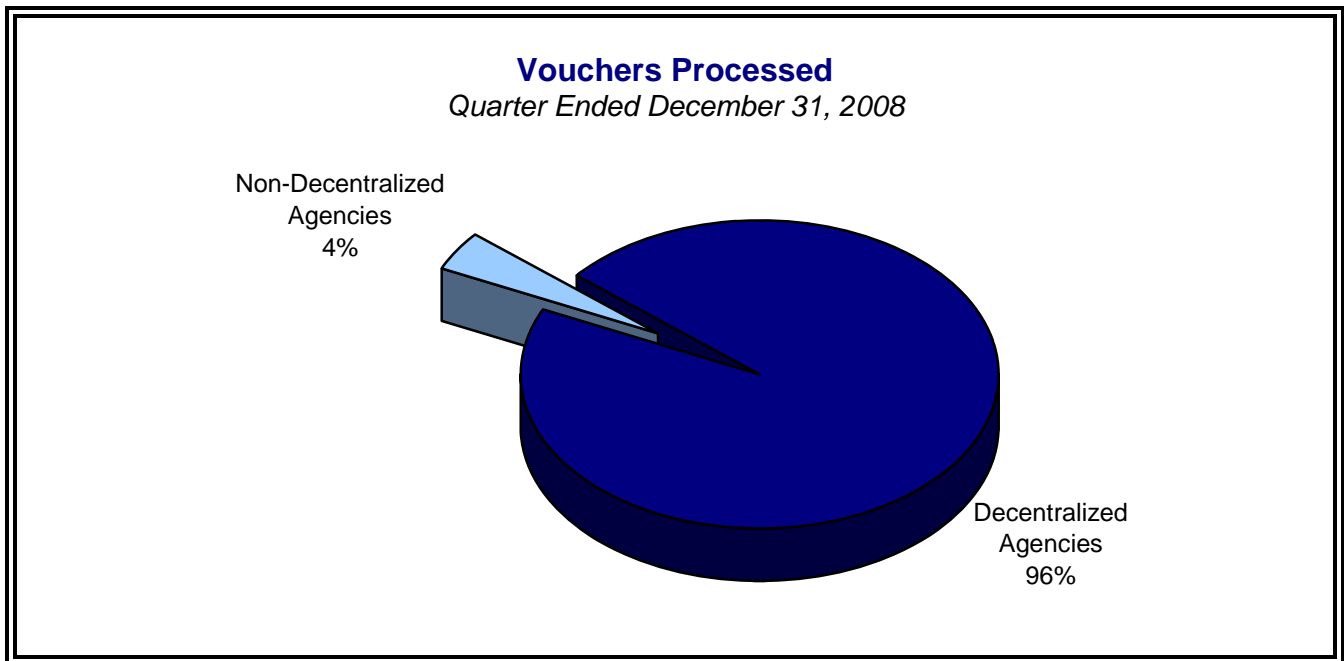
- Department of Transportation



## Paperwork Decentralization

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

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



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



## *Decentralized Agencies*

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 the future

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

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

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

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

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## **Compliant Agencies**

Department of Agriculture and Consumer Services  
Virginia Agricultural Council  
Tobacco Indemnification and Community Revitalization Commission  
Commonwealth Center for Children and Adolescents  
Southeastern Virginia Training Center  
Dillwyn Correctional Center  
Virginia Highlands Community College

Note: There were no agencies required to prepare a formal corrective action plan for the current quarter.



### *Non-Decentralized Agencies*

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

officers, for whom this additional safeguard is warranted.

During the quarter, DOA reviewed all non-decentralized agencies. A total of 1,003 non-travel disbursement batches and 483 travel disbursement batches were reviewed, disclosing 19 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, 2008		Fiscal Year 2009 To-Date		Comparative Quarter Ended December 31, 2007	
	Late	Total	Late	Total	Late	Total
<b>Number of Payments</b>	5,123	574,854	10,111	1,170,880	7,115	600,641
<b>Dollars (in thousands)</b>	\$ 47,321	\$ 1,590,689	\$ 78,547	\$ 3,282,539	\$ 52,575	\$ 1,528,131
<b>Interest Paid on Late Payments</b>				\$5,155 (a)		
<b>Current Quarter Percentage of Payments in Compliance</b>				99.1%		
<b>Fiscal Year-to-Date Percentage of Payments in Compliance</b>				99.1%		
<b>Comparative Fiscal Year 2008 Percentage of Payments in Compliance</b>				<b>98.7%</b>		

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



## Prompt Payment Performance by Secretarial Area

*Quarter Ended December 31, 2008*

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.0%	99.0%
Agriculture and Forestry	99.8%	99.5%
Commerce and Trade	98.2%	99.1%
Education*	99.0%	97.1%
Executive Offices	98.3%	86.8%
Finance	99.6%	99.9%
Health and Human Resources	99.0%	97.8%
Independent Agencies	98.8%	96.3%
Judicial	99.9%	99.7%
Legislative	99.8%	98.7%
Natural Resources	99.7%	99.3%
Public Safety	99.5%	93.6%
Technology	99.1%	99.5%
Transportation*	99.5%	98.4%
<b>Statewide</b>	<b>99.1%</b>	<b>97.0%</b>

## Prompt Payment Performance by Secretarial Area

*Fiscal Year 2009*

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.0%	99.3%
Agriculture and Forestry	99.7%	99.6%
Commerce and Trade	98.7%	99.3%
Education *	99.0%	97.4%
Executive Offices	98.6%	91.8%
Finance	99.7%	99.9%
Health and Human Resources	99.1%	98.4%
Independent Agencies	98.5%	97.6%
Judicial	99.9%	99.9%
Legislative	99.9%	99.6%
Natural Resources	99.6%	99.2%
Public Safety	99.4%	96.6%
Technology	99.2%	95.9%
Transportation*	99.6%	98.7%
<b>Statewide</b>	<b>99.1%</b>	<b>97.6%</b>

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

For the quarter ended December 31, 2008, the following institution that processed more than 50 vendor payments during the quarter was

below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate  
Agencies Below 95 Percent  
Quarter Ended December 31, 2008**

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
<b>Education</b>			
New College Institute	15	75	80.0%

For FY 2009, the following agencies that processed more than 200 vendor payments

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

**Prompt Payment Compliance Rate  
Agencies Below 95 Percent  
Fiscal Year 2009**

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
<b>Public Safety</b>			
Sitter-Barfoot Veterans Care Center	156	1,498	89.6%
<b>Administration</b>			
State Board of Elections	20	391	94.9%

## 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, 2008			Comparative Quarter Ended December 31, 2007
	E-Commerce	Total	Percent	Percent
Number of Payments	2,586,861	3,005,382	86.1%	77.7%
Payment Amounts	\$ 8,096,474,360	\$ 9,398,432,414	86.1%	83.7%

	Fiscal Year 2009 To-Date			Comparative Fiscal Year 2008
	E-Commerce	Total	Percent	Percent
Number of Payments	4,819,249	5,707,728	84.4%	76.8%
Payment Amounts	\$ 16,064,219,920	\$ 18,818,428,536	85.4%	84.5%

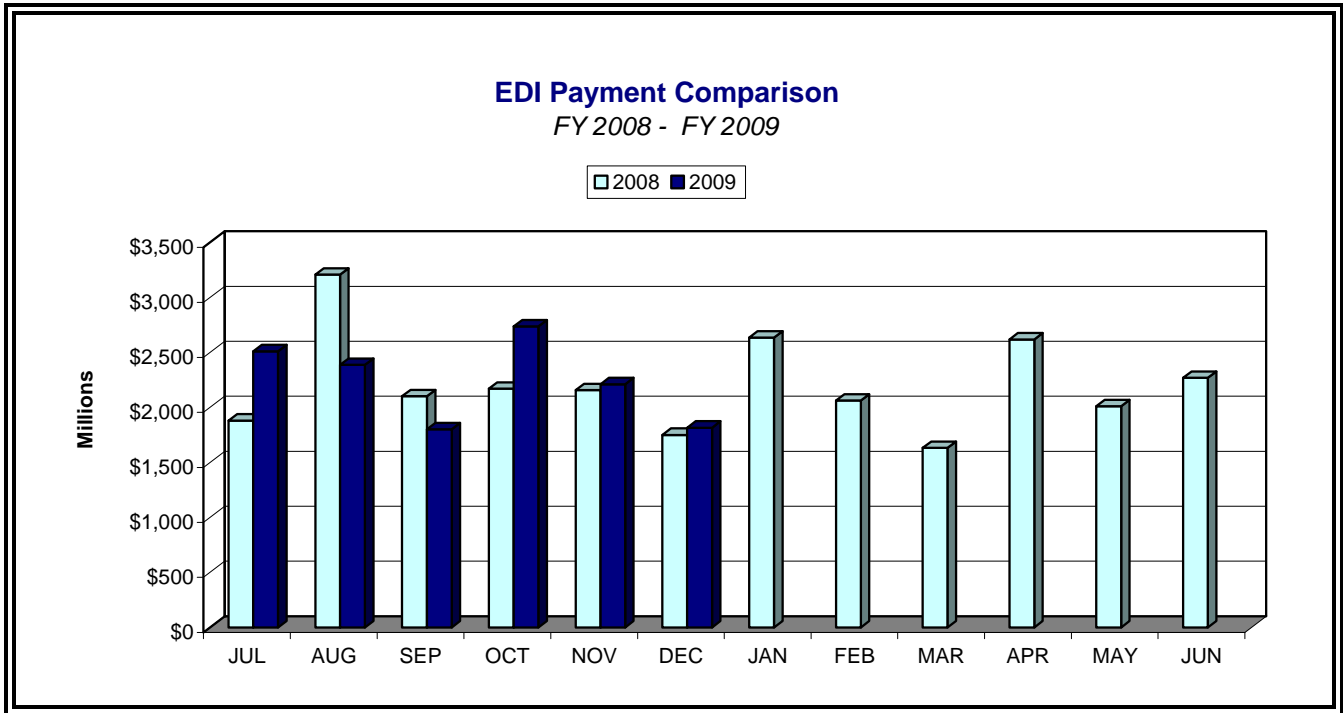
**Financial Electronic Data Interchange (EDI)**

The dollar volume of Financial EDI payments for the second quarter of FY 2009 were \$688 million (11.3 percent) more than the same quarter last year. The number of trading partner accounts increased by 6.7 percent

from December 2007. The largest portion of this increase is due to efforts to convert state employee travel reimbursements from checks to electronic payments.

**Financial EDI Activity**

<b>Financial EDI Activity</b>	<b>Quarter Ended December 31, 2008</b>	<b>Fiscal Year 2009 To-Date</b>	<b>Comparative FY 2008 To-Date</b>
Number of Payments	46,248	89,978	98,232
Amount of Payments	\$ 6,766,278,791	\$ 13,468,204,370	\$ 13,271,568,608
Number of Invoices Paid	178,041	356,199	388,429
Estimated Number of Checks Avoided	72,607	143,132	155,473
Number of Trading Partner Accounts as of 12/31/08		48,594	45,526



## *Travel EDI*

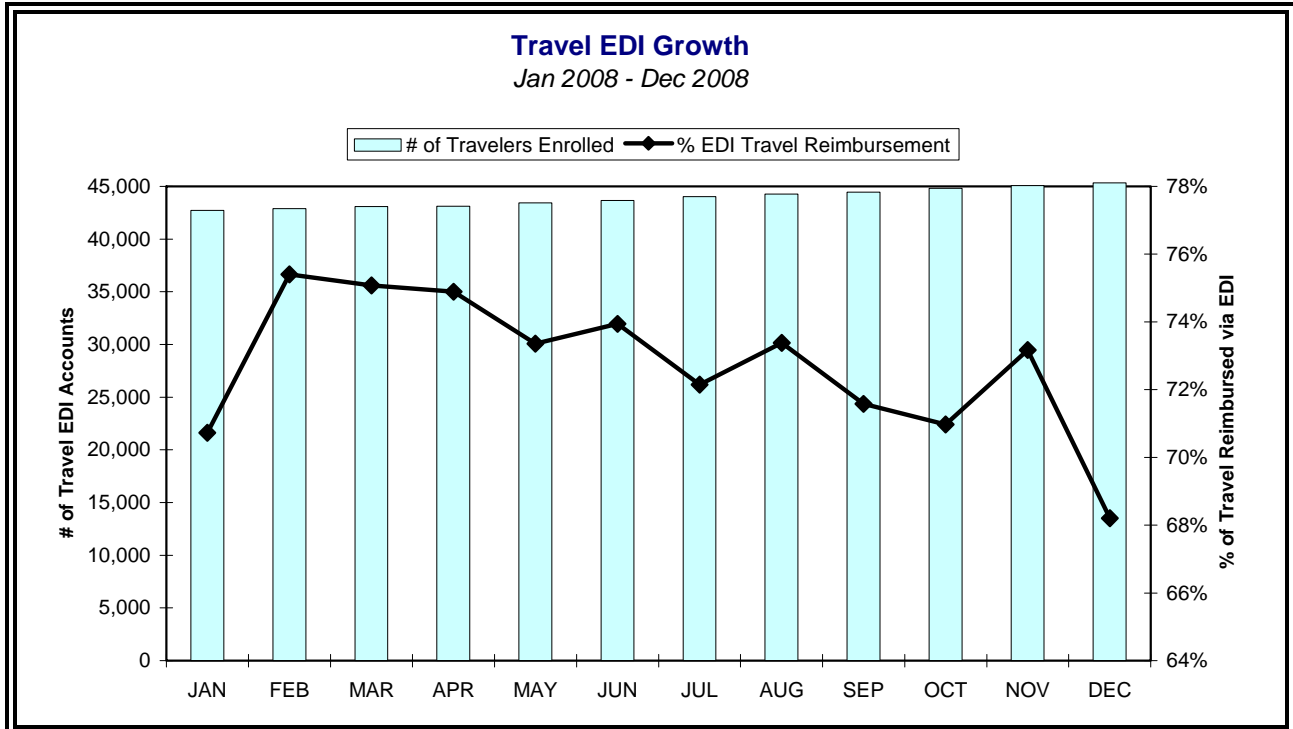
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. The Appropriation Act requires employees who travel more than twice a year to be reimbursed using EDI. DOA notified agencies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

Although participation among certain agencies has increased, many agencies have

failed to enroll employees in EDI as required by law.

In accordance with §4-5.04g of the Appropriation Act, the Comptroller charges agencies for each travel reimbursement check issued in lieu of Travel EDI. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether. For FY 2009, 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, 2008*

<b>Secretarial Area</b>	<b>Employee Percent</b>	<b>Non-Employee Percent</b>	<b>Reimbursement Checks Issued</b>
Administration	80.0%	0.0%	63
Agriculture and Forestry	95.6%	6.9%	85
Commerce and Trade	92.9%	61.2%	243
Education (1)	87.6%	18.5%	1,675
Executive Offices	91.2%	0.0%	47
Finance	98.4%	21.1%	24
Health and Human Resources	91.4%	31.6%	1,333
Independent Agencies	94.8%	0.0%	111
Judicial	13.7%	3.7%	4,481
Legislative	94.3%	24.5%	127
Natural Resources	92.8%	68.4%	110
Public Safety	86.7%	24.1%	725
Technology	89.5%	8.3%	32
Transportation (1)	76.2%	16.1%	473
<b>Statewide for Quarter</b>	<b>77.8%</b>	<b>24.4%</b>	<b>9,529</b>
<i>Fiscal Year 2009 To-Date</i>			
<b>Statewide</b>	<b>78.8%</b>	<b>23.2%</b>	<b>17,839</b>
<i>Comparative Fiscal Year 2008 To-Date</i>			
<b>Statewide</b>	<b>80.3%</b>	<b>21.3%</b>	<b>19,526</b>

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

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

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

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

<b>Agency</b>	<b>Percent</b>	<b>Reimbursement Checks Issued</b>
<b>Administration</b>		
Department of General Services	74.5%	36
<b>Commerce and Trade</b>		
Department of Housing and Community Development	73.8%	37
<b>Education</b>		
Southside Virginia Community College	74.8%	38
Norfolk State University	50.6%	125
<b>Health and Human Resources</b>		
Department of Social Services	82.0%	108
Department of Rehabilitative Services	79.3%	105
<b>Judicial</b>		
Magistrate System	11.3%	205
Circuit Courts	6.2%	668
Supreme Court	5.5%	1,588
General District Courts	5.1%	390
Juvenile and Domestic Relations District Courts	5.0%	437
Combined District Courts	3.7%	337
Court of Appeals of Virginia	0.0%	80
<b>Legislative</b>		
Virginia House of Delegates	83.7%	34
<b>Public Safety</b>		
Department of Fire Programs	84.5%	62
Division of Community Corrections	82.4%	39
Department of Military Affairs	60.9%	27
Department of Emergency Management	60.1%	123
Red Onion State Prison	51.5%	32
<b>Transportation</b>		
Department of Transportation	69.6%	358

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

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

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

<b>Agency</b>	<b>Percent</b>	<b>Reimbursement Checks Issued</b>
<b>Agriculture and Forestry</b>		
Department of Agriculture and Consumer Services	7.0%	53
<b>Education</b>		
Virginia Military Institute	0.0%	38
Christopher Newport University	0.0%	33
The Library of Virginia	0.0%	26
<b>Health and Human Resources</b>		
Department of Social Services	9.8%	55
Virginia Board for People with Disabilities	3.7%	52
<b>Judicial</b>		
Circuit Courts	1.4%	355
Virginia State Bar	0.0%	272
<b>Public Safety</b>		
Department of Criminal Justice Services	0.0%	73
Commonwealth's Attorneys' Services Council	0.0%	31

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 2009, the charge is \$5 per check. These statistics indicate noncompliance with §4-5.04f.5 of the Appropriation Act which requires that all employees likely to travel more than twice per year be reimbursed for travel costs using electronic data interchange.

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

<b>Agency</b>	<b>Percent</b>	<b>Year-to-date Charges</b>
<b>Judicial</b>		
Magistrate System	11.3%	\$ 975
Circuit Courts	6.2%	4,535
Supreme Court	5.5%	1,835
General District Courts	5.1%	2,255
Juvenile and Domestic Relations District Courts	5.0%	2,570
Combined District Courts	3.7%	2,000
Court of Appeals of Virginia	0.0%	290
<b>Education</b>		
Norfolk State University	50.6%	275
<b>Health and Human Resources</b>		
Department of Rehabilitative Services	79.3%	195
<b>Transportation</b>		
Department of Transportation	69.6%	560



*Direct Deposit*

During the second quarter of FY 2009, 322,696 checks were avoided using direct deposit. Effective August 1, 2008 direct

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

**Direct Deposit Performance by Secretarial Area**

*Quarter Ended December 31, 2008*

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	98.9%	95.2%
Agriculture and Forestry	98.5%	66.8%
Commerce and Trade	99.7%	100.0%
Education	99.0%	90.2%
Executive Offices	99.0%	75.8%
Finance	99.0%	98.4%
Health and Human Resources	94.8%	90.7%
Independent Agencies	98.8%	96.6%
Judicial	98.3%	62.5%
Legislative	99.1%	91.2%
Natural Resources	98.3%	82.7%
Public Safety	99.0%	94.3%
Technology	99.5%	100.0%
Transportation	99.8%	95.8%
<b>Statewide</b>	<b>98.1%</b>	<b>90.1%</b>

*Comparative  
Quarter Ended December 31, 2007*

<b>Statewide</b>	<b>93.4%</b>	<b>75.9%</b>
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## Statewide Salaried Direct Deposit Performance

*Quarter Ended December 31, 2008*

<b>Salaried Direct Deposit Participation</b>	<b>98.1%</b>
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### Salaried Direct Deposit Below 95 Percent

Agency	Percent	Number of Employees
<b>Administration</b>		
State Board of Elections	90.3%	31
<b>Education</b>		
Virginia School for the Deaf, Blind and Multi-Disabled at Hampton	56.9%	51
<b>Health and Human Resources</b>		
Central State Hospital	94.9%	765
Catawba Hospital	94.4%	269
Southside Virginia Training Center	94.3%	1,316
Western State Hospital	93.5%	723
Southeastern Virginia Training Center	93.2%	438
Southwestern Virginia Mental Health Institute	92.5%	530
Northern Virginia Mental Health Institute	92.4%	304
Commonwealth Center for Children and Adolescents	91.7%	132
Eastern State Hospital	90.2%	915
Southern Virginia Mental Health Institute	89.3%	169
Piedmont Geriatric Hospital	88.4%	329
Central Virginia Training Center	78.9%	1,432

## Statewide Wage Direct Deposit Performance

Quarter Ended December 31, 2008

<b>Wage Direct Deposit Participation</b>	<b>90.1%</b>
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### Wage Direct Deposit Below 60 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
<b>Education</b>		
Virginia Highlands Community College	56.5%	255
<b>Health and Human Resources</b>		
Central Virginia Training Center	57.0%	128
<b>Judicial</b>		
Combined District Courts	52.4%	21
General District Courts	50.8%	242

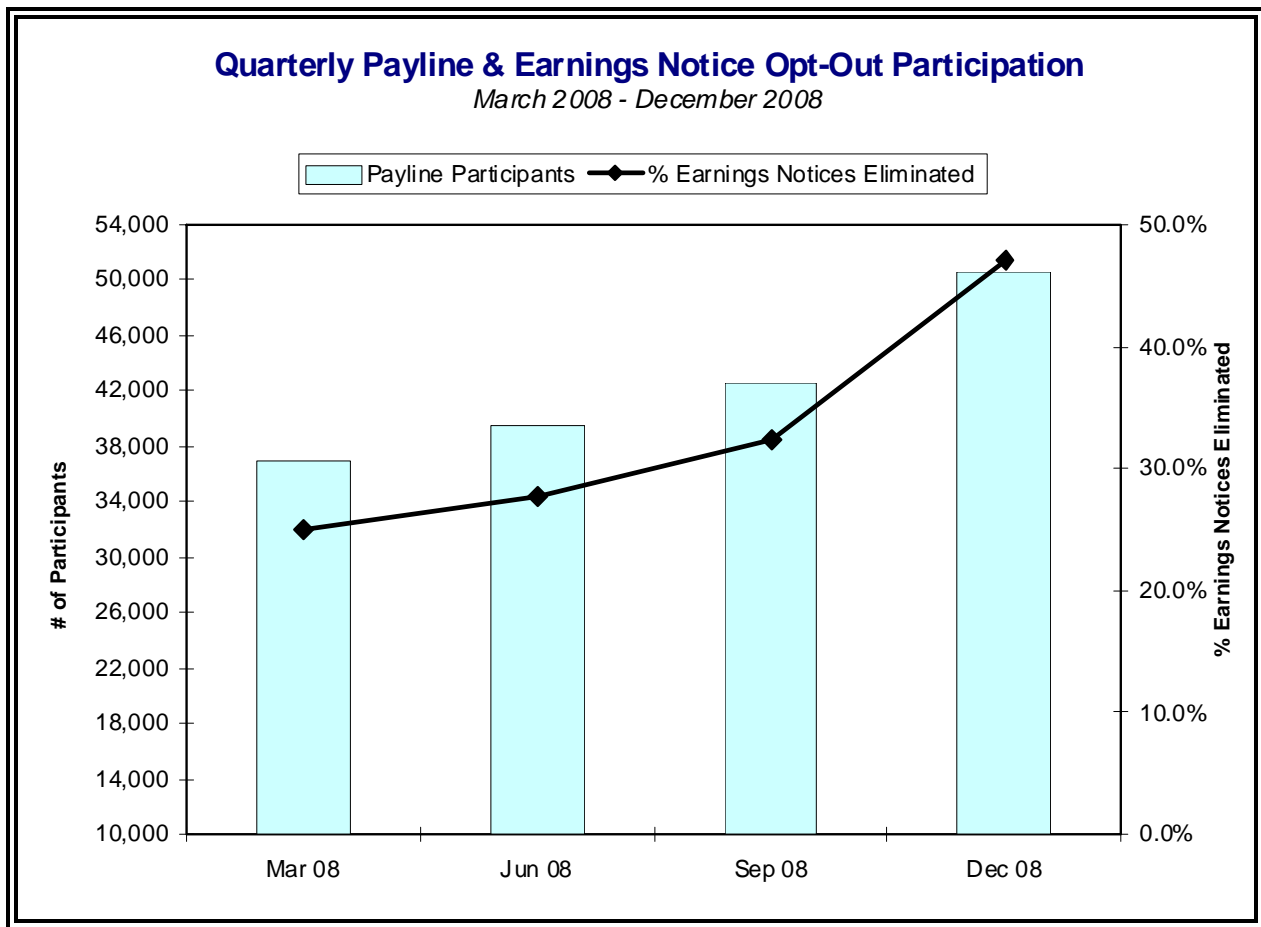


## Payroll Earnings Notices

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

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

expected to encourage employees to enroll in Payline and discontinue receipt of centrally printed earnings notices. Since inception in November 2002, the Commonwealth has eliminated the printing of approximately 2,254,032 earnings notices. However, statewide participation rates remain low.





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

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

*Quarter Ended December 31, 2008*

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	81.6%	67.8%
Agriculture and Forestry	69.4%	65.3%
Commerce and Trade	92.4%	92.4%
Education	50.1%	56.2%
Executive Offices	74.0%	66.7%
Finance	98.0%	99.6%
Health and Human Resources	54.3%	40.1%
Independent Agencies	78.6%	79.8%
Judicial	48.1%	35.8%
Legislative	60.1%	67.5%
Natural Resources	65.8%	58.8%
Public Safety	57.3%	44.8%
Technology	95.5%	100.0%
Transportation	55.6%	20.6%
<b>Statewide</b>	<b>56.8%</b>	<b>47.1%</b>
<i>Comparative</i>		
<i>Quarter Ended December 31, 2007</i>		
<b>Statewide</b>	<b>36.4%</b>	<b>23.3%</b>

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

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

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

A large number of agencies have proactively elected a global opt-out in response to the January 1, 2009, mandate. Listed below are those agencies who either have not contacted the Department of Accounts regarding a global election or who have an opt-out percentage below 90% as of December 31, 2008. The agencies listed below should evaluate the benefits of electing a global opt-out option or proactively enforcing the January mandate for the affected population in advance.

**Earnings Notice Elimination  
Under 90 Percent**  
*Quarter Ended December 31, 2008*

<b>Agency</b>	<b>Percent Earnings Notices Eliminated</b>
<b>Administration</b>	
Human Rights Council	83.3%
Department of Minority Business Enterprise	76.2%
Department of General Services	65.8%
Department of Human Resource Management	65.3%
State Board of Elections	62.1%
<b>Agriculture and Forestry</b>	
Department of Agriculture and Consumer Services	68.0%
Department of Forestry	61.4%
<b>Commerce and Trade</b>	
Virginia Racing Commission	46.7%
Board of Accountancy	40.0%
Department of Housing and Community Development	20.6%
<b>Education</b>	
The Library of Virginia	87.6%
Virginia Museum of Fine Arts	85.2%
Southwest Virginia Community College	80.6%
Jamestown-Yorktown Foundation	76.7%
Frontier Culture Museum of Virginia	60.3%
Eastern Shore Community College	30.9%

*Continued on next page*

**Earnings Notice Elimination  
Under 90 Percent  
(Continued)  
Quarter Ended December 31, 2008**

<b>Agency</b>	<b>Percent Earnings Notices Eliminated</b>
<b>Education, cont.</b>	
Piedmont Virginia Community College	28.1%
Mountain Empire Community College	26.3%
Tidewater Community College	20.9%
Paul D. Camp Community College	14.8%
Southside Virginia Community College	12.8%
Virginia School for the Deaf, Blind and Multi-Disabled at Hampton	9.7%
New River Community College	9.6%
Christopher Newport University	3.7%
Gunston Hall	0.0%
Virginia Commission for the Arts	0.0%
<b>Executive Offices</b>	
Virginia Enterprise Applications Program Office	60.0%
Attorney General and Department of Law	56.3%
<b>Health and Human Resources</b>	
Virginia Board for People with Disabilities	81.8%
Department of Rehabilitative Services	54.4%
Department for the Blind and Vision Impaired	47.8%
Woodrow Wilson Rehabilitation Center	43.9%
Virginia Rehabilitation Center for the Blind and Vision Impaired	21.2%
Department of Health Professions	17.0%
Northern Virginia Mental Health Institute	16.8%
Hiram W. Davis Medical Center	13.0%
Eastern State Hospital	12.7%
Central State Hospital	12.1%
Southern Virginia Mental Health Institute	11.8%
Southeastern Virginia Training Center	10.1%
Southside Virginia Training Center	9.7%
Piedmont Geriatric Hospital	5.4%
Central Virginia Training Center	3.4%
<b>Independent Agencies</b>	
Virginia Retirement System	76.8%
Virginia College Savings Plan	31.0%
Virginia Office for Protection and Advocacy	27.3%

*Continued on next page*

**Earnings Notice Elimination  
Under 90 Percent**  
*(Continued)*  
Quarter Ended December 31, 2008

<b>Agency</b>	<b>Percent Earnings Notices Eliminated</b>
<b>Judicial</b>	
Virginia State Bar	88.0%
Supreme Court	63.9%
Virginia Criminal Sentencing Commission	62.5%
Magistrate System	47.6%
Judicial Inquiry and Review Commission	33.3%
Combined District Courts	16.0%
General District Courts	14.3%
Court of Appeals of Virginia	14.1%
Juvenile and Domestic Relations District Courts	11.4%
Circuit Courts	2.1%
Board of Bar Examiners	0.0%
<b>Legislative</b>	
Virginia House of Delegates	18.4%
<b>Natural Resources</b>	
Department of Conservation and Recreation	34.0%
Marine Resources Commission	33.6%
Chippokes Plantation Farm Foundation	0.0%
<b>Public Safety</b>	
Commonwealth's Attorneys' Services Council	28.6%
Department of Correctional Education	17.8%
Department of Juvenile Justice	12.0%
Virginia Veterans Care Center	11.4%
<b>Transportation</b>	
Motor Vehicle Dealer Board	42.3%
Department of Rail and Public Transportation	36.8%
Towing and Recovery Operations Board	0.0%



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

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

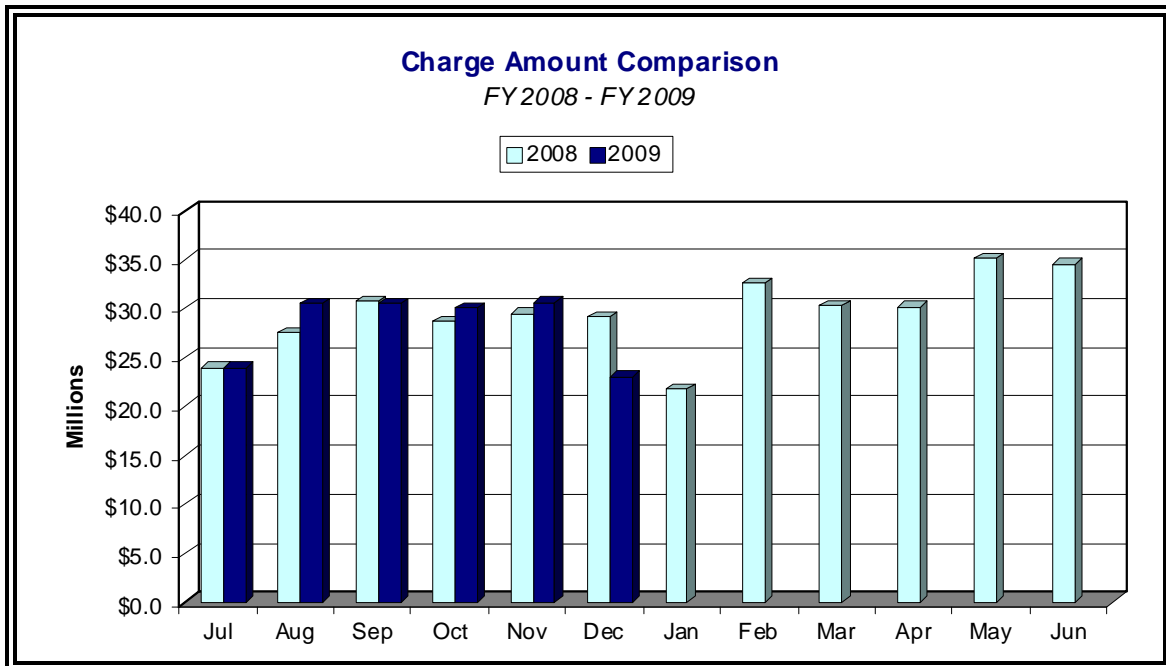
The Small Purchase Charge Card continues to be used for purchases under \$5,000. Agencies are strongly encouraged to obtain a Gold Card for use for purchases up to \$50,000.

The total amount charged on SPCC and Gold cards during the second quarter of FY 2009 decreased by \$3,565,002 or 4.3 percent from the same quarter last year.

**Small Purchase Charge Card Program**

<b>Charge Card Activity</b>	<b>Quarter Ended December 31, 2008</b>	<b>Fiscal Year 2009 To-Date</b>	<b>Comparative Fiscal Year 2008 To-Date</b>
Amount of Charges	\$ 83,790,648	\$ 168,850,472	\$ 169,628,603
Estimated Number of Checks Avoided	161,828	326,610	328,684
Total Number of Participating Agencies		227	226
Total Number of Cards Outstanding		15,119	14,937

The following chart compares charge activity for FY 2009 to activity for FY 2008:



### *SPCC Utilization Compliance*

Maximum use of the SPCC program, in conjunction with other e-commerce initiatives, is essential to the statewide effort to reduce the costs associated with paying for goods and services for the Commonwealth.

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

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

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

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](mailto:cca@doa.virginia.gov).

### **Statewide SPCC Performance**

*Quarter Ended December 31, 2008*

Percentage Utilization for Eligible Transactions

**86%**

## SPCC Utilization by Secretarial Area

*Quarter Ended December 31, 2008*

<u>Secretarial Area</u>	<u>Payments in Compliance <sup>(1)</sup></u>	<u>Non-Compliant Transactions <sup>(2)</sup></u>
Administration	83%	625
Agriculture and Forestry	88%	449
Commerce and Trade	85%	498
Education*	90%	3,775
Executive Offices	98%	20
Finance	93%	80
Health and Human Resources**	83%	5,935
Independent Agencies	65%	928
Judicial	42%	2,162
Legislative	96%	39
Natural Resources	92%	686
Public Safety	94%	2,116
Technology	95%	26
Transportation*	74%	6,306
<b>Statewide</b>	<b>86%</b>	<b>23,645</b>

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

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

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

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



**Agency SPCC Performance  
Utilization Below 70 Percent**

<b>Agency</b>	<b>Payments in Compliance</b>	<b>Non-Compliant Transactions</b>
<b>Commerce and Trade</b>		
Virginia Employment Commission	51%	438
<b>Education</b>		
New College Institute	63%	18
<b>Health and Human Resources</b>		
Eastern State Hospital	67%	400
Central Virginia Training Center	63%	510
<b>Independent Agencies</b>		
Virginia Retirement System	63%	198
State Corporation Commission	1%	558
<b>Judicial</b>		
Board of Bar Examiners	0%	22
Circuit Courts	0%	167
Combined District Courts	0%	272
General District Courts	0%	704
Juvenile and Domestic Relations District Courts	0%	480
Magistrate System	0%	129
Virginia Criminal Sentencing Commission	0%	31
<b>Legislative</b>		
Commission on the Virginia Alcohol Safety Action Program	0%	25
<b>Public Safety</b>		
Department of Criminal Justice Services	69%	76
Sitter-Barfoot Veterans Care Center	47%	315
<b>Transportation</b>		
Board of Towing and Recovery Operations	0%	15





**SPCC and ATC Payment Compliance**

Agencies and institutions participating in the Charge Card program are required to submit GE MasterCard payments via EDI no later than the 8<sup>th</sup> of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) days is reported. For the month of October, this represents the bill date of October 15, 2008, with the payment due no later than November 8, 2008.

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

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

<b>Agency</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
<b><u>Purchase Card Program:</u></b>			
<b>Administration</b>			
Compensation Board			X
State Board of Elections			X
<b>Commerce and Trade</b>			
Virginia Economic Development Partnership	X		X
Virginia Tourism Authority	X		X
<b>Education</b>			
The College of William and Mary in Virginia			X
Eastern Shore Community College	X		
Gunston Hall			X
Jamestown-Yorktown Foundation		X	
New College Institute			X
Southwest Virginia Community College		X	
University of Virginia Medical Center	X	X	
Virginia Community College System			X
<b>Health and Human Resources</b>			
Department for the Aging			X

*Continued on next page*

<u>Agency</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
<b><u>Purchase Card Program (continued):</u></b>			
<b>Judicial</b>			
Supreme Court	X		
<b>Public Safety</b>			
Department of Emergency Management	X		
<b><u>Airline Travel Card Program:</u></b>			
<b>Commerce and Trade</b>			
Virginia Economic Development Partnership	X		X
Virginia Tourism Authority	X		X
<b>Education</b>			
The College of William and Mary in Virginia			X
Piedmont Virginia Community College		X	
Virginia Museum of Fine Arts		X	
Virginia Western Community College		X	



## *Travel Charge Card*

The Commonwealth of Virginia has contracted with GE 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 GE MasterCard by agency during the quarter ended December 31, 2008, and the total amounts past due.

### **Travel Charge Card Program**

*As of December 31, 2008*

<u>Agency</u>	<u>Total Delinquent Accounts</u>	<u>Amounts 60 Days Past Due</u>	<u>Amounts 90-120 Days Past Due</u>	<u>Amounts &gt;150 Days Past Due</u>
<b>Education</b>				
Norfolk State University	1	\$ 0	\$ 2,199	\$ 0
Old Dominion University	1	184	512	0
University of Virginia	2	48	3,058	0
University of Virginia Medical Center	1	0	2,095	0
Virginia Military Institute	1	0	0	599
<b>Health and Human Resources</b>				
Department of Social Services	1	0	200	0
<b>Transportation</b>				
Department of Transportation	1	0	248	0



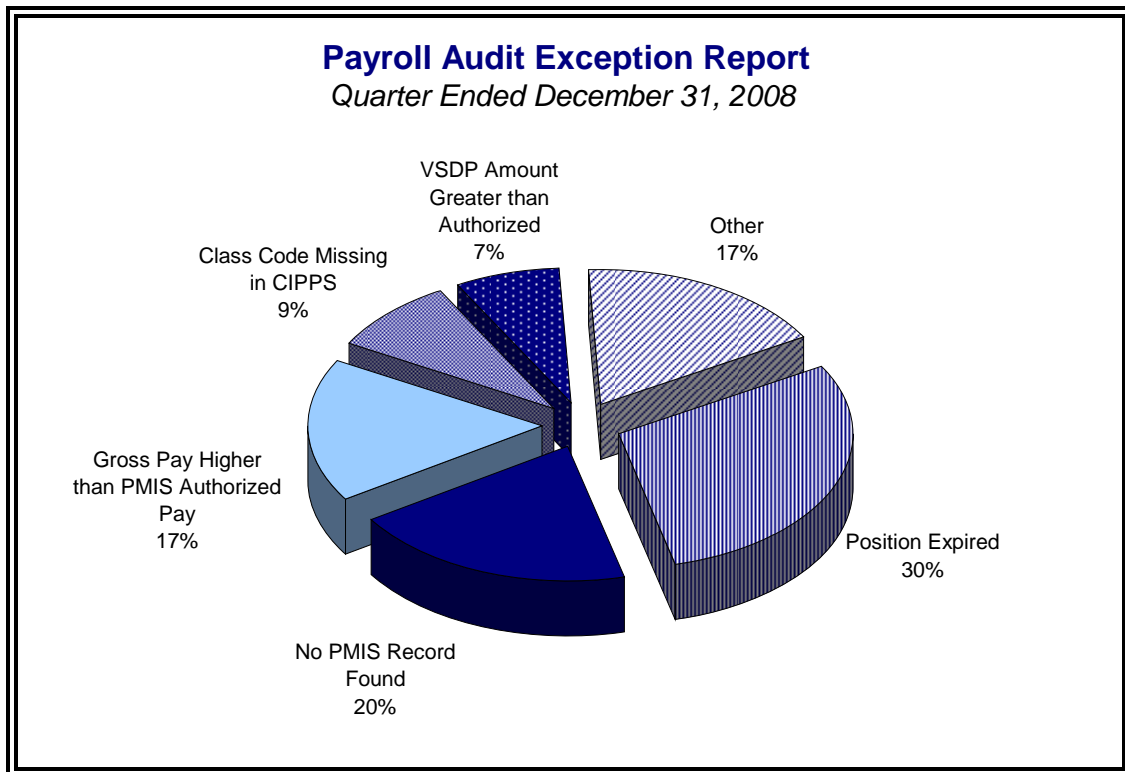
## Payroll Controls

### *PMIS/CIPPS Payroll Audit*

During the quarter, DOA's automated comparison of payroll and personnel (PMIS) records examined 433,634 salaried pay transactions and 208,286 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 1,869 new exceptions noted statewide during the quarter, with an overall exception rate of 0.31 percent.

The statewide salaried payroll exception rate was 0.41 percent and the wage payroll exception rate was 0.10 percent. During this quarter, 29 employee paychecks were reduced to recover \$13,289.38 in overpayments.

While the largest cause of exceptions is continuing to process pay for employees whose position has expired, the second largest cause of exceptions is the processing of payments to salaried employees who do not have a record set up in the PMIS system. The PMIS authorization is an important internal control over payroll processing. Such exceptions can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



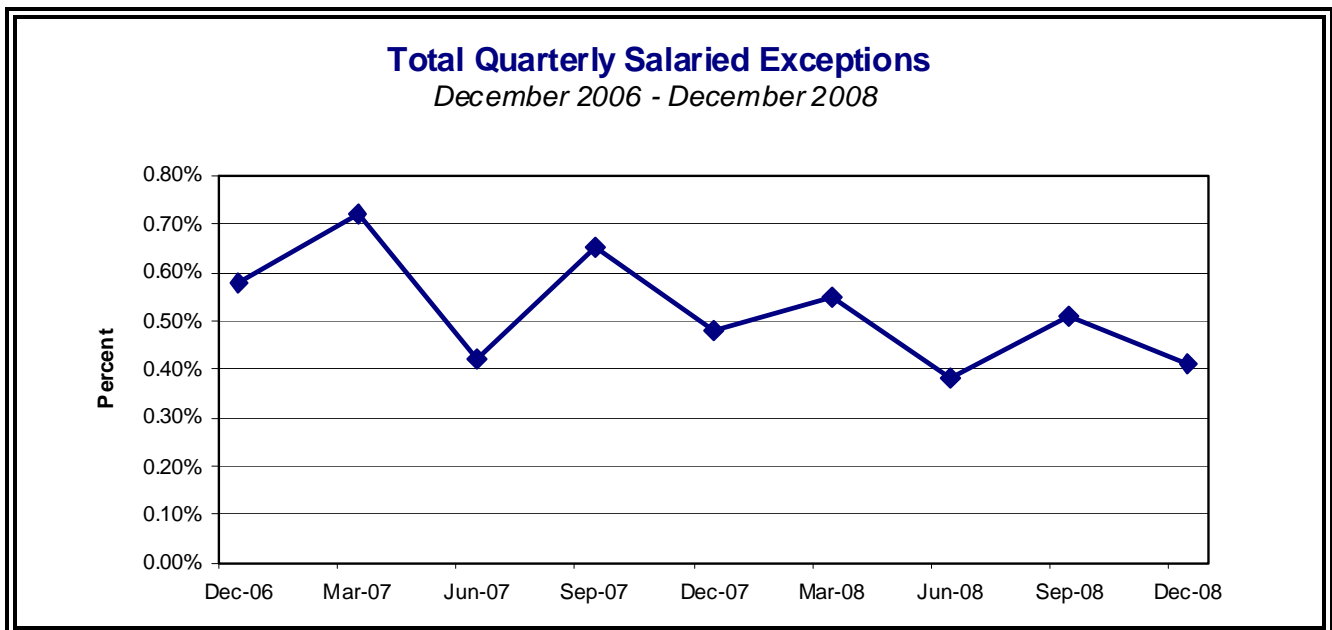
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage

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

**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Salaried Payments**  
*Quarter Ended December 31, 2008*

<u>Agency</u>	<u># of Salaried Exceptions</u>	<u>Exceptions as a % of Salaried Payments</u>
Department of General Services	58	1.58%
Rappahannock Community College	10	1.57%
Piedmont Virginia Community College	34	3.62%
<b>Total Salaried Payroll Exceptions for the Quarter</b>		<b>0.41%</b>

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



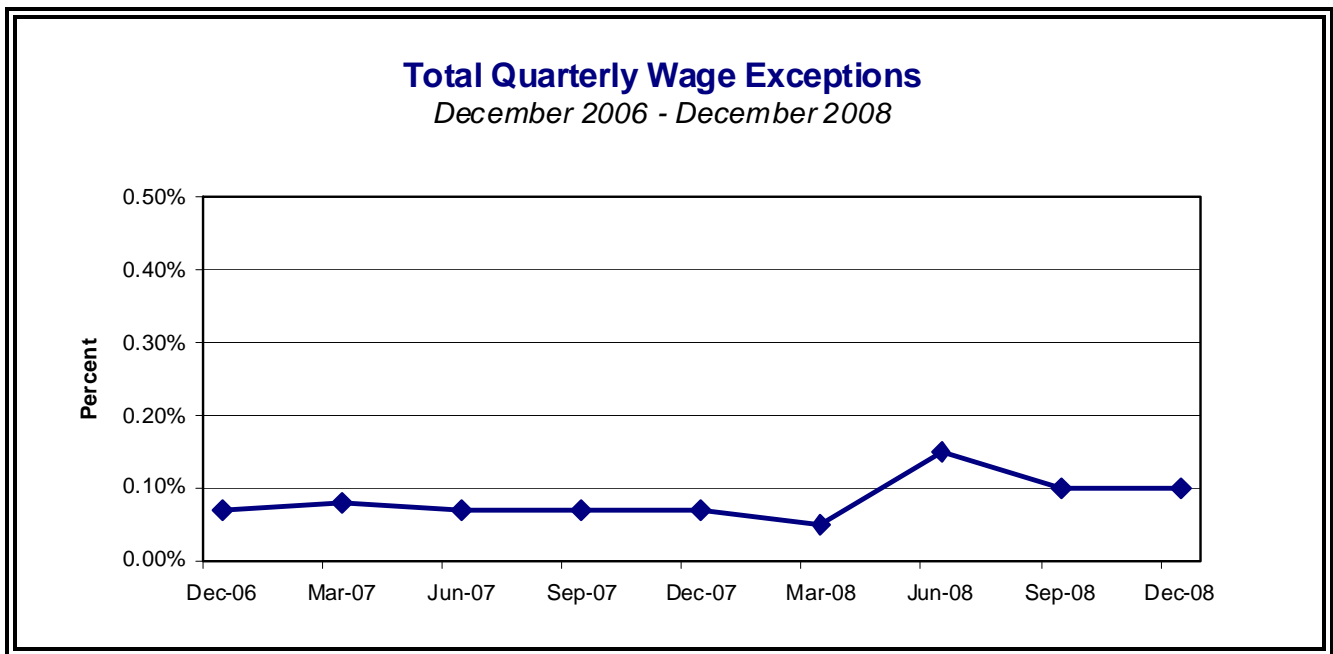
**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Wage Payments**

*Quarter Ended December 31, 2008*

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
Virginia State University	13	0.45%
Virginia Center for Behavioral Rehabilitation	12	12.50%

<b>Wage Payroll Exceptions for the Quarter</b>	<b>0.10%</b>
--	--------------

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



***PMIS/CIPPS Exceptions***

Agencies are required to submit explanations and/or reconciliations for the differences identified on the CIPPS/PMIS Unresolved Exceptions Report, within six weeks of

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

<b>Agency</b>	<b>Unresolved Exceptions</b>
Norfolk State University	7
University of Mary Washington	2
Piedmont Virginia Community College	1
Central Virginia Community College	1
VDOT - Central Office	38
VDOT - Salem District	7
VDOT - Lynchburg District	7
VDOT - Suffolk District	5
VDOT - Culpeper District	14
VDOT - Staunton District	4
Greensville Correctional Center	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)
<b>Education</b>				
Patrick Henry Community College	\$ 97,340			
Paul D. Camp Community College	33,331			
<b>Health and Human Resources</b>				
Southwestern Virginia Mental Health Institute	77,996			
<b>Independent</b>				
State Lottery Department	601,596			
Virginia Retirement System	28,009			
Virginia Workers' Compensation Commission	30,000			

Columns show the following:

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

**Health Care Reconciliations**

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

The following table lists those agencies that were late in submitting their certification or had problems requiring additional adjustments. Such problems may include incomplete or incorrect documents, required IAT's not submitted or incorrect coding. Health care reconciliations for the months of September, October and November were due 10/31/08, 11/30/08 and 12/31/08, respectively.

**Schedule of Health Care Reconciliations  
Received Late**

<u>Agency</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>
Virginia Veterans Care Center		L	
Piedmont Virginia Community College		L	
John Tyler Community College	L		
Mountain Empire Community College		L	
Gunston Hall		L	
Northern Virginia Training Center		L	
Red Onion State Prison			L

L = late



## FINANCIAL MANAGEMENT ACTIVITY

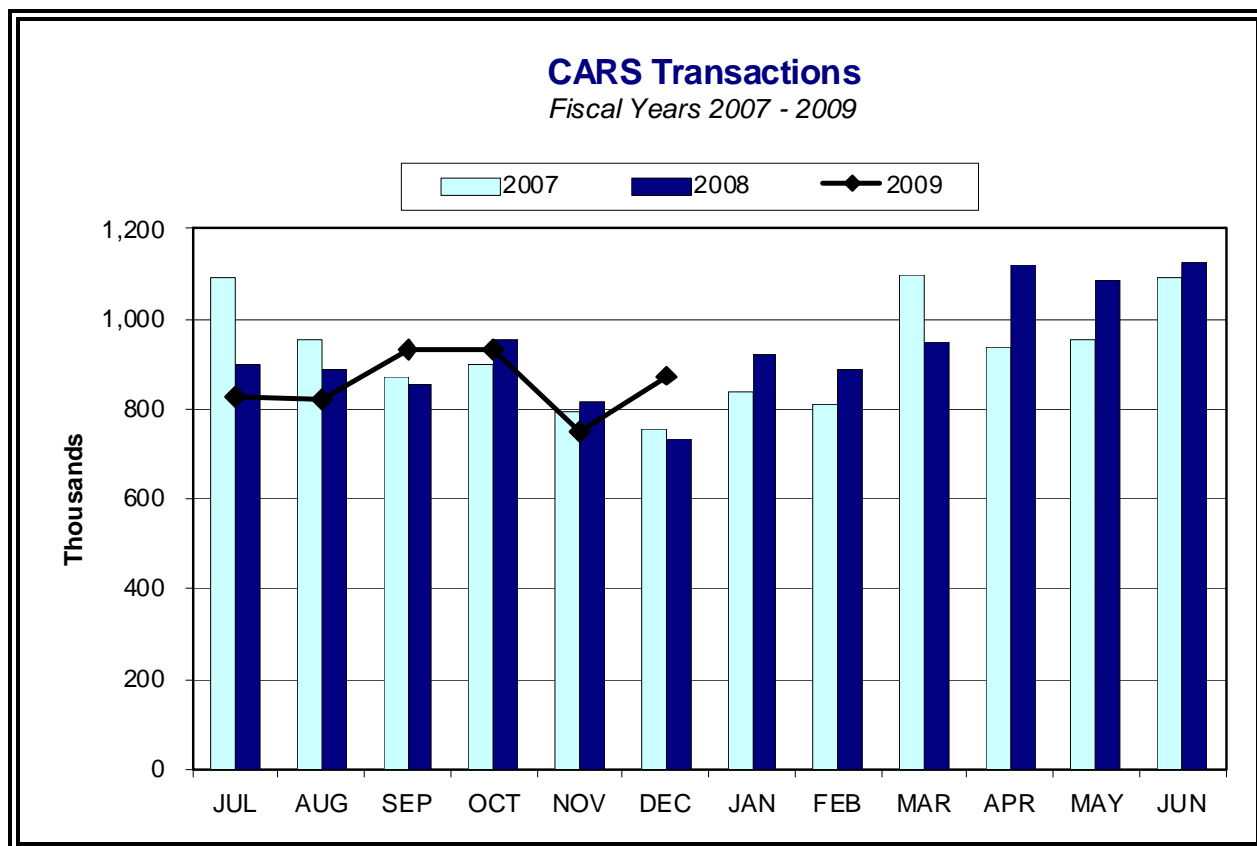
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

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.

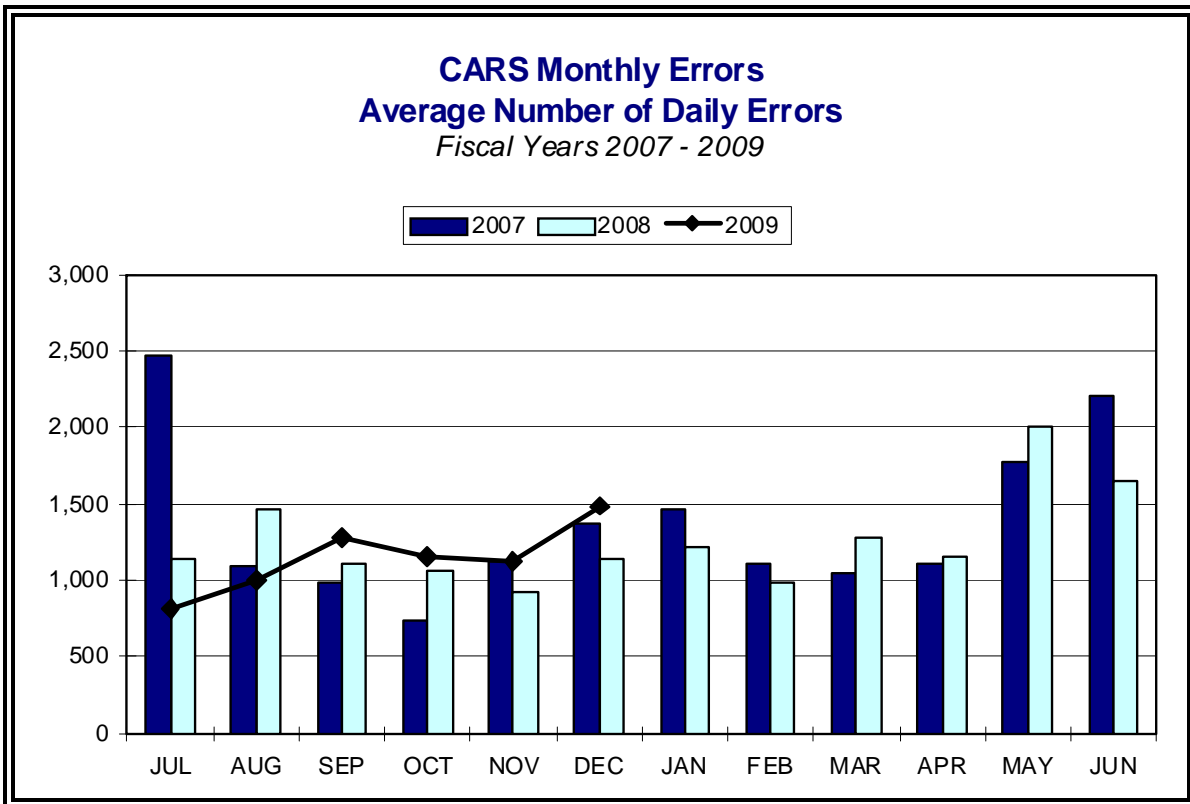


### *CARS Edits*

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 2009, the most frequent reasons cited for transactions processing to the error file were:

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

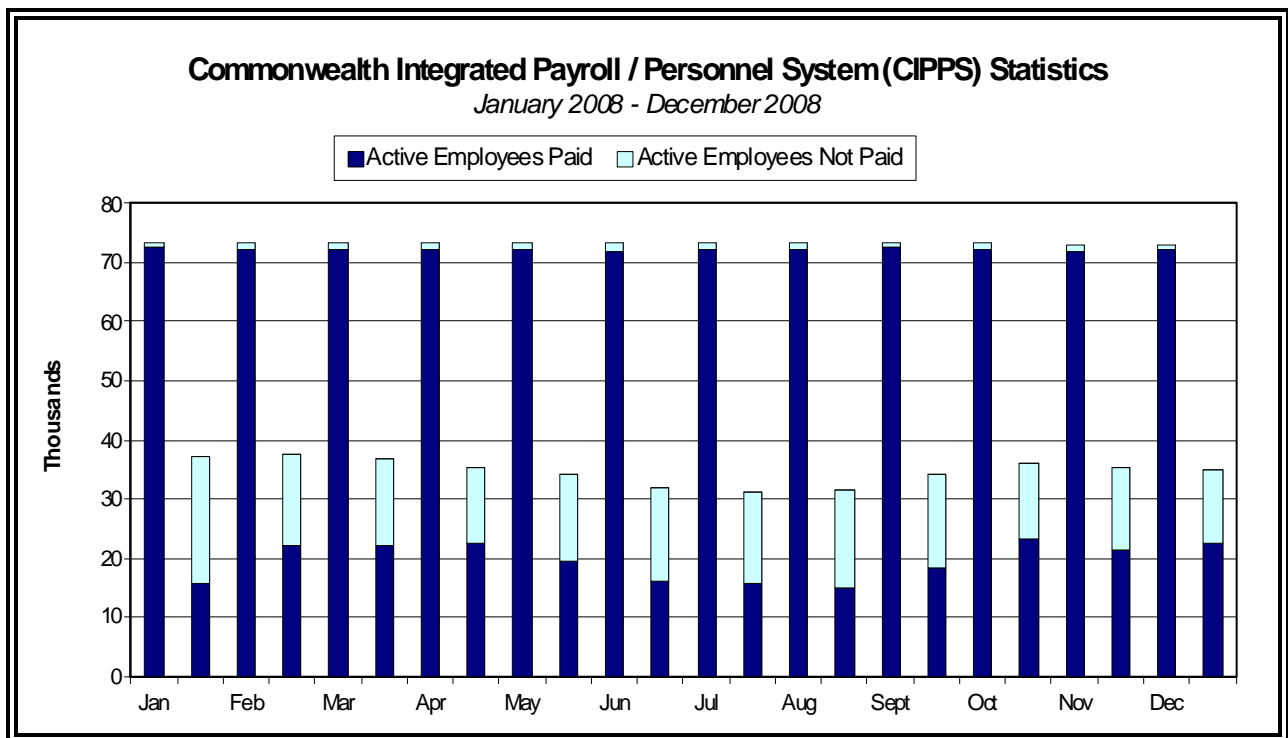
- Available Cash Negative
- Certified Amounts Not Balanced
- Expenditure Exceeds Allotment



**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 108,523 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 94,506 employees were paid each month, of which 72,109 are salaried employees.



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

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

*Benefit Participation by CIPPS Agencies*

The Commonwealth offers a variety of benefits to state employees, including health care, optional retirement plans, deferred compensation, and flexible reimbursement

programs. During the quarter, state employees purchased 8,888 savings bonds with a face value of over \$1.13 million.

**Benefit Participation  
Number of Participating Employees**

<b>Benefit</b>	<b>As of 12/31/2008</b>	<b>Comparative</b>	
		<b>As of 12/31/2007</b>	<b>As of 12/31/2006</b>
<b>Health Care</b>			
COVA Care	84,520	84,324	82,475
Kaiser	2,049	2,054	2,004
<b>Optional Retirement Plans*</b>			
Fidelity Investments	575	571	549
TIAA/CREF	1,632	1,635	1,624
Political Appointee - ORP	88	95	104
<b>Deferred Compensation*</b>			
Great West Life	39,392	35,804	33,355
<b>Flexible Reimbursement*</b>			
Dependent Care	824	758	712
Medical Care	7,753	7,066	5,941

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



## Accounts Receivable

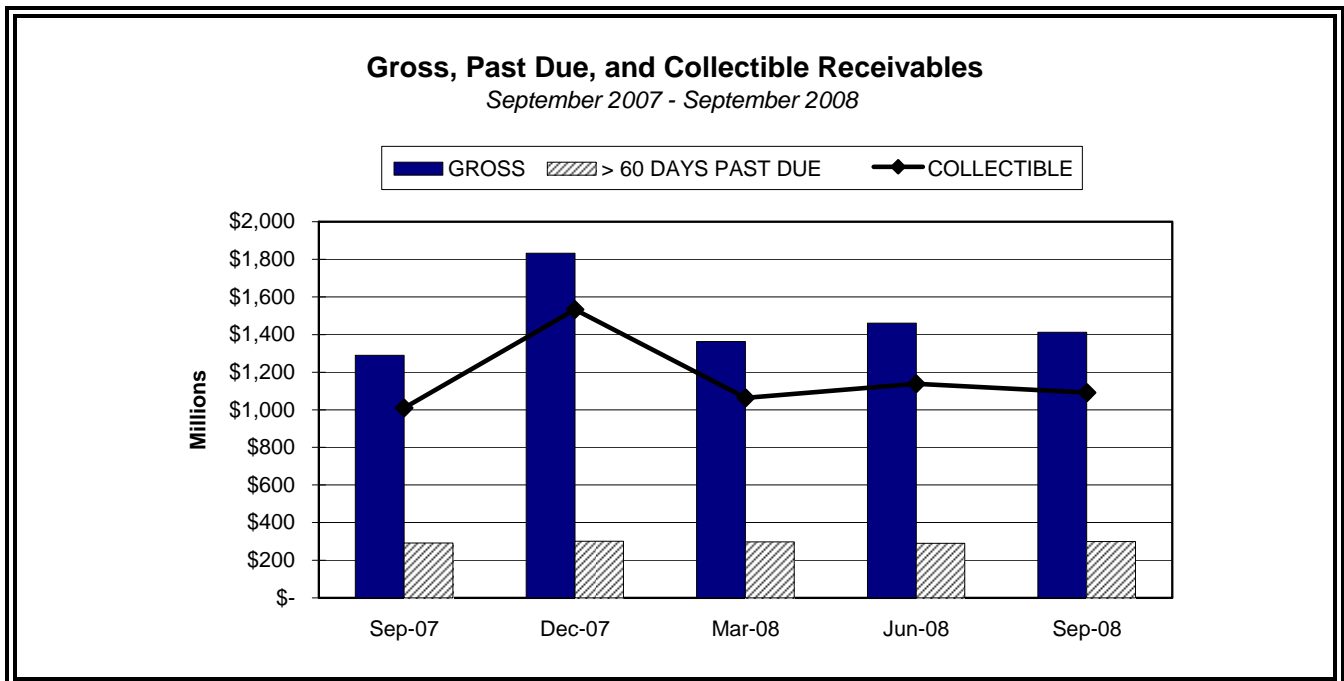
### Executive Summary

Chapter 48 of the *Code of Virginia* requires the Department of Accounts, along with the Office of the Attorney General, to oversee, report on, and monitor the Commonwealth's accounts receivable program. In order to carry out this responsibility, DOA has issued policies and procedures on accounting, collecting, reporting, and writing off accounts receivable. In addition, DOA provides technical assistance to agencies and institutions and uses statistical analyses and audit reports to monitor the ongoing effectiveness of agencies in managing their accounts receivable.

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

Commonwealth agencies and institutions reported adjusted gross receivables of \$1.41 billion at September 30, 2008, with \$1.09 billion considered collectible. Receivables over 60 days past due as of September 30, 2008, totaled \$298.7 million. Of that amount, \$16.5 million was placed with private collection agencies, \$20.9 million was placed with the Division of Debt Collection and \$261.4 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.



As of September 30, 2008, agencies expected to collect \$1.09 billion (77 percent) of the \$1.41 billion adjusted gross receivables. About 2 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 non-general funds.

### Collectible Receivables by Fund

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

*As of September 30, 2008*

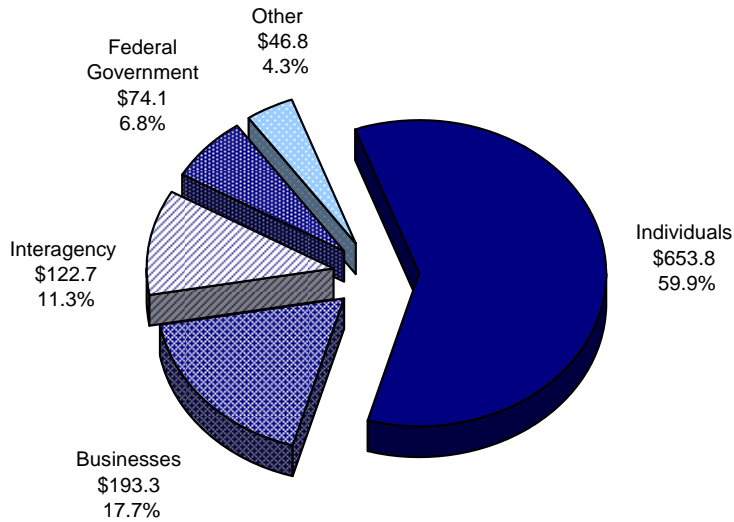
<b>Fund</b>	<b>Source</b>	<b>Amount</b>	<b>Percent</b>
<b>General Fund</b> 2%	Medicaid - Current Recoveries	\$ 6,690,461	33%
	Social Services	3,309,891	17%
	Labor and Industry Inspections	852,817	4%
	State Police Permits	6,618,504	33%
	Corrections	906,886	4%
	Other	1,186,022	6%
	Subtotal	19,564,581	97%
	Interagency Receivables	688,050	3%
<b>Total General Fund Collectible</b>		<b>\$ 20,252,631</b>	<b>100%</b>
<b>Nongeneral Funds</b> 98%	Medicaid - Dedicated Penalty Fees	\$ 27,293,215	3%
	Medicaid - Federal Reimbursements	13,910,099	1%
	Unemployment Taxes	50,272,904	5%
	Transportation	57,535,866	5%
	Child Support Enforcement	114,478,505	11%
	Federal Government	45,234,401	4%
	MHMR Patient Services	27,361,533	3%
	Hospital	174,086,914	16%
	Enterprise	65,412,759	6%
	Higher Education	341,809,783	32%
	Other	30,987,059	3%
	Subtotal	948,383,038	89%
	Interagency Receivables	122,065,718	11%
<b>Total Nongeneral Fund Collectible</b>		<b>\$ 1,070,448,756</b>	<b>100%</b>
<b>All Funds</b>	<b>Grand Total</b>	<b>\$ 1,090,701,387</b>	<b>100%</b>



## Summary of Receivables by Source

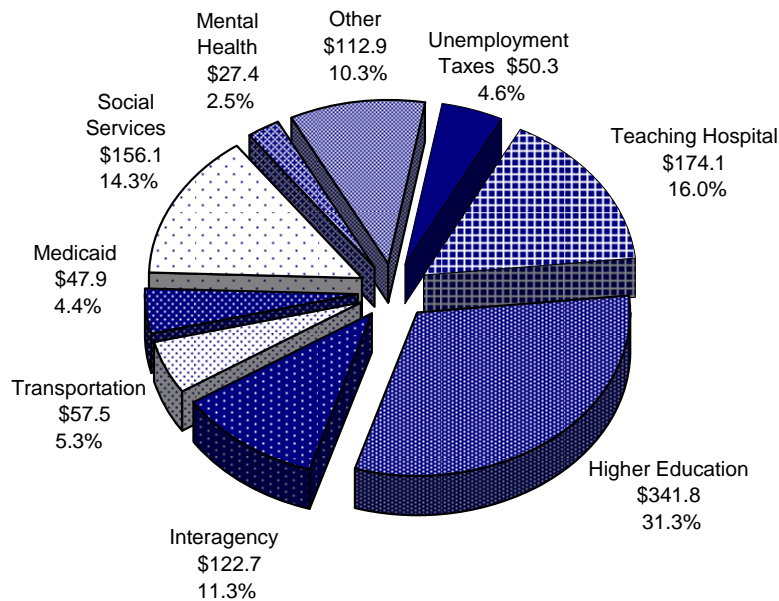
### Sources of Collectible Receivables by Debtor (dollars in millions)

As of September 30, 2008



### Sources of Collectible Receivables by Type (dollars in millions)

As of September 30, 2008



Not counting Taxation and the Courts, ten agencies account for 77 percent of the Commonwealth's adjusted gross and 73

percent of the adjusted collectible accounts receivable balances.

**Accounts Receivable Summary**  
*Not Including Circuit Courts, District Courts, or Department of Taxation*  
*Quarter Ended September 30, 2008*

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	\$ 219,068,562	\$ 15,562,953	\$ 203,505,609
Department of Social Services	365,104,725	207,358,128	157,746,597
Virginia Polytechnic Institute and State University	88,283,812	1,537,828	86,745,984
Department of Transportation	56,462,709	1,174,166	55,288,543
Virginia Employment Commission	80,851,141	27,218,107	53,633,034
State Lottery Department	50,659,604	-	50,659,604
Department of Medical Assistance Services	77,601,666	29,631,891	47,969,775
George Mason University	47,876,922	742,194	47,134,728
Virginia Commonwealth University	49,180,734	3,361,567	45,819,167
University of Virginia - Academic Division	46,822,772	1,344,267	45,478,505
<b>Total</b>	<b>\$ 1,081,912,647</b>	<b>\$ 287,931,101</b>	<b>\$ 793,981,546</b>
All Other Agencies	329,981,578	33,261,737	296,719,841
<b>Grand Total</b>	<b>\$ 1,411,894,225</b>	<b>\$ 321,192,838</b>	<b>\$ 1,090,701,387</b>

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

DOA requires state agencies and institutions to use the computerized matching and debt setoff programs for receivables that are 30 days or more past due. DOA also requires the use of private collection agencies on delinquent accounts that are 60 days or more past due which are not sent to the Attorney General's Division of Debt Collection.

The Office of the Attorney General requires state agencies and institutions to send accounts of \$3,000 or more and 60 days or more past due to the Division of Debt Collection.

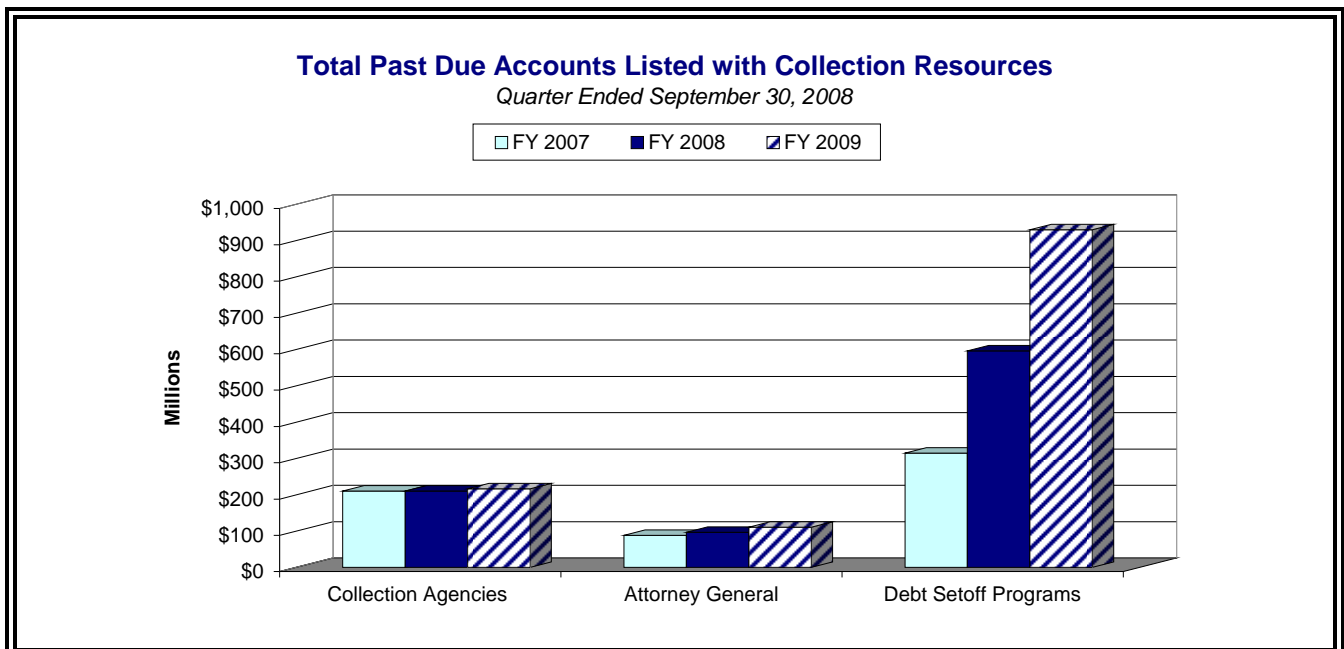
These additional collection tools recovered \$5.1 million during the quarter ended September 30, 2008. The Division of Debt Collection contributed \$1.1 million. Private collection agencies collected \$2.7 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$1.3 million.

Private collection agencies returned \$10.0 million of accounts to agencies, and the Division of Debt Collection discharged \$2.9 million of accounts and returned \$548,544 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, 2008*

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 119,408,630	\$ -	\$ -	\$ 119,408,630
Virginia Employment Commission	36,812,944	7,876,301	8,044,787	20,891,856
Department of Medical Assistance Services	26,689,645	668,690	1,670,220	24,350,735
University of Virginia Medical Center	22,969,458	-	-	22,969,458
Department of Transportation	19,572,821	1,350,301	5,512,237	12,710,283
Department of Mental Health, Mental Retardation and Substance Abuse Services	10,706,847	-	-	10,706,847
Virginia State University	6,381,868	-	-	6,381,868
University of Virginia - Academic Division	6,127,827	363,727	44,247	5,719,853
Virginia Information Technologies Agency	5,334,506	-	-	5,334,506
Department of General Services	5,068,477	-	-	5,068,477
<b>TOTAL</b>	<b>\$ 259,073,023</b>	<b>\$ 10,259,019</b>	<b>\$ 15,271,491</b>	<b>\$ 233,542,513</b>
All Other Agencies	39,673,572	6,217,211	5,588,332	27,868,029
<b>TOTAL OVER 60 DAYS</b>	<b>\$ 298,746,595</b>	<b>\$ 16,476,230</b>	<b>\$ 20,859,823</b>	<b>261,410,542</b>
Uncollectable Amounts Placed for Collection, Including Accounts Written Off	959,047,317	200,244,293	90,029,426	668,773,598
<b>TOTAL COLLECTION EFFORTS</b>	<b>\$ 1,257,793,912</b>	<b>\$ 216,720,523</b>	<b>\$ 110,889,249</b>	<b>930,184,140</b>

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 \$5.0 million through the second quarter of FY 2009. Please note the amount reported is before any refunds.

**Receivable Trend Data**

One way to measure an agency's effectiveness at collecting its accounts receivable is to look at how efficient collection procedures are on accounts that are more than 60 days past due. The following

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

**Percentage of Gross Receivables Over 60 Days Past Due**

Agency	Percent at 9/30/08	Comparative	
		Percent at 6/30/08	Percent at 3/31/08
Department of Social Services	33%	34%	31%
Virginia Employment Commission	46%	39%	14%
Department of Medical Assistance Services	34%	30%	34%
University of Virginia Medical Center	11%	14%	22%
Department of Transportation	35%	16%	17%
Department of Mental Health, Mental Retardation & Substance Abuse Services	25%	16%	24%
Virginia State University	55%	9%	10%
University of Virginia - Academic Division	13%	13%	16%
Virginia Information Technologies Agency	15%	10%	15%
Department of General Services	50%	29%	32%
<b>Statewide Average - All Agencies</b>	<b>21%</b>	<b>20%</b>	<b>22%</b>

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 80 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 88 percent indicates that for every \$1 billed during the quarter ended September 30, 2008, the state collected 88 cents. This rate is one percent more than last year, and one percent less than the September 30, 2006 quarter.

### Collections as a Percentage of Billings

Agency	Percent at 9/30/08	Comparative	
		Percent at 9/30/07	Percent at 9/30/06
University of Virginia Medical Center	38%	43%	33%
Department of Social Services	82%	82%	100%
Virginia Polytechnic Institute and State University	88%	87%	89%
Department of Transportation	166%	101%	155%
Virginia Employment Commission	114%	118%	123%
State Lottery Department	99%	103%	97%
Department of Medical Assistance Services	33%	50%	41%
George Mason University	79%	81%	79%
Virginia Commonwealth University	86%	83%	88%
University of Virginia - Academic Division	96%	96%	95%
<b>Statewide Average - All Agencies</b>	<b>88%</b>	<b>87%</b>	<b>89%</b>

## 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 \$48.0 million at September 30, 2008, is a \$1.5 million increase over the \$46.5 million reported at September 30, 2007. Over the same period, total past due receivables of \$31.0 million have decreased by \$1.3 million.

### ***University of Virginia Medical Center (UVAH)***

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

UVAH collectible receivables of \$203.5 million at September 30, 2008, were a \$38.3 million increase from the \$165.2 million reported the previous year. Past due receivables decreased by \$12.5 million to \$95.7 million at September 30, 2008.

### ***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 \$53.6 million at September 30, 2008, a decrease of \$8.6 million from the previous year. Total past due receivables were \$39.1 million, a \$1.9 million increase over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

### ***Virginia Information Technologies Agency (VITA)***

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

VITA reported collectible receivables at September 30, 2008, of \$36.5 million, a \$12.2 million decrease from the previous year's \$48.7 million. Most of these receivables are due from other state agencies. As of September 30, 2008, \$5.3 million was over 60 days past due, an increase of \$1.1 million from the previous year.

### ***State Lottery Department (SLD)***

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

At September 30, 2008, the State Lottery reported net receivables of \$50.7 million, a \$1.3 million increase from the previous year's net of \$49.4 million. Billings decreased by \$3.1 million and collections decreased by \$10.1 million during the September 30, 2008 quarter when compared to the September 30, 2007 quarter. At September 30, 2008, the State Lottery had \$309,792 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, 2008, DOE had \$18,001 in accounts receivable due from the Federal government under Direct Aid to Public Education. There were no accounts receivable in 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, 2008, the University reported net collectible receivables of \$86.7 million, a \$7.9 million increase over the prior year. At the same time, total past due receivables of \$18.7 million increased by \$5.5 million over the prior year.

The University uses a variety of collection methods to encourage payments. At September 30, 2008, VPISU had \$3.1 million of accounts over 60 days past due. \$556,830 was placed with the Attorney General's Division of Debt Collection, another \$915,904 was placed with private collection agencies and \$3.2 million was subject to additional in-house efforts.

### ***Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS)***

DMHMRSAS 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. DMHMRSAS 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, DMHMRSAS can recover some of the costs involved in a patient's care.

At September 30, 2008, the Department reported collectible receivables of \$27.4 million, a \$1.3 million increase over the previous year. \$16.2 million was past due, with \$10.7 million being over 60 days past due. Total past due receivables decreased by \$71,926 over the year, and accounts over 60 days past due increased by \$921,630. At September 30, 2008, the Department had a total of \$6.0 million of accounts placed with the Attorney General and \$757,492 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, 2008, VDOT reported \$55.3 million of collectible receivables, an increase of \$18.8 million from the prior year. VDOT also reported \$26.7 million total past due and \$19.6 million being over 60 days past due. Past due receivables increased by \$4.8 million over the year, while receivables over 60 days past due decreased by \$271,019. 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 \$5.5 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection, and \$1.4 million with private collection agencies.

### ***Department of Social Services (DSS)***

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

At September 30, 2008, DSS reported gross receivables of \$365.1 million, an allowance for doubtful accounts of \$207.4 million and collectible receivables of \$157.7 million. Past due receivables totaled \$121.6 million, of which \$119.4 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$300.5 million (82 percent) of the gross receivables, \$186.1 million (90 percent) of the allowance for doubtful accounts and \$114.5 million (73 percent) of the collectible receivables.

From September 30, 2007, to September 30, 2008, gross receivables increased \$48.8 million and collectible receivables increased by \$20.4 million. Total past due receivables increased by \$17.0 million and receivables over 60 days past due increased by \$16.7 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, 2008, DRPT had gross and net receivables of \$9.4 million. The majority of this money is due via an interagency transfer from VDOT. \$8.7 million was past due at September 30, 2008. Of this amount, \$4.4 million was over 60 days past due.

***Virginia Commonwealth University (VCU)***

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

At September 30, 2008, VCU had \$45.8 million of collectible receivables, a \$4.5 million decrease from September 30, 2007. Total past due accounts were \$5.3 million, a \$160,505 decrease from September 30, 2007. Accounts over 60 days past due (\$3.8 million) increased by \$438,758 from the prior year. Billings increased by \$33.5 million to \$214.8 million and collections increased by \$33.4 million to \$184.8 million for the September 30, 2008 quarter, when compared to the September 30, 2007 quarter.

The following table is prepared to present the September 30, 2008, aging information in conformity with the provisions of Section 2.2-603.E.(ii) of the *Code of Virginia*.

Commonwealth's total \$2.53 billion past due accounts receivable at September 30, 2008. Another 18 agencies accounted for 19 percent (\$477.1 million), leaving 70 other agencies to comprise the last one percent at \$41.4 million.

Taxation and the Circuit and District Courts accounted for 80 percent (\$2.01 billion) of the

### Agencies with the Largest Volume of Past Due Receivables

*As of September 30, 2008*

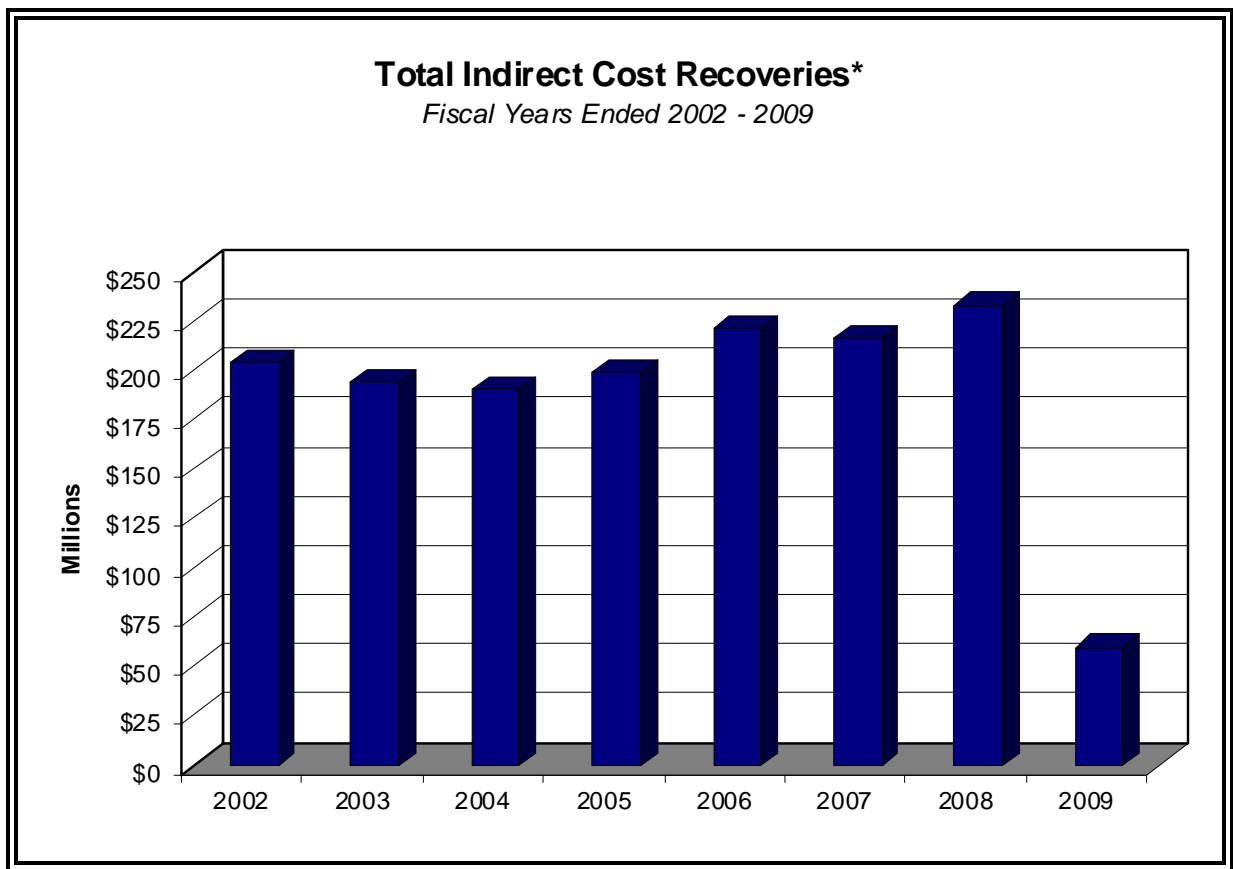
Agency	Total Past Due	1 to 180 Days Past Due	181 to 360 Days Past Due	Over One Year
Department of Taxation	\$ 1,513,643,449	\$ 266,975,512	\$ 126,492,150	\$ 1,120,175,787
Localities' Circuit and District Courts	497,267,776	37,735,442	62,887,331	396,645,003
<b>Total - Taxation Assessments and Court Fines and Fees</b>	<b>\$ 2,010,911,225</b>	<b>\$ 304,710,954</b>	<b>\$ 189,379,481</b>	<b>\$ 1,516,820,790</b>
<b>All Other Large Dollar Agencies:</b>				
Department of Social Services	121,637,902	6,681,082	6,606,768	108,350,052
University of Virginia Medical Center	95,675,452	88,193,829	4,640,222	2,841,401
Virginia Employment Commission	39,080,046	10,033,245	6,374,125	22,672,676
Department of Medical Assistance Services	30,955,115	11,701,812	5,809,614	13,443,689
University of Virginia - Academic Division	28,137,527	26,838,514	417,636	881,377
Department of Transportation	26,740,297	9,322,937	5,129,938	12,287,422
Virginia Polytechnic Institute & State University	18,737,446	17,128,398	974,676	634,372
Department of Mental Health, Mental Retardation & Substance Abuse Services	16,244,021	13,056,469	13,036	3,174,516
Virginia Information Technologies Agency	15,178,046	13,829,859	719,204	628,983
James Madison University	12,751,825	12,284,258	190,919	276,648
Department of State Police	11,326,913	8,542,067	59,754	2,725,092
George Mason University	10,752,167	9,730,961	592,480	428,726
Department of General Services	9,182,502	9,182,502	-	-
Virginia State University	8,792,306	8,607,140	164,304	20,862
Department of Rail and Public Transportation	8,745,344	7,174,127	457,759	1,113,458
Virginia Community College System	8,260,896	6,875,055	739,245	646,596
Old Dominion University	7,809,003	7,562,554	215,146	31,303
Norfolk State University	7,119,814	6,940,777	42,043	136,994
<b>Total - Largest Dollar Volume Agencies</b>	<b>\$ 477,126,622</b>	<b>\$ 273,685,586</b>	<b>\$ 33,146,869</b>	<b>\$ 170,294,167</b>
All Other Agencies	41,383,016	26,514,462	5,547,397	9,321,157
<b>Grand Total Past Due Receivables</b>	<b>\$ 2,529,420,863</b>	<b>\$ 604,911,002</b>	<b>\$ 228,073,747</b>	<b>\$ 1,696,436,114</b>



## Indirect Costs

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

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



\* FY 2009 reflects indirect cost recoveries through December 31, 2008. This does not include covered higher education institutions.

**Indirect Cost Recoveries from Grants and Contracts**  
*Fiscal Year 2009*

<b>Fund</b>	<b>Year-to-Date</b>		<b>Total</b>
	<b>Higher Ed</b>	<b>Non-Higher Ed</b>	
Nongeneral:			
Agency / Institution (1)	\$ 23,426,550	\$ 34,989,671	\$ 58,416,221
Statewide	78,953	346,757	425,710
<b>Total Nongeneral</b>	<b>\$ 23,505,503</b>	<b>\$ 35,336,428</b>	<b>\$ 58,841,931</b>
General:			
Agency (Cash Transfers)	-	26,777	26,777
Statewide	-	505,593	505,593
Statewide (Cash Transfers)	-	2,855	2,855
<b>Total General</b>	<b>\$ -</b>	<b>\$ 535,225</b>	<b>\$ 535,225</b>
<b>Total All Funds</b>	<b>\$ 23,505,503</b>	<b>\$ 35,871,653</b>	<b>\$ 59,377,156</b>

- (1) The Department of Social Services records all federal monies received in CARS. However, they do not separately classify such receipts between direct and indirect. Included in the agency nongeneral fund category is \$24,402,815 representing the Department of Social Services' estimate of indirect cost recoveries received. This does not include covered higher education institutions.



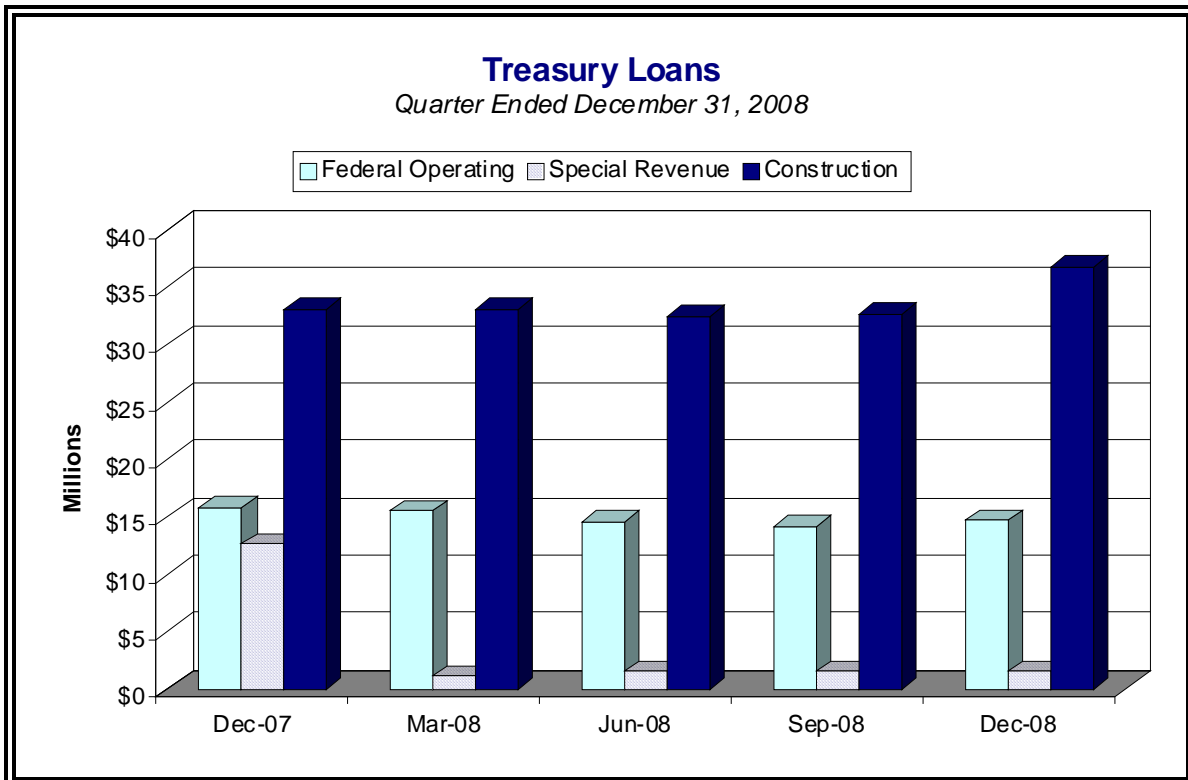
## Loans and Advances

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

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

- **Anticipation of Special Revenue Funds** supports the operations of non-general funded activities when collections are spread unevenly throughout the year while expenses require steady funding.
- **Construction** supports capital projects in anticipation of the sale of authorized debt or other financing for such projects.

The total of all types of treasury loans as of December 31, 2008, was \$53.0 million.



Significant New Loans / Drawdowns	New Balance
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**George Mason University (GMU)**

Drawdowns on a \$9.4 million construction loan used to build Parking Deck.	\$ 6,493,929
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Significant Loan Repayments	Prior Balance
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**Department of Game and Inland Fisheries (DGIF)**

Payment on an authorized \$2 million loan to reconstruct Upper and Lower Powhatan Lakes.	\$ 2,000,000
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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 outstanding at December 31, 2008.
- **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, 2008, was \$11.7 million.

- **Lines of Credit**, which provide funding for recurring shortfalls of operating cash and are authorized in §3-2.03 of the Appropriation Act. The total of all outstanding lines of credit as of December 31, 2008, was \$16.1 million.



