REPORT ON
STATEWIDE FINANCIAL MANAGEMENT AND COMPLIANCE

FOR THE QUARTER ENDED JUNE 30, 2015

OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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REPORT ON STATEWIDE FINANCIAL MANAGEMENT
AND COMPLIANCE
Quarter Ended June 30, 2015

STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended June 30, 2015, and comparative FY 2014 data. Some information in the report is for the quarter ended March 31, 2015, which is the most current data available.

David A. Von Moll, CPA, CGFM
Comptroller

Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch Agencies

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

Each agency must provide a written response that includes a Corrective Action Workplan (CAW) to the Department of Planning and Budget, the Department of Accounts, and the agency's Cabinet Secretary when its audit report contains one or more audit findings. Workplans must be submitted within 30 days of receiving the audit report. Commonwealth Accounting Policies and Procedures (CAPP) manual, Topic No. 10205, *Agency Response to APA Audit,* contains instructions and guidance on preparing the workplan.

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

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

Audit Reports – Quarter Ended June 30, 2015

The APA issued 14 reports covering 16 State Agencies for the Executive Branch. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
None				
Agriculture and Forestry				
Virginia Department of Agriculture and Consumer Services	0	0	0	N/A
Commerce and Trade				
Department of Professional and Occupational Regulation	0	0	0	N/A

	New Findings	Repeat Findings	Total Findings	CAW Received
Virginia Board of Accountancy	0	0	0	N/A
Virginia Small Business Financing Authority	2	0	2	YES
Education				
George Mason University	2	0	2	YES
Longwood University	1	0	1	YES
Old Dominion University	1	0	1	YES
The College of William and Mary[1]	6	0	6	YES
Richard Bland College	5	0	5	YES
Virginia Institute of Marine Science	0	0	0	N/A
Virginia Military Institute	0	0	0	N/A
Virginia Museum of Fine Arts	6	0	6	YES
Virginia State University	7	0	7	YES
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
Virginia Foundation for Healthy Youth	1	0	1	YES
Natural Resources				
Virginia Museum of Natural History	0	0	0	N/A
Public Safety and Homeland Security				
Commonwealth's Attorneys' Services Council	3	0	2	YES
Transportation				
None				
Veterans and Defense Affairs				
None				

(1)   The APA issued one report covering The College of William and Mary in Virginia, Richard Bland College, and the Virginia Institute of Marine Sciences.

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Audit Findings - Quarter Ended June 30, 2015

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

Commerce and Trade

Virginia Small Business Financing Authority

1. Improve Controls over Financial Reporting Process
2. Strengthen Controls over Off-CARS Disbursements

Education

George Mason University

1. Document myVRS Navigator Reconciliation to Support Virginia Retirement System (VRS) Snapshot Confirmation
2. Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges

Longwood University

1. Improve Information Security Management and Prioritization

Old Dominion University

1. Improve Internal Controls to Ensure Completeness of Reported Prepaid Expenses

Richard Bland College

1. Properly Perform Return of Title IV Refunds
2. Improve the Financial Reporting Process
3. Continue to Improve Information Security Program
4. Comply with the Department of Human Resource Management Policy for Wage Employees
5. Improve the myVRS Navigator Reconciliation Process

The College of William and Mary in Virginia

1. Properly Perform Return of Title IV Calculations
2. Improve Controls over Payments for Travel Expenses
3. Improve the Employee Termination Process
4. Improve Controls over Timesheet Approval
5. Improve the myVRS Navigator Reconciliation Process
6. Comply with the Department of Human Resources Management Policy for Wage Employees

Virginia Museum of Fine Arts

1. Properly Manage the Change Fund
2. Properly Manage Local Funds

3. Update Fine Arts Policies and Procedures
4. Improve Internal Control over and Compliance with the Small Purchase Charge Card Program
5. Update the Information Security Program and Ensure Compliance with the Security Standard
6. Improve Internal Controls over Terminated Employees' User Access

Virginia State University

1. Improve Financial Management
2. Improve Procurement and Contract Management Processes
3. Improve IT Procurement Process
4. Ensure Foundations Reimburse for University Employee Time
5. Improve Controls over Physical Inventory
6. Improve Policy over the Proper Use of Travel Cards
7. Improve User Access Review Process

Health and Human Resources

Virginia Foundation for Healthy Youth

1. Improve Controls over Payroll and Retirement Information

Public Safety and Homeland Security

Commonwealth's Attorneys' Services Council

1. Maintain the Required Transparency Surrounding Agency Transactions
2. Improve Expenditure Processes
3. Improve Small Purchase Charge Card Processes

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Additional Recommendations – Quarter Ended June 30, 2015

No APA reports containing "Additional Recommendations" were received.

Special Reports – Quarter Ended June 30, 2015

No APA "Special Reports" that did not contain management recommendations were received.

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

> Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2015 through March 31, 2015

> Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards – June 2015

Other Audit Reports Received – Quarter Ended June 30, 2015

The APA issued one "Other Report" that did not contain management recommendations:

> Clerk of the Court of Appeals of Virginia for the year ended June 30, 2014

The APA issued the following "Other Reports" that did contain management recommendations:

> Clerk of the Supreme Court of Virginia for the year ended June 30, 2014

> Potomac River Fisheries Commission for the year ended June 30, 2014

> Virginia Tobacco Indemnification and Community Revitalization Commission for the year ended June 30, 2014

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Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	**Delayed**	**On Schedule**	**Delayed**
Administration				
Compensation Board	1	0	0	0
Department of Human Resource Management	2	0	0	0
Agriculture and Forestry				
Department of Agriculture and Consumer Services	2	0	0	0
Commerce and Trade				
Virginia Employment Commission	4	2	3	0
Education				
Department of Education and Direct Aide to Public Education	3	0	1	0
Gunston Hall	0	2	0	0
Norfolk State University	0	0	6	0
University of Virginia	0	0	2	0
University of Virginia Medical Center	0	0	1	0
Virginia Community College System Central Office	1	1	0	0
Eastern Shore Community College	0	1	0	0
Northern Virginia Community College	0	1	0	0
Virginia School for the Deaf and Blind	0	0	0	1
Executive Offices				
Attorney General and Department of Law	1	0	2	0
Finance				
Department of Accounts	4	0	0	0
Department of Planning and Budget	1	2	0	0
Department of Taxation	3	0	0	0
Health and Human Resources				
Department of Behavioral Health and Developmental Services	6	1	2	0
Department of Health	2	1	19	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Department of Medical Assistance Services	3	1	2	1
Department of Social Services	0	2	5	0
Natural Resources				
Department of Game and Inland Fisheries	6	1	0	0
Department of Conservation and Recreation	15	0	8	0
Public Safety				
Department of Alcoholic Beverage Control	0	2	0	0
Department of State Police	6	1	3	0
Transportation				
Department of Motor Vehicles	1	7	2	0
Department of Rail and Public Transportation	1	0	1	0
Department of Transportation	3	1	5	0
TOTALS	65	26	62	2

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Status of Prior Audit Findings

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

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

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Compensation Board (CB)				
2014	14-01	Improve Controls over Systems Access	Agency policies will be updated, with additional procedures identified and existing procedures specified in more detail, including documentation specifications for all stages of access granting and termination, and a secondary review process for activity documentation to ensure compliance with procedures. Updated procedures will be completed and new requirements communicated to users.	In Progress (On Schedule)
Department of Human Resource Management (DHRM)				
2014	14-01	Improve System Security for the Time, Attendance, and Leave System	Budget package for a Security Officer position is being developed and will submitted for approval.	In Progress (On Schedule)
	14-02	Improve Controls over the Personnel Management Information System	The PMIS Migration project is on schedule to be completed before June 30, 2016.	In Progress (On Schedule)
Department of Agriculture and Consumer Affairs (VDACS)				
2013	13-01	Perform Timely Updates to IT Risk Management and Contingency Plans	VDACS has updated the Disaster Recovery Plan and will procure Disaster Recovery services when available.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	13-02	Improve Oracle Database Security	VDACS will undertake planning to see that the control is in place in the new Oracle environment.	In Progress (On Schedule)

Virginia Employment Commission (VEC)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Allocate Adequate Resources to Reduce IT Security Risk. **This is a Material Weakness**.	VEC has undertaken several initiatives to ensure resources are adequate to address this issue. The agency has solicited and received pricing from vendors to conduct the BIA/RA. The agency is currently engaged with Assura to conduct a security review in preparation for compliance with federal requirements. Additional resources have been identified from an upcoming federal grant. The agency is currently advertising to hire a full time ISO.	In Progress (Delayed)
	14-02	Improve Organizational Placement of Information Security Officer	VEC is in the process of recruiting for the new Agency Information Security Officer. The position is functionally independent of the IT Division.	In Progress (Delayed)
	14-03	Maintain Oversight Over the Information Security Program	VEC has recently hired an IT manager with a strong background in the agency's new systems environments. The agency will be hiring two JAVA programmers to provide needed support. The agency will be assessing further actions with the budget request which are currently under development by the agency divisions.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-04	Upgrade Unsupported and Vulnerable Operating Systems	VEC's upgrade to Windows 7 is in progress. All VEC Field Office Resource Rooms have been updated with Windows7. Central Offices' IT Training Room computers have been updated with Windows7 and users are testing to ensure that the PC image is correct. Once this is finalized, an agency rollout will occur, dependent on NG.	In Progress (On Schedule)
	14-05	Continue to Strengthen Internal Controls over Financial Reporting. **This is a Material Weakness and a Repeat Finding.**	VEC Finance considers this finding complete. Although management considers this finding "complete", the Agency is leaving this finding open in their tracking system until the APA completes their FY2015 review.	Completed (On Schedule)
	14-06	Confirm VABS is Calculating Maximum Benefit Amount Consistently for All Claimants	VEC has created a change request for the VUIS benefits functionality that will allow for the use of the benefit table.	In Progress (On Schedule)
	14-07 13-02	Withhold Child Support Obligations from Benefit Adjustment Payments. **This is a Repeat Finding.**	VEC has been able to determine that the Virginia Automated Benefits System (VABS) did process child support deductions from benefit adjustment payments when the system was first implemented in April of 1985. This function abruptly ended approximately six month later. The Agency is working on a solution.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-08 13-01	Continue to Strengthen Tax – Wage Reconciliation Processes. **This is a Repeat Finding.**	VEC continues to analyze the accounts to improve the reconciliation procedures and to identify efficiencies in the process. Although management considers this finding complete, the Agency is leaving this finding open in the Agency tracking system until the APA completes their FY2015 review.	Completed (On Schedule)
	14-09	Review Policies over Benefit Overpayment Reviews	VEC management has completed a review of the current policy concerning benefit overpayment case review. The Agency will look to see that the policy is followed to maximize its effectiveness. Although management considered their actions to address this APA finding "complete", the Agency is leaving this finding open in our tracking system until the APA completes their FY2015 review.	Completed (On Schedule)

Department of Education and Direct Aid to Public Education (DOE)

| 2014 | 14-01 | Structure Contract Management to Prevent the Circumventing of Commonwealth Requirements | Agency contracts are being reviewed, and for reimbursement-based contracts, procedures are being discussed with contract administrators and contract modifications issued as necessary. Language has been added to the DOE Administrative Manual prohibiting reimbursement-based contracts. | In Progress (On Schedule) |

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-02	Improve Information Security Policies and Procedures	DOE will document its backup and restoration plans in accordance with Commonwealth Security Standards. DOE will implement Change Controls to guide the testing and implementation of internal database updates and patches. DOE will document its System Hardening Policy. DOE will scan all sensitive systems for vulnerabilities.	In Progress (On Schedule)
	14-03	Improve Information Security Officer Designation	The DOE Agency Head has appointed the Deputy Superintendent for Finance and Operations to the Information Security Officer role.	Completed (On Schedule)
	14-04	Improve IT Risk Management Documentation	DOE will reclassify IT systems in accordance with Commonwealth Security Standards. DOE will document risks in accordance with Commonwealth Security Standards. The Agency will document the regulatory requirements for data according to each sensitive system. DOE will document the roles and responsibilities for each sensitive IT system. DOE will complete an IT Risk Assessment for Oracle Financials and the Teacher Licensure system.	In Progress (On Schedule)
Gunston Hall (GH)				
2013	13-01	Improve Fixed Asset Management	GH inventory update to FAACS is in progress but is not complete.	In Progress (Delayed)
	13-02	Designate a Purchase Card Program Administrator and Backup Program Administrator	GH has designated and trained an Administrator and have the Executive Director assigned to the Back-up Administrator role.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Norfolk State University (NSU)				
2014	14-01 13-05 12-05 11-06	Correct Deficiencies in Fixed Asset Management Program. **This is a Material Weakness and a Repeat Finding**.	The FY 2015 physical inventory which included off-campus locations is complete. NSU has implemented a quarterly reconciliation to reconcile the general ledger to the fixed asset module. This will identify and correct any fixed assets purchased in the general ledger that have not been added to the fixed asset module. A review process has also been implemented into the procedures to ensure assets are appropriately tagged and the accurate cost and useful life is reflected in the fixed asset system.	Completed (On Schedule)
	14-02 13-03 12-03 11-04	Properly Maintain Documentation for Audit **This is a Material Weakness and a Repeat Finding**.	Human Resources has developed and implemented processes and procedures to ensure that effective September 9, 2015 all documents are filed properly and timely in the employee's official file.	Completed (On Schedule)
	14-03 13-10	Improve accounts payable processes. **This is a Material Weakness and a Repeat Finding**.	Procedures have been developed and implemented.	Completed (On Schedule)
	14-04 13-01 12-01 11-02	Continue to develop and implement policies and procedures. **This is a Repeat Finding.**	The procedures for the specific areas noted in the finding have been completed.	Completed (On Schedule)
	14-05 13-09	Enhance System Access Controls. **This is a Repeat Finding.**	The University has developed and implemented processes for updating access for systems managed by Finance & Administration. Procedures have been put in place to ensure management oversight on system access.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-06	Improve Controls over Virginia Retirement System Navigator Data Entry	Procedures have been implemented and Human Resources staff responsible for this function have been trained.	Completed (On Schedule)

University of Virginia (UVA/AD)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-02	Improve VNAV Reconciliations and Confirmations	UVA/AD will continue to perform reconciliations from the University's payroll system to VNAV; UVA/AD will add a new step to the reconciliation procedure to ensure that documentation is retained to confirm the reconciliation was performed and all differences were researched and corrected.	Completed (On Schedule)
	14-03	Ensure Tuition and Fee Rates are Approved by the Board of Visitors	UVA/AD delegating authority to establish mandatory fees was approved during the March 2015 Board of Visitors meeting.	Completed (On Schedule)

University of Virginia Medical Center (UVAH)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Improve VNAV Reconciliations and Confirmations	New steps have been added to the reconciliation procedure to ensure that due dates, deliverables and responsible parties are clearly specified, and that appropriate documentation of the reconciliation is retained.	Completed (On Schedule)

Virginia Community College System Central Office (VCCS/CO)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2013	13-01	Ensure Capital Outlay Projects are Closed Out within Allowable Time Period	VCCS/CO has submitted and approved CO-14's for 32 out of the 38 identified projects. Three of six remaining projects are in process.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	13-02	Improve Internal Controls to Ensure Data is Properly Transferred between Human Resources Systems	VCCS/CO met with DHRM to discuss an alternative approach of transmitting data from HRMS to PMIS. DHRM advised VCCS/CO to delay changing the data interface until after the PMIS conversion in 2016	In Progress (On Schedule)

Eastern Shore Community College (ESCC)

2013	13-03	Fully Implement HRMS for Leave Tracking and Reporting	All leave balances are current and are properly accounted for as part of the HRMS/AM system implementation. The target date for completion has been extended until June 30, 2015 as the College has not been able to run the processes needed to update the yearly calendar in the system.	In Progress (Delayed)

Northern Virginia Community College (NVCC)

2013	13-03	Improve Facilities Contract Management	NVCC is in the process of updating and developing policies and procedures with the goal of improving efficiencies and effectiveness of Facilities Management.	In Progress (Delayed)

Virginia School for the Deaf and Blind (VSDB)

2012	12-06	Properly Record School Revenues	VSDB has completed journal entries for FY15 to move funds from XX99 to revenue.	Completed (Delayed)

Attorney General and Department of Law (OAG)

2014	14-01	Strengthen Procedures for Administering Federal Programs	At this time all internal control weaknesses identified under the Strengthen Procedures for Administering Federal Programs Audit Finding and recommendation have been resolved by the OAG.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-02	Improve Security Awareness Training	OAG has begun the process to improve and implement the Security Awareness Training expected to be completed by the August 30, 2015 target date.	In Progress (On Schedule)
	14-03	Improve Physical and Environmental Security for IT Systems	The OAG now has appropriate physical and environmental security controls in places to protect IT systems.	Completed (On Schedule)

Department of Accounts (DOA)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Improve Controls over Cardinal Security	The Cardinal team will develop/implement a program and related process to identify dormant production system user accounts and lock them. This program / process will check all accounts and identify those user accounts which have not been used in Cardinal within 90 days and lock them. The automated program will be implemented in the system and will be scheduled to run in batch, once every 30 days.	In Progress (On Schedule)
	14-02	Improve Payline Web Application and SQL Server Database Security	Findings were addressed and corrected according to severity level as per NG recommendations. Remaining findings (low / informational) do not pose a severe risk and will be addressed when time permits. NG will conduct a remediation scan to ensure high/critical findings were corrected.	In Progress (On Schedule)
	14-03	Improve Risk Management and Continuity Planning Documentation	DOA Risk Assessments and COOP are under review and being updated accordingly. Any/all additional risks will be documented.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-04	Improve IT Security Audit Plan	DOA in in process of contracting with outside audit firm to conduct security audits of DOA sensitive systems.	In Progress (On Schedule)

Department of Planning and Budget (DPB)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Improve Internal Controls over System Access	The agency has posted information on it's website (http://dpb.virginia.gov/forms/20100916-1/PB_UserRolesByModule.pdf) that describes the roles and permissions for each module of the Performance Budgeting System.	In Progress (On Schedule)
	14-02	Enhance Performance Budgeting System Access Reviews	Internal control policy will address the following: 1) review of user listing report by each agency; 2) requirement that all agencies notify DPB of status of user listing even if no changes are required; 3) review by agency of appropriateness of number of users at each respective state agency; 4) maintenance of a log of agency responses at DPB; 5) storage of agency response emails; and 6) formal process for documenting agency account changes at DPB.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-03	Improve IT Risk Management and Disaster Recovery Planning Programs	In April 2015, the agency updated its Disaster Recovery Plan (DRP) and it successfully restored files from backup in July of 2015. Since April of 2015, the agency has been working with the VITA Small ISO assistance program to enhance the agency's current IT security program, which includes addressing risk assessments across all sensitive systems and annual self-assessments.	In Progress (Delayed)

Department of Taxation (TAX)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01 13-02	Improve Internal Controls over Advantage Revenue Access. **This is a Partial Repeat Finding.**	TAX completed the planned corrective action; however, the APA has included this item in the 2014 APA audit report as a "partial repeat."	In Progress (On Schedule)
	14-02	Update IT Risk Management Plans	Tax has implemented the Risk Assessment Program as designed and in accordance with the standards. The first general controls assessment is being completed. System specific risk assessments are scheduled in accordance with the risk assessment plan filed with and approved by Commonwealth Security. The first system specific risk assessment has been initiated. An agency wide BIA project is in the design phase with a completion target of September 30, 2015.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-03	Improve Physical Security to Server Rooms	In order to better document personnel's need for access to the server rooms, wording is being added to appropriate personnel's EWPs and the COOP plan. TAX Internal Audit personnel that do not have physical access to the server room will begin reviewing the access logs for unexpected activity. Expected to be completed by September 30, 2015.	In Progress (On Schedule)

Department of Behavioral Health and Developmental Services (DBHDS)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Improve Database Security. **This is a Repeat Finding**.	DBHDS has deployed FMS servers to provide continued security for SQL2000. The FMS v2011 upgrade is beginning the test phase to run through September, with full implementation scheduled for November.	In Progress (On Schedule)
	14-02	Improve IDOLS Security	DBHDS Information Security will request additional funding at the 2016 session of the General Assembly for the procurement and implementation of log and monitoring systems and a formal access management system. If additional funding is provided, the Department will begin procurement and implementation of this application. A Configuration management standard is currently in draft format. This standard will designate the operational and technological baselines for equipment, establish change control processes, and establish operational and functional baselines for applications.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			The date of implementation for this response is now January 4, 2017.	
	14-03	Develop and Submit an Information Technology Audit Plan	The IT audit plan was submitted to VITA on December 15, 2014. The plan was not accepted by Commonwealth Security and Risk Management (CSRM) due to discrepancies between the systems listed in the audit plan and the systems listed in the Commonwealth Enterprise Technology Repository (CETER). The DBHDS IT Audit Plan listed 279 applications across the Enterprise and CETER lists a total of 36 applications of which 27 are shown as active. The recent funding for the Regional Information Security Officer positions has allowed DBHDS to begin the process of assessing its applications and infrastructure. As applications are identified and validated they will be added to CETER.	In Progress (On Schedule)
	14-04	Improve Controls over Systems Access. **This is a Repeat Finding**.	DBHDS submitted information to the fiscal officers and Assistant Directors of Administration at each facility regarding the processes that are to be completed when a staff member leaves employment at DBHDS. This included information from DBHDS Information Security regarding the role the Regional Security Officers are to serve. Effort is currently being made, as it was	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			previously, to ensure all access for employees terminating employment at DBHDS is deleted.	
	14-05	Improve Controls over Hours Worked by Wage Employees	DBHDS put controls in place during FY 2014 and are currently in place to detect when employees are close to exceeding the 1,508 hour threshold.	In Progress (On Schedule)
	14-06	Improve Controls over the VNAV System	DBHDS gave notice to DBHDS facilities that contribution snapshot reconciliations are to be done timely, that all facilities should have policies and procedures related to VNAV, and that access to the system include proper segregation of duties.	In Progress (On Schedule)
	14-07	Improve Controls over Payroll	DBHDS Internal Audit will be following up on these payroll findings to ensure compliance with the responses given to the findings.	In Progress (On Schedule)
	14-08	Improve Controls over Physical Inventory	DBHDS Internal Audit has been told that fixed asset inventories were completed at the three facilities cited. DBHDS Central Office has no fixed assets.	Completed (On Schedule)
	14-09	Create Policies and Procedures for Fixed Assets	DBHDS Budget Execution & Financial Reporting Office collaborated with the Fiscal Services & Grants Management Office to refresh the	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			Fixed Assets Policies and Procedures. The document was finalized on January 21, 2015.	

Department of Health (VDH)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Improve Access Controls for the Crossroads System. **This is a Material Weakness.**	Family Health Services worked with its contractor to disable the accounts in question. All new accounts require a COV account assigned by VITA. Family Health Services has instructed its contractor to communicate terminations in their organization immediately. Current access to the system is correct.	Completed (On Schedule)
	14-02	Account for All WIC EBT Food Instruments and Investigate Errors. **This is a Material Weakness.**	The daily Xerox reconciliation issues have been resolved. Monthly reconciliations ensure a three-way match between Cross Roads, Xerox, and the state accounting system. VDH confirmed with Xerox that the Virginia WIC program would be tested in the current SOC 1, Type 2 review. Xerox also provided confirmation to OFHS it was compliant with Payment Card Industry Data Security Standards (PCI DSS). These requirements are designed to ensure that all companies that process, store, or transmit credit card information maintain a secure environment. OFHS also requested that Xerox quote the cost of providing a SOC-2,	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			Type 2 report. The estimate they received ranged from $182,000 to $278,000 depending on the extent of test work required by VDH. Based on federal cost principles, this expense would require pre-approval from the federal grantor. The U.S. Department of Agriculture informed VDH that it would be an allowable cost; however, they would not provide additional funding to cover the cost of review.	
	14-03	Record Accurate Time and Effort Reporting. **This is a Material Weakness.**	The Division of Administration continues to work with supervisors to ensure time and effort is monitored and reconciled in accordance with agency policy and federal requirements.	Completed (On Schedule)
	14-04	Complete Local Agency Monitoring Reviews. **This is a Material Weakness.**	Local agency monitoring evaluations for the two required independent local health departments were completed in March 2015. In addition, OFHS has completed local agency management evaluations for 16 of 33 local health departments that are organizational units of VDH.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-05	Submit Invoices for WIC Rebates and Medicaid Claims. **This is a Material Weakness.**	VDH resolved the system issue that prevented the collection of infant formula rebates in November 2014 and all rebates were billed and collected. The Medicaid billing issue was also resolved in the latest system release and OFHS has begun billing Medicaid for all allowable medical formula. There was no financial loss to VDH due to these issues.	Completed (On Schedule)
	14-06	Improve Controls over Federal Reporting WIC. **This is a Material Weakness and Repeat Finding.**	Reporting discrepancies were the result of operating two systems in the same state fiscal year, a state data outage, and the new system's inability to produce specific exception reports for non-reconciled food items. VDH stopped using the legacy system to issue benefits in May 2014 and resolved the reconciliation report issue with the latest system upgrade in March 2015. VDH successfully closed out its final report for federal fiscal year 2014 in February 2015. In addition, desk procedures have been developed with duties adequately segregated.	Completed (On Schedule)
	14-07	Improve Procurement Controls	VDH does not believe these were widespread or pervasive issues. VDH has communicated with all local health departments that they should review all small service contracts and submit quick quotes immediately for any that	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			exceeded $5,000. VDH will continue to provide training to all procurement staff that stresses the importance of complete contract files and detailed purchasing decisions.	
	14-08	Improve User Access Controls for ROAP System. **This is a Repeat Finding.**	The Division of Community Nutrition now maintains both e-mails and user forms for this system. System access continues to be monitored on a monthly basis and current access to the system is correct.	Completed (On Schedule)
	14-09	Improve Controls over Federal Reporting. **This is a Repeat Finding.**	The Office of Family Health Services developed both desk procedures for adequate reconciliations and instituted the proper segregation of duties.	Completed (On Schedule)
	14-10	Improve Internal Controls over the ROAP System Reconciliation Process for CACFP.	Corrective actions were completed in October 2014. The Office of Family Health Services developed both desk procedures for adequate reconciliations and instituted the proper segregation of duties.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-11	Review Subrecipient Single Audit Reports and Issue Management Decisions. **This is a Repeat Finding.**	VDH Division of Administration in OFHS is reviewing A-133 audit reports for FY 2014. Based on the timing of sub-recipient fiscal year and the Federal requirements for submission and review, OFHS is issuing management decisions as they are required and when the audit information is complete and available. Monitoring will be an on-going and continuous activity.	In Progress (On Schedule)
	14-12	Complete Subrecipient Monitoring Reviews. **This is a Repeat Finding.**	The Division of Community Nutrition has performed 69 percent of required site visits and monitoring reviews for required sub-recipients through March 10, 2015 (41 percent of the federal fiscal year).	Completed (On Schedule)
	14-13	Complete FFATA Reporting for CACFP. **This is a Repeat Finding**.	Desk procedures for FFATA reporting are complete. As of March 31, 2015, all subrecipients that have received more than $25,000 in federal funds in fiscal year 2015 have been reported.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-14	Improve Database Security. **This is a Repeat Finding**.	Applicable mitigating controls on ROAP were implemented over the past year. VDH has also implemented the security controls identified as part of the recommendation. Further, VDH has continued to update older server environments working with VITA/NG to decommission old equipment.	Completed (On Schedule)
	14-15	Improve Access Management to Information Systems	VDH/OIM is engaged in a quality improvement initiative to both streamline and improve its processes associated with granting and revoking system access as well as tracking employee asset inventory. OIM has compiled a comprehensive report showing user access for all our major applications. This report is currently being matched against VDH payroll file to verify if users are still active. While that is taking place a report is being broken down by District and will be sent to each Director to validate against the respective application. Once that is completed the next step will be to validate roles that are assigned to each user within those applications.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-16	Ensure Timely Security Awareness and Training	VDH has a formal Information Security Awareness Training Policy that was provided along with expected dates of completion to all Office and Health Directors by the VDH ISO. Certification of training by VDH users is a requirement by each District or Office. These Certifications are provided via the Information Security Portal. Subsequently, this requirement will be maintained on an annual basis requiring certification by June 30 of each calendar year.	Complete (On Schedule)
	14-17	Improve VNAV Reconciliation and Confirmation Process	VDH OFM has taken the following steps: 1. The Payroll Reconciliation Accountant was hired and started at VDH on May 25, 2015. 2. VDH developed procedures by the Accounts Payable and Payroll Operations Director, which were provided to the Payroll Reconciliation Accountant when she started with VDH.	Complete (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-18	Enforce Business Rules in Human Resource Transactions	OIM found the system bypassed Deputy Commissioner approval only on transactions created for employees who had prior temporary pay actions that had already ended-not on all Temporary Pay Extend actions. Defect #2668 was created in order to rectify Temporary Pay Begin and Temporary Pay Extend issues related to these actions. This defect was fixed, tested and then was passed on January 15, 2015. There have not been any Temporary Pay Begin or Extend actions in this category effective January 15, 2015 through March 16, 2015.

Wage-Other These actions were not requiring Deputy Commissioner approval. OIM fixed this system issue along with Defect #2668. There have not been any Wage-Other actions created effective January 15, 2015 through March 16, 2015.

Wage-Removal These actions were not requiring Deputy Commissioner approval. OIM fixed this system issue along with Defect #2668. There have not been any Wage-Removal actions created effective January 15, 2015 through March 16, 2015.

Pre-Disciplinary Leave-Extend were not requiring Deputy Commissioner approval. OFM fixed this system issue along with Defect #2668. There have not been any Pre-Disciplinary Leave-Extend | Completed (On Schedule) |

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			actions created effective January 15, 2015 through March 16, 2015. Each of these actions will be included in the audit list to be reviewed each month and reported to the HR Division Director for Policy & Audit.	
	14-19	Improve Documentation to Support Salary Changes	Work Units are reminded to print and file closed employee and position actions in the official personnel file during semi-annual HR-Net meetings. Additionally, job aids created for these transactions now include that the work unit is responsible for filing these transactions. These job aids are located on the VDH intranet site.	Completed (On Schedule)
	14-20	Improve Controls over Human Resources Transactions	Prior to this finding, though a text field for Reason for Request was provided, it was not required for the transactions in question. OHR worked with OIM to require a Reason for Request on all future actions. Source/Fund Changes were not requiring justification to support the transaction. Defect #2965 was created, tested and then passed on December 28, 2014 to require justification in the "Reason for Request" area on the HR9 (Position) transaction for these Actions. There have been 191 Change Fund Source transactions effective December 28, 2014 through March 16, 2015. A random sample of 10% (19) of the transactions was reviewed	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			and all of the transactions included a Reason for Request which matched the guidance issued. Other Position Changes were not requiring justification to support the transaction. Defect #2970 was created, tested and then passed on December 28, 2014 to require justification in the "Reason for Request" area on the HR9 (Position) transaction for these Actions. There have been 13 Other Position Changes effective December 18, 2014 through March 16, 2015, and all of the transactions included a Reason for Request which matched the guidance issued. Each of these actions will be included in the audit list to be reviewed each month and reported to the HR Division Director for Policy & Audit.	
	14-21	Improve Controls over Reporting Account Receivables	The Office of Financial Management will continue to publish and provide guidance on the year end cut-off and financial reporting schedule.	Completed (On Schedule)
	14-22	Complete FFATA Reporting for Preparedness Grants	The FFATA reporting is current; however, the DUNS number discrepancy continues despite continued reporting of an error in the federal system.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Department of Medical Assistance Services (DMAS)				
2014	14-01 13-02	Improve Access Reviews of the Medicaid Management Information System. **This is a Repeat Finding.**	DMAS will conduct an annual review for its MMIS users. DMAS will develop an automated process to provide system owners and/or employee managers a user listing with assigned privileges for annual review, and document resulting annual reviews for its MMIS system. This effort is dependent upon the purchase and implementation of an automated tool to assist in providing for System Owner and Data Owner reviews to occur more routinely on a documented basis. The Information Management (IM) Division is exploring other options at this time, to determine if existing DMAS-owned COTS products may satisfy this review requirement. OCS is planning a manual work-around if software tools are not available to automate the effort by the due date.	In Progress (Delayed)
	14-02	Create Formal Document that Facilitates Controlling Privileges in the Medicaid Management Information System	DMAS will conduct an annual review of the MMIS users and develop an automated process to annually review the process of assigning privileges.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-03	Identify a Back-up for Medicaid Management Information System Administration and Document the Process	DMAS has designated a backup ISO for administering MMIS access. The backup performs the following functions: Change a cluster (add/delete) Add a new cluster Remove a cluster A new APEX application to manage the MMIS access clusters was developed and put into production on May 11, 2015. The input to the application is authorized by the user's management OCS has also documented the process for administering MMIS access.	Completed (Delayed)
	14-04	Correct Operating Environment and Security Issues Identified by their Security Compliance Audit	DMAS has resolved 10 of the 15 findings from the Security Compliance Audit.	In Progress (On Schedule)
	14-05	Strengthen Financial System Application Access	The corrective action plan is partially complete as follows: The Fiscal Division plans to examine existing staffing roles and needs of the division and the agency, re-evaluate the respective responsibilities assigned in the Financial System Application and redefine those requiring more restrictions to functions and/or menus in the Financial Systems applications modules currently in use. The IM Division addressed the fiscal services administrator's role by designing a new role.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			called DMAS_FISCAL_ADMIN, which provides the minimum access needed to provision user accounts. IM revoked the financial services administrator's access to the SYSADMIN role. A new application has been created to review the application access logs and the SYSADMIN logs are now sent to the DBA Manager and the ISO (Security Help email ID) on a monthly basis. The Fiscal Division continues to work on a matrix that will document the capabilities of each responsibility in use and any potential conflicts with other modules and/or responsibilities.	
	14-06	Confirm that Application Access is Appropriate	DMAS Fiscal Division has established a new semiannual review process to access CARS and ARS accesses.	Completed (On Schedule)
	14-07	Rates Used by the System Should be Supported by a Signed Contract with the Same Rates	DMAS has confirmed the rates paid were the correct rates. The discrepancy between the conect rates and the rates in the contract totaled $418, an error rate of 0.00002 percent. DMAS finalized the contract amendments for the three MCO plans with incorrect rates in the contract in February 2015.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Department of Social Services (VDSS)				
2013	13-08*	Automate an Eligibility Control	Action on this use remains underway. No change in status to report this quarter.	In Progress (Delayed)
2014	14-01	Document IT Systems Backup and Restoration Policy and Procedure	The Division of Information Systems has developed the IT Backup and Restoration Policy manual and form for use when restores of databases are requested.	Completed (On Schedule)
	14-02	Monitor Actions of Employees Granted Temporary Access in FAAS	Procedures were developed to limit the granting of temporary system authorities to extraordinary circumstances and then only on the approval of the CFO, effective June 2015.	Completed (On Schedule)
	14-03	Ensure Compliance with the Federal Funding Accountability and Transparency Act	Corrective action for this item is complete. A checklist of scheduled reporting deadlines, including those for FFATA, has been implemented by the Controller and Federal Accounting Manager to reduce the risk of an overdue or missed report.	Completed (On Schedule)
	14-04 13-05	Review User Accounts and Privileges for Mission Critical Systems. **This is a Repeat Finding.**	At the end of this quarter, the APECS annual review was 99.92% complete. The lone outstanding account is being actively worked. OASIS verification was in progress.	In Progress (Delayed)
	14-05	Develop Workable Solutions to Maintain Appropriate Balance of Internal Controls. **This is a Repeat Finding.**	The CISO no longer grants access that circumvents business controls without first being provided a list of data to be changed by authorized users, the System Owner approval, and in the case of IRS/SSA data involvement the email approval of the Agency Head.	Completed (On Schedule)

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

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-06	Implement and Monitor a Change Management Process for Sensitive Applications. **This is a Repeat Finding.**	The Change Management tool is now in use by the Change Advisory Board members. Weekly CAB meetings are being conducted to review changes and notifications of changes are triggered via the change management tool. The CAB members have recognized that this is an adjustment to the overall process and minor modifications have been identified for the Change Management Guidelines and a revised version of the guideline is in review. Retrospective Change recording has been added to the process.	Completed (On Schedule)

Department of Game and Inland Fisheries (DGIF)

2014	14-01	Properly Make Prior Year Adjustments and Record Year-End Revenue	The Planning and Finance Director has had initial discussions on this matter and there are plans to schedule a follow up meeting to involve other staff. DGIF has drafted policies and procedures based on DOA recommendations and is working toward final adoption.	In Progress (On Schedule)
	14-02	Create Policies and Procedures for Multiple Areas in the Agency	DGIF has already drafted several policies and procedures and have spent the last few months evaluating these drafts against future requirements/opportunities of CARDINAL, eVA, and internal systems' updates.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-03	Improve Controls for Fixed Asset Management	DGIF has established a set inventory schedule and updated specific policies and procedures for the fixed asset / inventory control function. These policies and procedures, along with defined inventory coordinators from the regional offices, are pending final approval of the Executive Director.	In Progress (On Schedule)
	14-04	Perform a Physical Inventory At Least Every Two Years	DGIF has established a set schedule for conducting physical inventories in accordance with the three year requirement. DGIF will also provide cross training of select individuals at both the Headquarters office and regional offices in the appropriate physical inventory requirements, to avoid future delays to the inventory schedule.	In Progress (On Schedule)
	14-06 12-05 11-04 10-03	Improve Internal Controls over System Access **This is a Repeat Finding.**	DGIF has initiated corrective actions to enhance the system security efforts on several fronts. DGIF began leveraging the NG-VITA Partnership's ticketing system (HP Service Center) to record, track and document all account requests and system access requests, and to serve as a monitoring tool until an Acceptable Use Agreement Form has been obtained from the user	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-07	Conduct Thorough Review of Contribution Snapshot Prior to Certification	DGIF has increased staff training, established a backup for this critical responsibility, and begun developing a more formal procedure to properly document these requirements. Human Resources staff has also worked to ensure PMIS is consistently up to date.	In Progress (On Schedule)
	14-08	Establish an Internal Records Retention Policy	DGIF has begun identifying what areas need to have unique records retention schedules for the type of documents and reports processed by our agency, while also providing a more central focus on educating staff and coordinating compliance with regards to the general records retention schedule for the Commonwealth.	In Progress (On Schedule)

Department of Conservation and Recreation (DCR)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014 Special Review	14-01 Acct-01	Define Fiscal Governance Structure	DCR is embedding the Director's Delegation of Authority within each specific policy document. The agency will update its policy on policies to indicate such.	Completed (On Schedule)
	14-02 PYRL-01	Develop Policies and Procedures Defining Payroll Service Bureau (PSB) Agreement	The payroll CIPPS Policy #222 was signed by the Agency Director on June 30, 2015.	Completed (On Schedule)
	14-03 PYRL-02	Ensure Compliance with the PSB Scope of Services Agreement	CIPPS Policy #222 was signed by the DCR Director on June 30, 2015.	Completed (On Schedule)
	14-05 PYRL-CERT-01	Improve Payroll Pre-Certification Process	The payroll CIPPS Policy #222 was signed by the Agency Director on June 30, 2015.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-06 PYRL-CERT-02	Develop Payroll Post-Certification Process	The payroll CIPPS Policy #222 was signed by the Agency Director on June 30, 2015.	Completed (On Schedule)
	14-12 Armics-01	Improve Controls over ARMICS Certifications to Comptroller	ARMICS process will be completed for fiscal year 2015 and certification submitted to DOA by September 30, 2015.	In Progress (On Schedule)
	14-13 Armics-02	Ensure ARMICS Documentation is Accurate	ARMICS process will be completed for fiscal year 2015 and certification submitted to DOA by September 30, 2015.	In Progress (On Schedule)
	14-14 Armics-03	Complete ARMICS Requirements	ARMICS process will be completed for fiscal year 2015 and certification submitted to DOA by September 30, 2015.	In Progress (On Schedule)
	14-22 TAX-02	Record Sales Tax Collections Properly in CARS	Policy #224 – Collection, Recordation, and Payment of Sales Tax was signed by the Agency Director on June 30, 2015. In addition, the DCR plans to use Fund 0263 for sales tax instead of Fund 0100 since general funds would revert prior to tax being able to be paid to Taxation at fiscal year end.	Completed (On Schedule)
	14-23 AP-01	Update Accounts Payable Policies and Procedures	DCR is still in the process of finalizing the Accounts Payable Policy.	In Progress (On Schedule)
	14-30 LPTC-01	Properly Reconcile Land Preservation Tax Credit Payments	The CARS Reconciliation Policy was finalized and signed by the Agency Director in June 2015.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-44 Risk M-01	Provide Documentation of Losses on State Property to State Treasury Division of Risk Management Timely	DCR has designated a new Risk Management Coordinator. The Coordinator will ensure claims are submitted in a timely manner.	Completed (On Schedule)
	14-45 Risk M-02	Use Agency Risk Management Function for All Loss Claims	Policy forms are being finalized.	In Progress (On Schedule)
	14-63 Travel-03	Update Agency Vehicle Management Policies	Policy being finalized.	In Progress (On Schedule)
	14-68 Proc-01	Ensure Change Orders are Properly Approved	Policy still being finalized.	In Progress (On Schedule)
	14-69 Proc-02	Maintain All Required Procurement Documentation	Policy still being finalized.	In Progress (On Schedule)
	14-71 Proc-04	Ensure Proposal Evaluation Committees Properly Document Procurement Decisions	Policy still being finalized.	In Progress (On Schedule)
	14-72 Proc-05	Restrict the Use of Request for Proposal to Appropriate Situations	Policy still being finalized.	In Progress (On Schedule)
	14-73 Proc-06	Maintain Required Documentation Justifying Use of Competitive Negotiation	Policy still being finalized.	In Progress (On Schedule)
	14-78 IT-04	Document IT Backup and Recovery Policies	DCR plan is being finalized.	In Progress (On Schedule)
	14-81 IT-07	Ensure Internal Auditor is Not Performing IT Management Functions	Recruitment for positions is ongoing.	In Progress (On Schedule)
	14-83 IT-09	Update Information Technology Policies	DCR IT policies are awaiting final review and approval before being submitted for the Director's signature.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-89 HR-01	Update Human Resource Policies and Procedures	The DCR Director signed the following HR policies on June 30, 2015: #306 Hours of Duty – Work Schedule; #319 Employee Counseling; #324 Employee Removals; #325 Employee Layoffs; #332 Workplace Harassment; #333 Telework. Additional HR policies are in final review.	In Progress (On Schedule)

Department of Alcoholic Beverage Control (ABC)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2013	13-01 12-02	Continue to Improve IT Governance Model and IT Project Prioritization Processes. **This is a Repeat Finding.**	ABC currently has a Portfolio Steering Committee that meets monthly to discuss all projects ongoing at the agency, which projects are funded, and what year they are funded/budgeted for. ABC is currently working on bringing back the IT Project Steering Committee for project prioritization - the current prioritization rests with the COO and Board.	In Progress (Delayed)
	13-02	Improve Database Security	ABC purchased Breach Insurance in March 2014. MOVE upgrade will be complete by February 2016. Currently working on an RFP for PeopleSoft Financials. Exception has been submitted to VITA, Mike Watson requested additional mitigating controls be implemented. ABC is working with VITA to implement those solutions. Once implemented, the risk exception will be in place.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Department of State Police (VSP)				
2011	11-01	Upgrade Unreliable and Unsupported Infrastructure Devices	VSP will continue mediation with VITA on this issue.	In Progress (On Schedule)
2014	14-01	Improve Motor Vehicle Inspection Program Web Application Security	VSP rectified the audit point pertaining to cryptographic hashing algorithms and will develop a plan to address the remaining issues.	In Progress (On Schedule)
	14-02	Remove Excessive Computer Permissions	The project to remove excessive permissions was completed March 1, 2015.	Completed (On Schedule)
	14-03 11-02 09-03	Continue to Upgrade Database System Software. **This is a Repeat Finding.**	Progress replacing MAPPER administrative applications has been slow due to lack of Information Technology (IT) resources and many other priorities, including replacement of the most critical systems. The remaining applications, such as Human Resources and Asset Tracking, will be large efforts, which will require additional personnel and funding.	In Progress (Delayed)
	14-04	Continue to Realign Information Security Officer with Industry Best Practices. **This is a Repeat Finding.**	VSP will keep the ISO position in the IT Division and require the ISO positon to oversee, implement, and enforce IS policy.	Completed (On Schedule)
	14-05	Improve Financial Management System Controls. **This is a Repeat Finding.**	VSP is reviewing the individual roles with the priority to eliminate the conflicting accesses.	In Progress (On Schedule)
	14-06	Improve Fixed Asset Internal Controls and Processes	VSP will begin an inventory of FAACS and develop a plan to ensure the existing asset management systems can be reconciled to FAACS.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-07	Improve Small Purchase Charge Card Controls	VSP has controls in place to monitor the SPCC program.	Completed (On Schedule)
	14-08	Improve Processes over Work Zone Project Billings	The Property and Finance Division will create a Fiscal Year database of existing contracts to track receipt of SP-286s against the contract's terms.	In Progress (On Schedule)
	14-09	Improve and Adhere to Record Retention Schedules	VSP will form a formal Records Retention Committee to confer with the record retention polies assigned by the Library of Virginia.	In Progress (On Schedule)

Department of Motor Vehicles (DMV)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2013	13-01* 12-01 11-02	Improve Database Management System Security. **This is a Repeat Finding.**	DMV is in the process of doing a DLCI Schema Data extraction/import scripting and documenting and scripting a data validation process.	In Progress (Delayed)
	13-02 12-03	Improve User Access Controls. **This is a Repeat Finding.**	DMV will review the accounts and privileges for the affected system on an annual basis or more frequently if needed. The review documents are being sent out during the week of July 6, 2015. Review, changes, compilation, etc. is expected to be completed by July 31, 2015. DMV will maintain the current year documentation for the review of accounts and privileges for the affected application. This documentation will be stored in the IT Security Office or other secure location.	In Progress (Delayed)

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

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01	Develop Database and Application Baseline Security Configurations	DMV is in the process of evaluating the best solution for this based on the latest information from Oracle. DMV deleted the affected accounts from the affected database. DMV will remediate the header information on the affected server. DMV will develop and implement security configurations for affected database. DMV will develop and implement appropriate configurations for the affected application. DMV will evaluate the need for requested configurations for other systems, based on risk and sensitivity. DMV will develop and implement appropriate configurations for other systems based on risk and sensitivity. DMV will apply configurations after to affected systems to ensure that security requirements are met.	In Progress (On Schedule)
	14-02	Improve Physical and Environmental Security Controls	DMV will ensure that adequate physical and environmental security controls are in place (water damage, physical access monitoring, etc.). DMV will develop clear procedures for locking rack doors, communicating procedures to personnel, inspecting the server rooms quarterly for compliance, preparing reports based on these inspections and providing copies of the report to CIO, Deputy CIO, AITR and others as appropriate.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			DMV will appoint a committee composed of facilities personnel and IT personnel to investigate the situation of using a water based fire suppression system without prompt controls to protect the IT systems from water damage. The DVM will prepare a report including recommendations, provide copies of the report to the CIO, Deputy CIO, AITR and others as appropriate. DMV will select and implement a solution or accept the risk.

DMV will review the options with regard to identifying and designating a dedicated resource to ensure adequate physical and environmental controls are implemented over sensitive systems and data | |
| | 14-03 | Improve IT Risk and Continuity Management Program | DMV will implement consistent risk and continuity policies and procedures for sensitive systems.

DMV will reconcile and correct MEF functions to BIA & COOP.

DMV will ensure BIA is revised to include the RTOs for the MEF's.

DMV will reconcile and correct the inconsistencies between the RTO's in the Agency COOP and the IT COOP. | In Progress (Delayed) |

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
			DMV will test the IT Disaster Recovery Plan, conduct the necessary review of CSS, and maintain all required documentation for user access controls.	
	14-04	Improve IT Security Audit Program Management	DMV has not started to address this audit finding.	In Progress (Delayed)
	14-05	Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access	DMV will ensure timely modification or removal of access when employees are separated from employment at DMV as well as ensure timely modification of access as employee roles and responsibilities change with the DMV Human Resource Office.	In Progress (Delayed)
			Quarterly, DMV will review access rights to CIPPS and PMIS to ensure they are appropriate based on the employee roles and responsibilities. DMV requests that the APA communicate with DHRM regarding a better way to access PMIS information on a routine basis rather than having to request a special report be run. It would be helpful if it was available on the Agency Repository in HurMan. This would give DMV the ability to review the report on an ongoing basis to ensure timely removal of employees who no longer should have access.	
			Effective January 15, 2015, the agency's System Access Request was revised to include CIPPS and PMIS as an additional reminder to the Security Administrator.	

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-06	Improve Retirement Contribution Snapshot Certification Process	Two employees, primary and back-up, have received all the training currently available by VRS related to MyVRS. When VRS provides additionally training, DMV will ensure they receive the training. When My VRS was rolled out to the agencies, there were unresolved issued within the system. VRS training was insufficient. Although payroll bulletins were provided, the VRS help desk could not provide detailed information when contacted. Based on feedback that VRS has received from the agencies, VRS is planning conducting hands-on training that DMV will attend. VRS is scheduled to provide written procedures this spring, well after agencies were required to go live with the system. Once VRS has provided detailed procedures, DMV will develop internal procedures. We have been informed that this issue affects all state agencies, and that APA will issue a Risk Alert to all agencies about this issue.	In Progress (Delayed)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-07	Improve Payroll and Leave Processing	Effective November 1, 2014, DMV implemented a totally automated time and leave processing system, ORACLE Time and Labor which DMV refers to as e-Time. With the new system, leave and wage time sheets will be processed more timely and will minimize or eliminate employees reporting their time and leave earned inaccurately. The system completes all overtime/compensation calculations. Moreover, submissions to the PSB will now be electronic eliminating the re-keying of payroll data at the Bureau.	Completed (On Schedule)
	14-08	Improve Management of Inactive Small Purchase Charge Cards	Effective January 15, 2015, DMV has incorporated procedures into the Small Purchase Charge Card program to ensure more timely review of cards in conjunction with the annual review and certification.	Completed (On Schedule)

Department of Rail and Public Transportation (DRPT)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
2014	14-01 13-01	Implement a Comprehensive Information Security Program. **This is a Repeat Finding.**	DRPT is progressing according to the Project Schedule.	In Progress (On Schedule)
	14-02	Properly Account for Internal Expenditure Adjustments	A new procedure was put in place to address the issue.	Completed (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
Department of Transportation (VDOT)				
2013	13-08	Improve Retirement Reconciliation Process	Procedures for reconciling VRS were implemented in FY 2014. Discrepancies are being addressed.	In Progress (Delayed)
2014	14-01	Improve Controls over Financial Reporting. **This is a Material Weakness and a Repeat Finding**.	Fiscal Division has requested all divisions supplying information to financial reporting to develop written procedures for preparing the information sent to Fiscal Division.	In Progress (On Schedule)
	14-02	Improve Web Application Security	Oracle Databse software update to the most current version was completed on March 21, 2015. Enhanced authentication for remote sessions connecting to InsideVdot was implemented on November 15, 2014.	Completed (On Schedule)
	14-03	Improve Information Security Officer Designation	VDOT is in the process of developing options for the re-assignment of the ISO function to ensure unrestricted access to the Commissioner, if needed.	In Progress (On Schedule)
	14-04	Improve Controls over Sub-recipient Monitoring. **This is a Repeat Finding**.	Local Assistance Division has amended the project agreement form to include the CFDA number. 2. The Assurance and Compliance Office is working with the localities to perform reconciliations of VDOT's pass through records to the subrecipients' Schedule of Federal Awards.	In Progress (On Schedule)

Latest Audit Year	Finding Number	Title of the APA Audit Finding	Current Status as Reported by Agency	Status Summary
	14-05	Improve Controls over FFATA Reporting. **This is a Repeat Finding**.	Additional queries and review procedures were implemented in December 2014.	Completed (On Schedule)
	14-06	Improve Restorative Maintenance Project Reviews	Policies and procedures for identification of restorative maintenance projects have been updated.	Completed (On Schedule)
	14-07	Improve the Voucher Review Process	The Accounts Payable procedures manual has been updated and training classes held with those who prepare payment vouchers.	Completed (On Schedule)
	14-08	Comply with the Code of Federal Regulations	The Federal Highway Administration approved the Utility Accommodation Policy on December 12, 2014.	Completed (On Schedule)

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Compliance Monitoring

Certification of Agency Reconciliation to CARS Reports

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

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in CARS. Certifications for March, April, May, and June were due 04/30/2015, 05/29/2015, 06/30/2015, and 07/17/2015 respectively.

Certifications Late or Outstanding
As of August 10, 2015

Agency	Mar	Apr	May	Jun
The Science Museum of Virginia				O/S
Virginia Commission for the Arts				07/27/2015
Frontier Culture Museum of Virginia				07/27/2015
Central State Hospital				07/27/2015
Southampton Correctional Center				07/27/2015
James River Correctional Center				07/292015
Southside Virginia Training Center				07/30/2015
Department of Corrections – Employee Relations and Training				08/03/2015
Fluvanna Women's Correctional Center				08/03/2015
Hiram W. Davis Medical Center				07/27/2015
Augusta Correctional Center				07/29/2015
Green Rock Correctional Center				07/27/2015
New College Institute				08/10/2015
Department of Fire Programs				07/27/2015

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

* The FY 2015 Year-End Closing Memorandum to the heads of all state agencies and institutions and all fiscal officers required that the final June Certification be received in the Comptroller's Office by 5:00 p.m. on July 17, 2015. E-mail and Fax copies were accepted on July 17th with the expectation that the original would be received by July 20, 2015.

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 June 30, 2015, all responses have been received within an acceptable timeframe, except as noted below.

Department of General Services – failure to respond to the *CARS and CARS FINDS Security Listing and Certification Report* and failure to respond to repeated follow-up communications from Department of Accounts staff. The completed certification required by the *CARS and CARS FINDS Security Listing and Certification Report* process was due to the Department of Accounts on April 30, 2015 and no response has been received to date.

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 June 30, 2015, no agencies failed to respond timely, make corrective action and/or provide additional information.

Trial Balance Review

As of June 30, 2015

Agency	Apr	May	Jun

None

Analysis of Appropriation, Allotments and Expenditures, and Cash Balances

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

DOA contacts agencies in writing about credit cash balances and appropriations versus expenditure anomalies. For the quarter ended June 30, 2015, no agency failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of June 30, 2015

Agency	Apr	May	Jun
None			

Disbursement Processing

During the quarter ended June 30, 2015, DOA deleted, at the submitting agency's request, 61 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments for returned items, payments with incorrect vendor information and payments of incorrect amounts. These types of transactions may point to areas where improved agency internal accounting controls should be evaluated.

Fourteen separate agencies requested deletes during the quarter. For the quarter, ended June 30, 2015, one agency requested more than four vendor payment deletions.
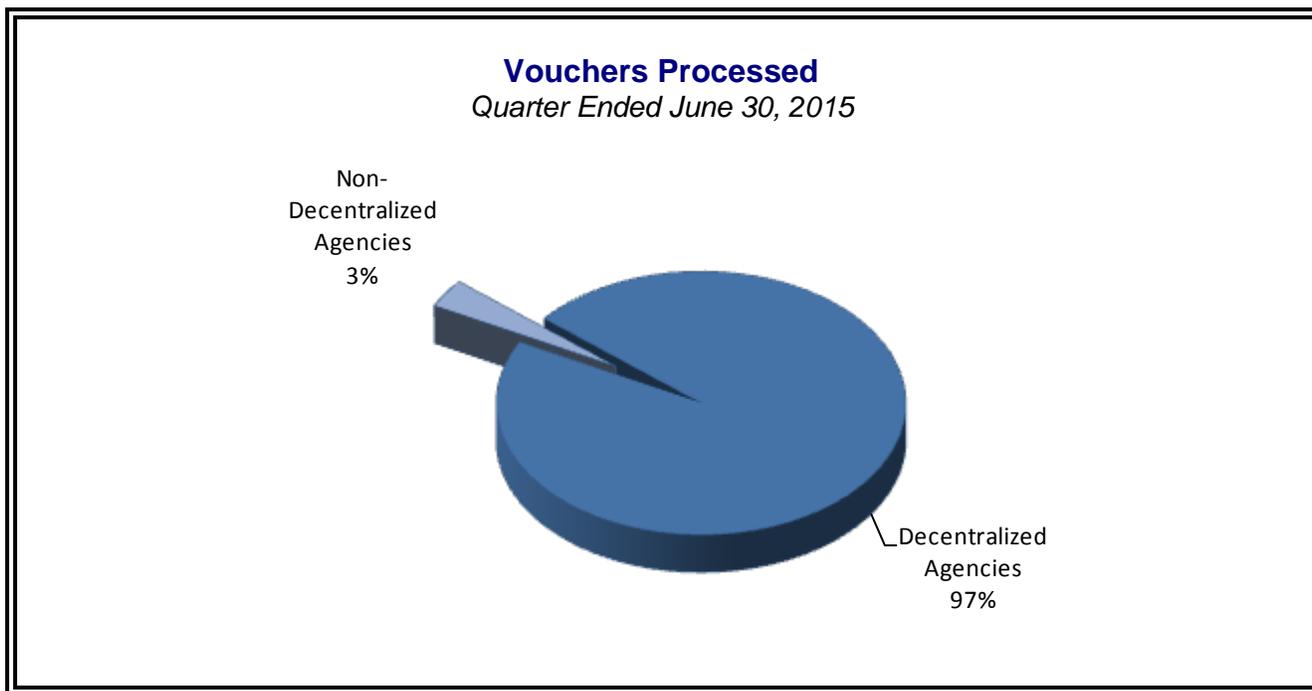
- Northern Virginia Community College (280)

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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.

Vouchers Processed
Quarter Ended June 30, 2015

Non-Decentralized Agencies 3%

Decentralized Agencies 97%

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

Decentralized Agencies

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

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

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

Agencies are evaluated for compliance with the following sections of the *Commonwealth Accounting Policies and Procedures* (CAPP) manual:

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

Agencies are generally selected each quarter using a systematic risk evaluation of all decentralized agencies. Three reviews were completed for decentralized agencies during this quarter.

Compliant Agencies

Danville Community College
Longwood University

Agencies Requiring Corrective Action

Virginia Western Community College

Corrective Actions Needed

Travel Reimbursement – Meals and Incidental Travel Expenses and Prompt Pay

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Non-Decentralized Agencies

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

During the quarter, DOA reviewed all non-decentralized agencies. A total of 552 non-travel disbursement batches and 166 travel disbursement batches were reviewed, disclosing four exceptions that were resolved prior to releasing the transactions for payment.

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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 June 30, 2015		Fiscal Year 2015 To-Date		Comparative Quarter Ended June 30, 2014	
	Late	Total	Late	Total	Late	Total
Number of Payments	5,405	617,237	21,490	2,325,347	20,753	2,291,934
Dollars (in thousands)	$ 39,215	$1,896,183	$128,691	$6,650,738	$ 107,816	6,228,451
Interest Paid on Late Payments				$26,542		
Current Quarter Percentage of Payments in Compliance				99.1%		
Fiscal Year-to-Date Percentage of Payments in Compliance				99.1%		
Comparative Fiscal Year 2014 Percentage of Payments in Compliance				99.1%		

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Prompt Payment Performance by Secretarial Area
Quarter Ended June 30, 2015

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.7%	99.0%
Agriculture and Forestry	99.7%	97.9%
Commerce and Trade	98.5%	99.0%
Education*	99.1%	97.9%
Executive Offices	99.4%	99.6%
Finance	98.9%	99.6%
Health and Human Resources	99.2%	96.5%
Independent Agencies	99.8%	99.8%
Judicial	99.9%	99.7%
Legislative	99.6%	99.1%
Natural Resources	99.1%	98.7%
Public Safety and Homeland Security	99.1%	98.9%
Technology	99.7%	99.9%
Transportation*	99.3%	97.4%
Veterans and Defense Affairs	99.1%	82.1%
Statewide	**99.1%**	**97.9%**

Prompt Payment Performance by Secretarial Area
Fiscal Year 2015

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.7%	99.3%
Agriculture and Forestry	99.6%	97.5%
Commerce and Trade	97.8%	97.4%
Education*	99.0%	98.2%
Executive Offices	99.2%	97.4%
Finance	99.6%	99.6%
Health and Human Resources	99.1%	98.2%
Independent Agencies	99.7%	99.7%
Judicial	99.8%	99.9%
Legislative	99.7%	98.4%
Natural Resources	99.3%	97.4%
Public Safety and Homeland Security	99.0%	98.1%
Technology	99.4%	99.9%
Transportation*	99.5%	96.5%
Veterans and Defense Affairs	98.7%	82.9%
Statewide	**99.1%**	**98.1%**

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

For the quarter ended June 30, 2015, the following agencies that processed 50 or more vendor payments during the quarter were below the 95 percent prompt payment performance standard.

Prompt Payment Compliance Rate
Agencies Below 95 Percent
Quarter Ended June 30, 2015

Agency	Late Payments	Total Payments	Payments in Compliance
Administration			
Compensation Board	4	66	93.9%
Education			
Cooperative Extension and Agricultural Research Services	10	180	94.4%
Gunston Hall	7	62	88.7%
Paul D. Camp Community College	33	443	92.6%
Thomas Nelson Community College	125	1,544	91.9%
Virginia Commission for the Arts	15	79	81.0%
Health and Human Resources			
Eastern State Hospital	176	1,828	90.4%
Southeastern Virginia Training Center	54	594	90.9%

For FY 2015, the following agencies that processed 200 or more vendor payments during the year were below the 95 percent prompt payment performance standard.

Prompt Payment Compliance Rate
Agencies Below 95 Percent
Fiscal Year 2015

Agency	Late Payments	Total Payments	Payments in Compliance
Commerce and Trade			
Virginia Employment Commission	364	6,593	94.5%
Education			
Frontier Culture Museum of Virginia	77	1,327	94.2%
Gunston Hall	19	225	91.6%

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 June 30, 2015			Comparative Quarter Ended June 30, 2014
	E-Commerce	Total	Percent	Percent
Number of Payments	2,246,844	2,541,401	88.4%	87.8%
Payment Amounts	$ 10,137,157,778	$ 10,719,117,460	94.6%	94.6%

|	Fiscal Year 2015 To-Date			Comparative Fiscal Year 2014
	E-Commerce	Total	Percent	Percent
Number of Payments	9,047,340	10,344,986	87.5%	86.9%
Payment Amounts	$ 38,380,107,357	$ 41,284,610,786	93.0%	91.4%

Financial Electronic Data Interchange (EDI)

The dollar volume of Financial EDI payments for the fourth quarter of FY 2015 was over $566 million (7 percent) more than the same quarter last year. The number of trading partner accounts increased by 10 percent from June 2014. The increase is due to efforts to convert state employee travel reimbursements from checks to electronic payments. In February 2013, Department of Accounts began a process efficiency that utilizes employee CIPPS banking for travel reimbursements. This increased the number of payments made via EDI and the number of trading partner accounts. In addition, enrollment by corporations, sole proprietors and grantees has increased significantly due to solicitation by Department of Accounts staff.

Financial EDI Activity

Financial EDI Activity	Quarter Ended June 30, 2015	Fiscal Year 2015 To-Date	Comparative Fiscal Year 2014 To-Date
Number of Payments	81,597	281,841	270,565
Amount of Payments	$ 8,925,388,150	$ 33,381,456,919	$ 31,801,655,322
Number of Invoices Paid	228,145	803,722	815,833
Estimated Number of Checks Avoided	129,721	452,881	438,437
Number of Trading Partner Accounts as of 06/30/15		150,848	136,764

EDI Payment Comparison
## FY 2014 – FY 2015

■2014 ■2015
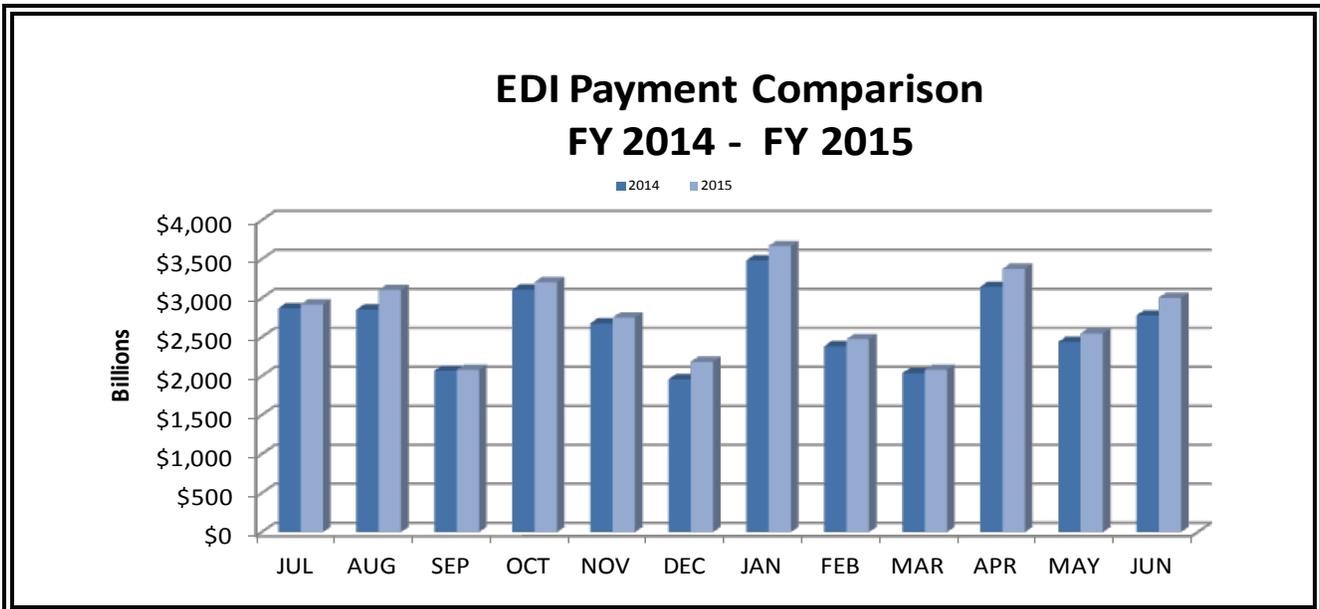
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. Per Chapter 806, 2013, Virginia Acts of Assembly §4-5.04 e.5. *State employees traveling on official business of state government shall be reimbursed for their travel costs using the same bank account authorized by the employee in which their net pay is direct deposited.*

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

effort to identify areas where EDI can be expanded.

In accordance with §4-5.04 f. of the Appropriation Act, the Comptroller charges agencies for each travel reimbursement check issued in lieu of Travel EDI. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether. For FY 2015, 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.

Travel EDI Growth
July 2014 - June 2015
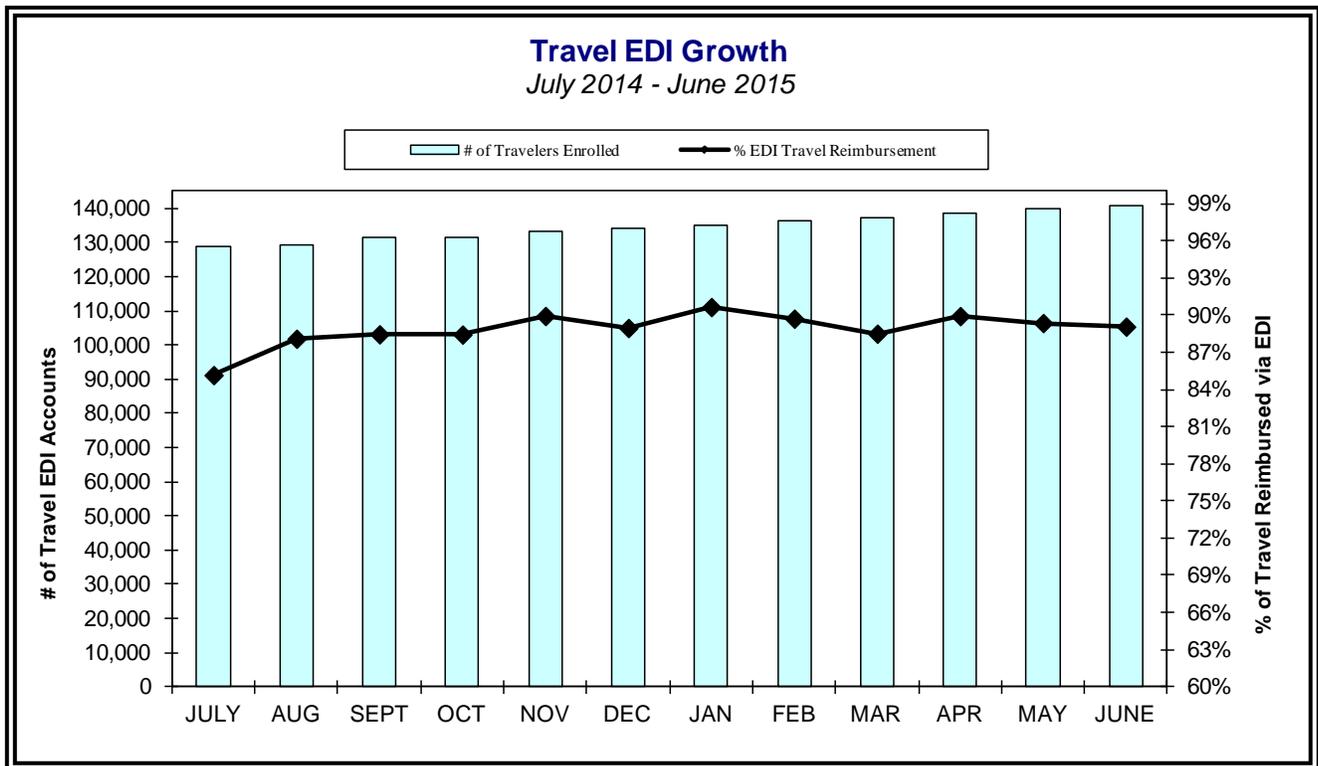
The following table lists by secretarial area the percentage of travel reimbursements that were made via EDI versus the number of checks that were written for travel reimbursements during the quarter. *The statistics are shown for employees and non-employees.* These statistics do not necessarily show non-compliance with the Appropriation Act requirements.

Travel Reimbursement
Travel EDI Performance by Secretarial Area
Quarter Ended June 30, 2015

Secretarial Area	Employee Percent	Non-Employee Percent	Reimbursement Checks Issued
Administration	98.9%	0.0%	12
Agriculture and Forestry	98.3%	8.9%	51
Commerce and Trade	99.2%	53.7%	59
Education (1)	95.5%	41.3%	1,069
Executive Offices	98.6%	5.9%	21
Finance (2)	100.0%	0.0%	12
Health and Human Resources	98.7%	21.4%	465
Independent Agencies	99.4%	30.0%	15
Judicial	92.7%	7.9%	1,246
Legislative	99.2%	27.3%	12
Natural Resources	98.4%	50.0%	40
Public Safety	91.6%	20.2%	507
Technology	96.3%	0.0%	7
Transportation (1)(2)	97.1%	46.7%	115
Veterans Affairs and Homeland Security	96.5%	69.3%	47
Statewide for Quarter	**96.0%**	**28.4%**	**3,678**

Fiscal Year 2015 To-Date

Statewide	**95.8%**	**28.2%**	**13,501**

Comparative
Fiscal Year 2014 To-Date

Statewide	**91.1%**	**31.2%**	**19,986**

(1) Statistics do not include agencies and institutions decentralized for vendor payment processing.
(2) Statistics include both travel and non-travel payments.

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

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

Agency Employee EDI Performance
Utilization Below 85 Percent

Agency	Percent	Reimbursement Checks Issued
Education		
Norfolk State University	72.7%	94
Public Safety		
Department of Military Affairs	75.7%	27
Department of Corrections	83.1%	61
Department of Juvenile Justice	76.6%	64

The following table lists agencies that issued more than 25 travel reimbursement checks during the quarter and had a non-employee EDI participation rate below 10 percent. **These statistics are informational only**. The expansion of EDI for non-employees is a cost savings opportunity for the Commonwealth.

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

Agency Non-Employee EDI Performance
Utilization Below 10 Percent

Agency	Percent	Reimbursement Checks Issued
Education		
Norfolk State University	0.0%	41
Longwood University	0.0%	101
Health and Human Resources		
Department of Social Services	2.1%	92
Judicial		
Circuit Courts	6.1%	418
Virginia State Bar	0.4%	269
Public Safety		
Department of Criminal Justice Services	7.8%	47

The following table lists agencies that have accumulated more than $250 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 2015, the charge is $5 per check. These statistics indicate noncompliance with §4-5.04f of the Appropriation Act which requires that all employees likely to travel more than twice per year be reimbursed for travel costs using electronic data interchange.

Agency Non-Compliance Travel Check Charges
Utilization Below 80 Percent

Agency	Percent	Year-to-date Charges
Education		
Norfolk State University	72.7%	$625.00

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Direct Deposit

During the fourth quarter of FY 2015, 516,332 checks were avoided using direct deposit. Effective August 1, 2008, direct deposit was mandated for all new hires. Agencies may mandate direct deposit for all eligible employees at their discretion. All agencies have attained a salaried direct deposit performance rate of at least 98% and will be reported only if performance drops below that rate during the quarter.

Direct Deposit Performance by Secretarial Area
Quarter Ended June 30, 2015

Secretarial Area	Direct Deposit % of Salaried Employees	Direct Deposit % of Wage Employees
Administration	100.0%	100.0%
Agriculture and Forestry	99.6%	98.0%
Commerce and Trade	99.9%	99.3%
Education	99.7%	98.2%
Executive Offices	100.0%	100.0%
Finance	99.7%	99.0%
Health and Human Resources	99.8%	99.2%
Independent Agencies	99.7%	100.0%
Judicial	99.8%	90.9%
Legislative	99.8%	100.0%
Natural Resources	99.8%	98.7%
Public Safety and Homeland Security	99.6%	98.6%
Technology	100.0%	100.0%
Transportation	100.0%	99.8%
Veterans and Defense Affairs	99.5%	99.2%
Statewide	**99.7%**	**98.4%**

Comparative *Quarter Ended June 30, 2014*		
Statewide	**99.8%**	**97.9%**

Statewide Salaried Direct Deposit Performance
Quarter Ended June 30, 2015

Salaried Direct Deposit Participation	99.7%

Salaried Direct Deposit Below 98 Percent

Agency	Percent	Number of Employees
Education		
J. Sargeant Reynolds Community College	94.4%	575
Public Safety and Homeland Security		
St. Brides Correctional Center	95.0%	280

Statewide Wage Direct Deposit Performance
Quarter Ended June 30, 2015

Wage Direct Deposit Participation	98.4%

Wage Direct Deposit Below 90 Percent

Agency	Percent	Number of Employees
Education		
Virginia Highlands Community College	88.1%	109
Radford University	87.0%	361
Norfolk State University	77.7%	879
Judicial		
Combined District Courts	87.5%	16
General District Courts	84.9%	186

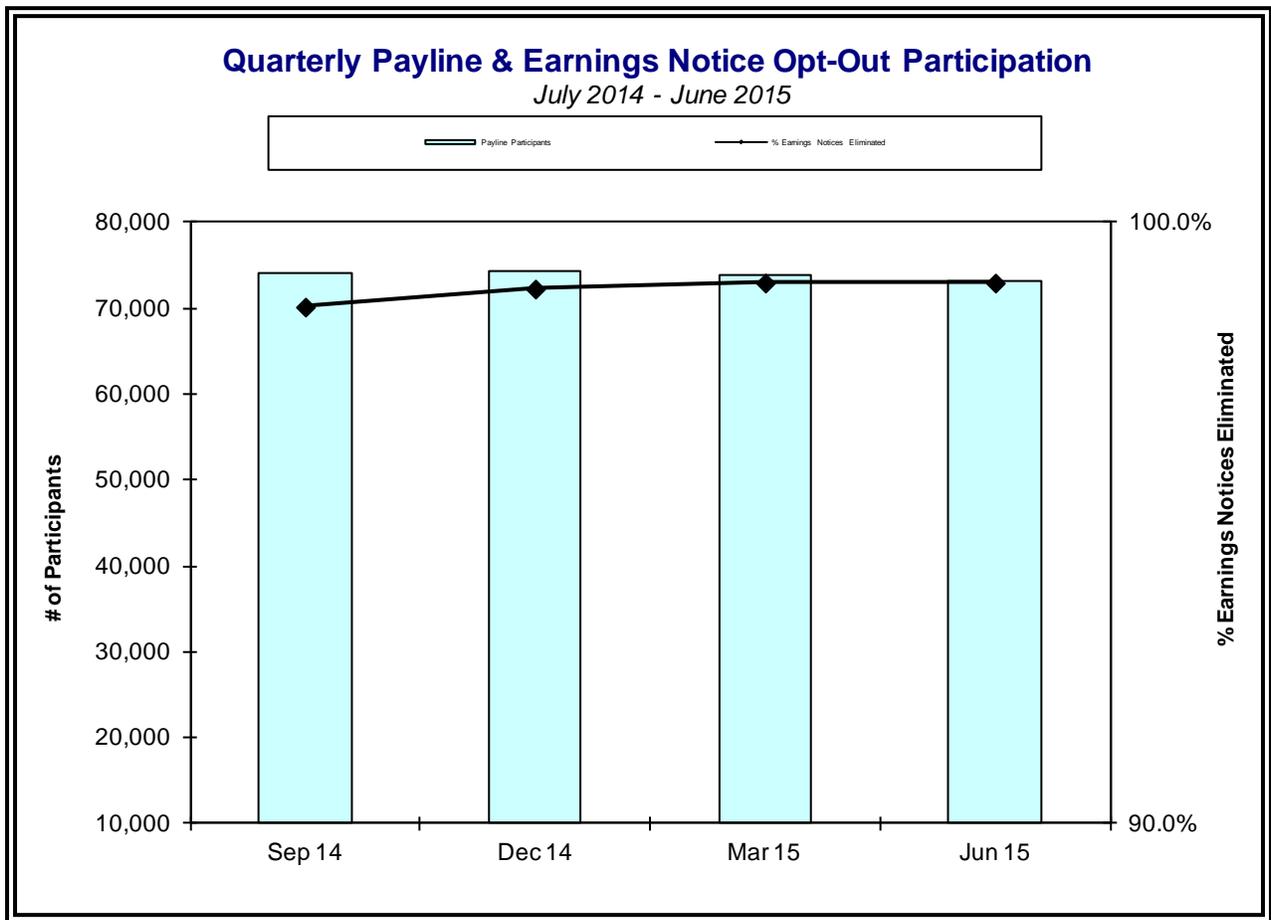❖ ❖ ❖ ❖ ❖

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 15,250,281 earnings notices.

Quarterly Payline & Earnings Notice Opt-Out Participation
July 2014 - June 2015

	Payline Participants	% Earnings Notices Eliminated

# of Participants

	Sep 14	Dec 14	Mar 15	Jun 15
80,000				
70,000				
60,000				
50,000				
40,000				
30,000				
20,000				
10,000				

% Earnings Notices Eliminated — 100.0% to 90.0%

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

Payline and Earnings Notice Opt-Out Participation
by Secretarial Area
Quarter Ended June 30, 2015

Secretarial Area	Percent Payline Participation	Percent Earnings Notices Eliminated*
Administration	89.3%	100.0%
Agriculture and Forestry	87.9%	90.0%
Commerce and Trade	97.9%	99.5%
Education	77.1%	100.0%
Executive Offices	93.9%	100.0%
Finance	98.4%	100.0%
Health and Human Resources	94.0%	100.0%
Independent Agencies	95.4%	100.0%
Judicial	86.0%	93.0%
Legislative	69.2%	75.8%
Natural Resources	76.2%	97.7%
Public Safety and Homeland Security	91.3%	100.0%
Technology	97.7%	100.0%
Transportation	96.7%	100.0%
Veterans and Defense Affairs	71.1%	71.4%
Statewide	**87.9%**	**99.0%**

Comparative		
Quarter Ended June 30, 2014		
Statewide	**86.7%**	**98.2%**

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

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

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

Most agencies elected a global opt-out in response to the January 1, 2009, mandate. As of June 30, 2015, the following agencies have not met the established goal of 90% for eliminating earnings notice print.

Earnings Notice Elimination

| Agency	Percent Earnings Notices Eliminated QE 06/30/2015	Percent Earnings Notices Eliminated QE 03/31/2015
Agriculture and Forestry		
Department of Forestry	88.2%	81.0%
Commerce and Trade		
Department of Small Business and Supplier Diversity	77.8%	72.2%
Judicial		
Circuit Courts	71.9%	77.2%
General District Courts	87.7%	91.5%
Natural Resources		
Marine Resources Commission	53.3%	51.3%
Veterans and Defense Affairs		
Virginia Veterans Care Center	27.6%	28.8%

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Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than $50,000. Use of the purchasing charge cards decreases the number of checks issued and the associated administrative costs of processing invoices. Suppliers benefit from expedited receipt of payments and reduced billing costs. The Small Purchase Charge Card continues to be used for purchases under $5,000. Agencies are strongly encouraged to obtain a Gold Card for use for purchases up to $50,000.

The Department of Accounts has a third charge card tool called ePayables. This program allows payments processed through CARS for vendors enrolled in the ePayables program to convert their payment to a card thus increasing the card program's spend.

The total amount charged on SPCC, Gold and ePayables cards during the fourth quarter of FY 2015 increased by $10.7 million or 7 percent from the same quarter last year.

Small Purchase Charge Card Program

Charge Card Activity	Quarter Ended June 30, 2015	Fiscal Year 2015 To-Date	Comparative Fiscal Year 2014 To-Date
Amount of Charges	$ 164,714,612	$ 574,511,394	$ 538,884,271
Estimated Number of Checks Avoided	216,159	787,778	781,255
Total Number of Participating Agencies		195	200
Total Number of Cards Outstanding		14,734	14,825

Charge Amount Comparison
FY 2014 - FY 2015
□2014 ■2015
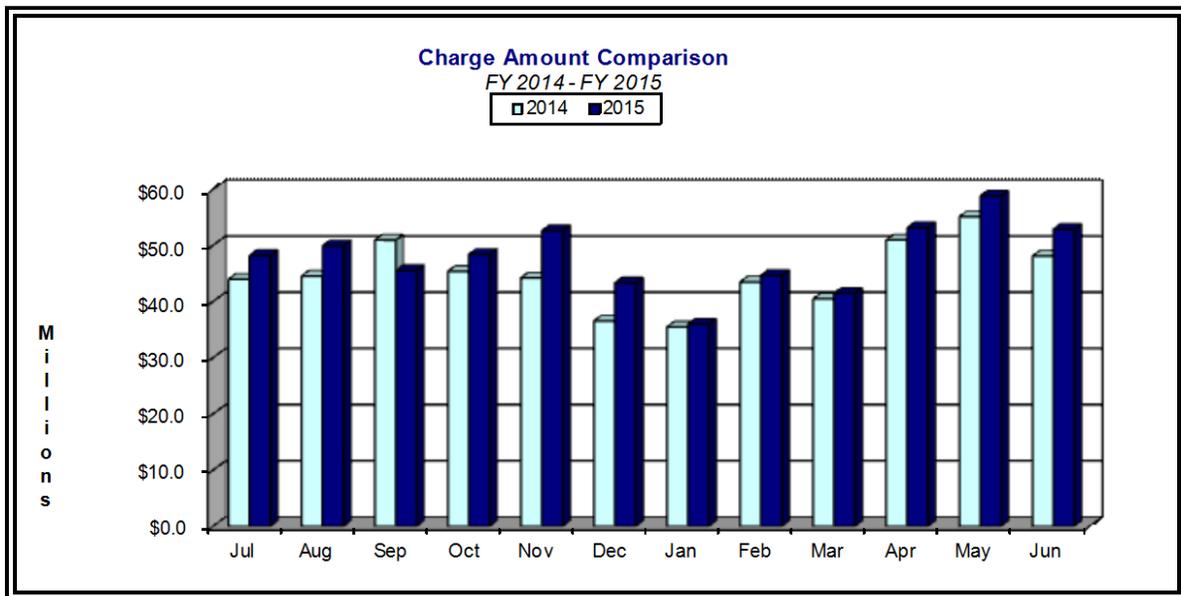
Maximum use of the SPCC program, in conjunction with other e-commerce initiatives, is essential to the statewide effort to reduce the costs associated with paying for goods and services for the Commonwealth.

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

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

All payments under $5,000 processed through CARS and not placed on the purchase card will be matched against VISA's vendor base in excess of 26 million merchants based on the vendor name. As part of the new monitoring process, enhancements will be made to the matching process.

Each agency will receive a report of payments to participating suppliers which should have been paid by the SPCC from DOA. Questions regarding the data can be e-mailed to cca@doa.virginia.gov. The Department of Accounts appreciates agencies' efforts to make this initiative a statewide success.

Statewide SPCC Performance
Quarter Ended June 30, 2015

Percentage Utilization for Eligible Transactions	**87%**

SPCC Utilization by Secretarial Area

Quarter Ended June 30, 2015

Secretarial Area	Payments in Compliance [1]	Non-Compliant Transactions [2]
Administration	89%	450
Agriculture and Forestry	96%	171
Commerce and Trade	75%	609
Education*	86%	6,722
Executive Offices	95%	61
Finance	96%	156
Health and Human Resources**	91%	3,181
Independent Agencies	82%	599
Judicial	41%	2,127
Legislative	97%	43
Natural Resources	93%	848
Public Safety	94%	2,443
Technology	89%	34
Transportation*	77%	6,120
Veterans and Defense Affairs	98%	48
Statewide	**87%**	**23,612**

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

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

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

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

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Agency SPCC Performance
Utilization Below 70 Percent

Agency	Payments in Compliance	Non-Compliant Transactions
Commerce and Trade		
Virginia Employment Commission	36%	546
Education		
Norfolk State University	42%	1,287
Thomas Nelson Community College	60%	495
Health and Human Resources		
Central Virginia Training Center	65%	342
Independent Agencies		
State Corporation Commission	20%	419
Judicial		
Board of Bar Examiners	0%	39
Circuit Courts	0%	193
Combined District Courts	0%	182
General District Courts	0%	786
Juvenile and Domestic Relations District Courts	0%	482
Magistrate System	0%	107
Virginia Criminal Sentencing Commission	0%	36

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Agencies and institutions participating in the Charge Card program are required to submit Bank of America VISA payments via EDI no later than the 7th of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) business days is reported. For the month of April, this represents the bill date of April 15, 2015, with the payment due no later than May 7th.

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

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

Agency	April	May	June

Purchase Card Program:

Administration
State Board of Elections		X	

Education
Frontier Culture Museum of Virginia	X		
Virginia Commission for the Arts			X
Virginia Western Community College	X	X	

Finance
Department of Taxation		X	

Public Safety
Keen Mountain Correctional Center		X	

Transportation
Department of Transportation	X		

Airline Travel Card Program:

Commerce and Trade
Department of Mines, Minerals and Energy			X

Education
Radford University			X
Thomas Nelson Community College	X	X	
Virginia Western Community College		X	

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Travel Charge Card

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

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

The contract provides for the following actions on delinquent accounts:

- 30 days past due – noted on statement, letter sent to the cardholder.
- 31 - 60 days past due – charging privileges are temporarily suspended until balance is paid.
- 61 - 90 days past due – the account is permanently closed. Cardholder is no longer eligible to participate in the program.

The following table identifies the number of delinquent card accounts with Bank of America by agency during the quarter ended June 30, 2015, and the total amounts past due.

Travel Charge Card Program

As of June 30, 2015

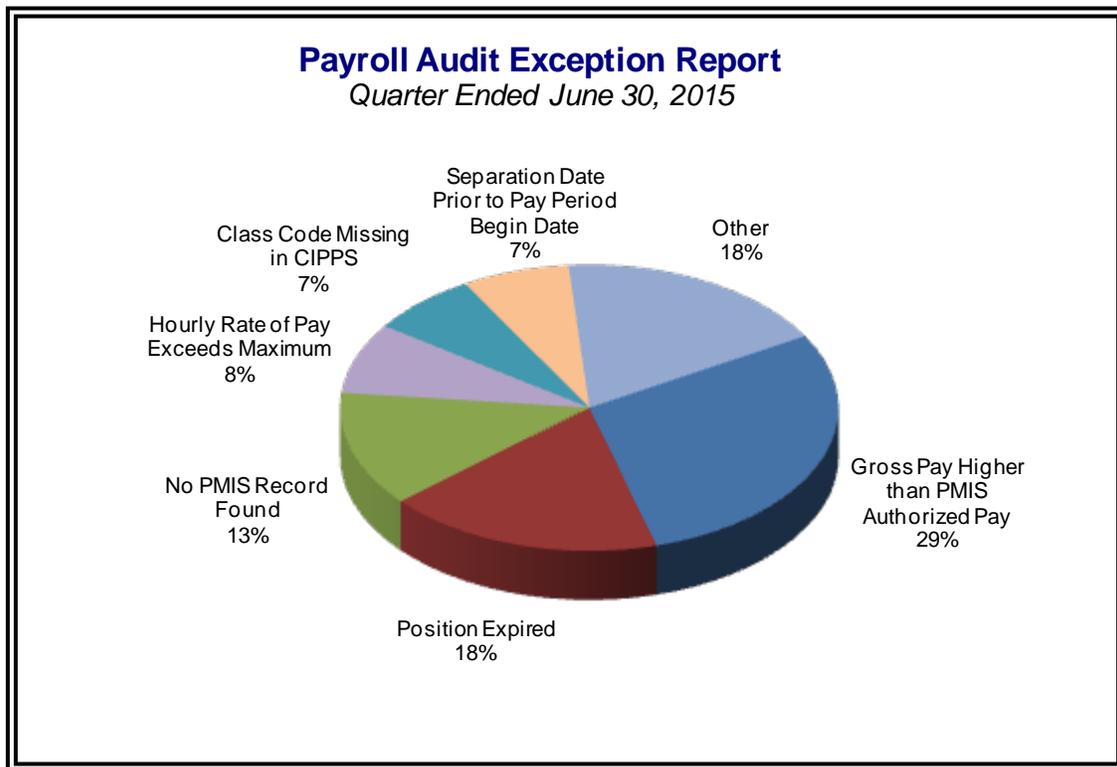| Agency	Total Delinquent Accounts	Amounts 60 Days Past Due	Amounts 90-120 Days Past Due	Amounts >150 Days Past Due
Commerce and Trade				
Department of Housing and Community Development	1	682	0	0
Education				
Longwood University	1	14	0	0
Norfolk State University	1	0	684	0
Old Dominion University	2	864	0	0
Virginia Commonwealth University	8	6,403	213	0
Virginia Military Institute	2	0	1,988	0
Virginia Museum of Fine Arts	1	819	0	0
Virginia Polytechnic Institute and State University	3	873	0	0
Virginia State University	1	51	0	0
University of Virginia	1	431	0	0
Health & Human Resources				
Commonwealth's Attorneys' Services Council	1	313	866	0
Department for Aging and Rehabilitative Services	1	48	0	0
Department of Medical Assistance Services	1	1,188	527	0
Independent Agencies				
Virginia Retirement System	1	231	0	0

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Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 336,439 salaried pay transactions and 125,980 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 3,181 new exceptions noted statewide during the quarter, with an overall exception rate of 0.61%.

The statewide salaried payroll exception rate was 0.67% and the wage payroll exception rate was 0.44%. During this quarter, 6 employee paychecks were reduced to recover $3,058.60 in overpayments.

While the largest cause of exceptions is the processing of payments to employees whose salary in PMIS is less than the amount paid to them in CIPPS, the second largest cause of exceptions is the processing of payments to employees whose expiration date has not been updated in PMIS. 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.

Payroll Audit Exception Report
Quarter Ended June 30, 2015

- Separation Date Prior to Pay Period Begin Date 7%
- Other 18%
- Class Code Missing in CIPPS 7%
- Hourly Rate of Pay Exceeds Maximum 8%
- No PMIS Record Found 13%
- Gross Pay Higher than PMIS Authorized Pay 29%
- Position Expired 18%

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 June 30, 2015

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
New River Community College	26	3.80%
Central Virginia Community College	25	3.34%
Total Salaried Payroll Exceptions for the Quarter		**0.67%**

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

**Total Quarterly Salaried Exceptions**
June 2013 - June 2015
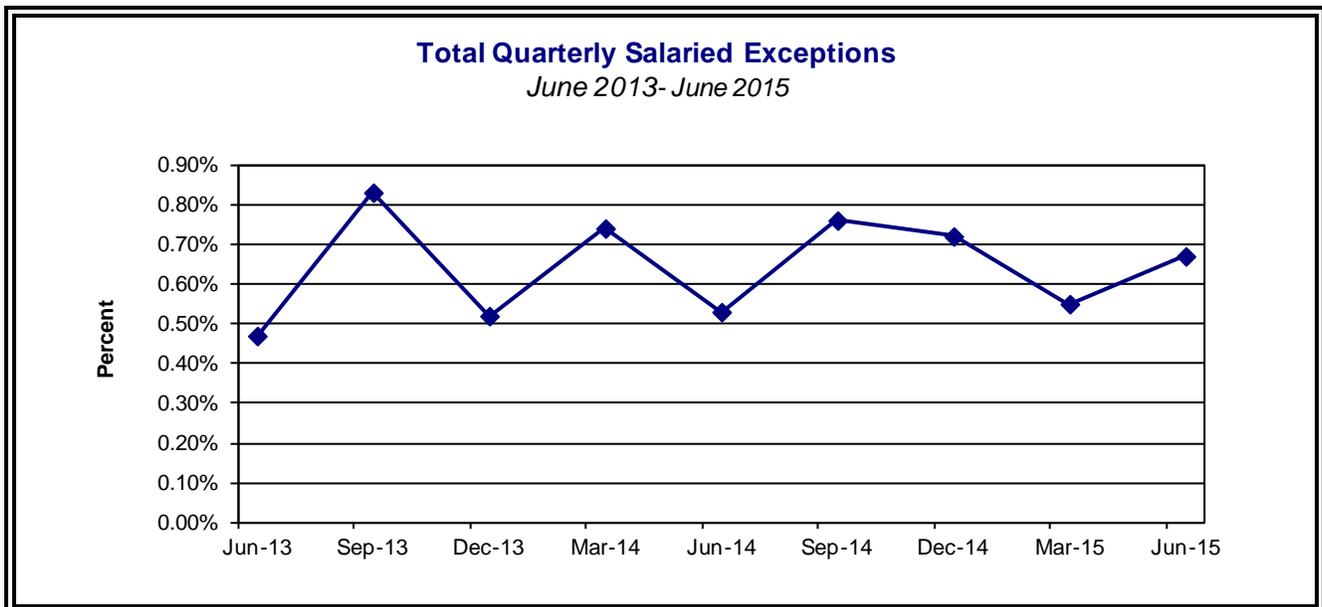
Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended June 30, 2015

Agency	# of Wage Exceptions	Exceptions as a % of Wage Payments
NONE		

Total Wage Payroll Exceptions for the Quarter	**0.44%**

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

Total Quarterly Wage Exceptions
June 2013- June 2015

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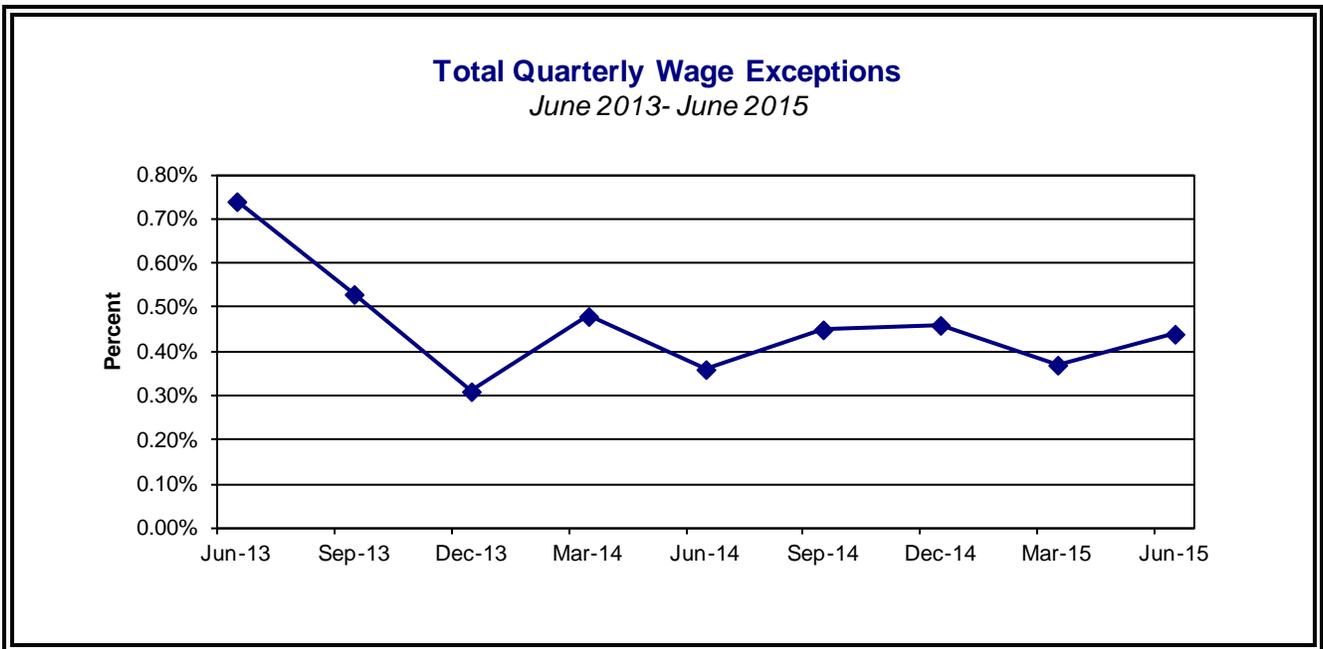
CIPPS/PMIS Exceptions

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

Agency	Unresolved Exceptions
Education	
Tidewater Community College	5
Lord Fairfax Community College	5
Health & Human Resources	
Eastern State Hospital	7
Northern Virginia Training Center	6

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

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

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

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

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

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

Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
Education				
Piedmont Virginia Community College	$82,282			
Thomas Nelson Community College	106,538			3
Health and Human Resources				
Department of Health	381,545			
Legislative				
Senate of Virginia			2	
Public Safety				
Wallen's Ridge Correctional Center	30,472			

Columns show the following:

(a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than $20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.

(b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.

(c) The number of certifications that were submitted or altered later than the daily deadline.

(d) The number of times DOA made corrections to agency certifications during the quarter.

Employee health care fringe benefits costs are covered by a combination of agency-paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* package to DOA by the close of the month following the month of coverage. This reconciliation annotates differences between health care eligibility records (BES) and health care premium payments collected through payroll deduction. The following table lists those agencies that did not comply with reporting requirements.

Health Care Reconciliations
as of June 30, 2015

Agency	Incomplete*	Errors*	Late
Science Museum of Virginia			1
Central Virginia Community College			1
Germanna Community College			1
Mountain Empire Community College			1
Southwestern Virginia Mental Health Institute			1
Department of Corrections - Employee Relations & Training Division			1

*Agencies that do not comply within the grace period or with more than two occurrences over the most recent 5-month period are reported.
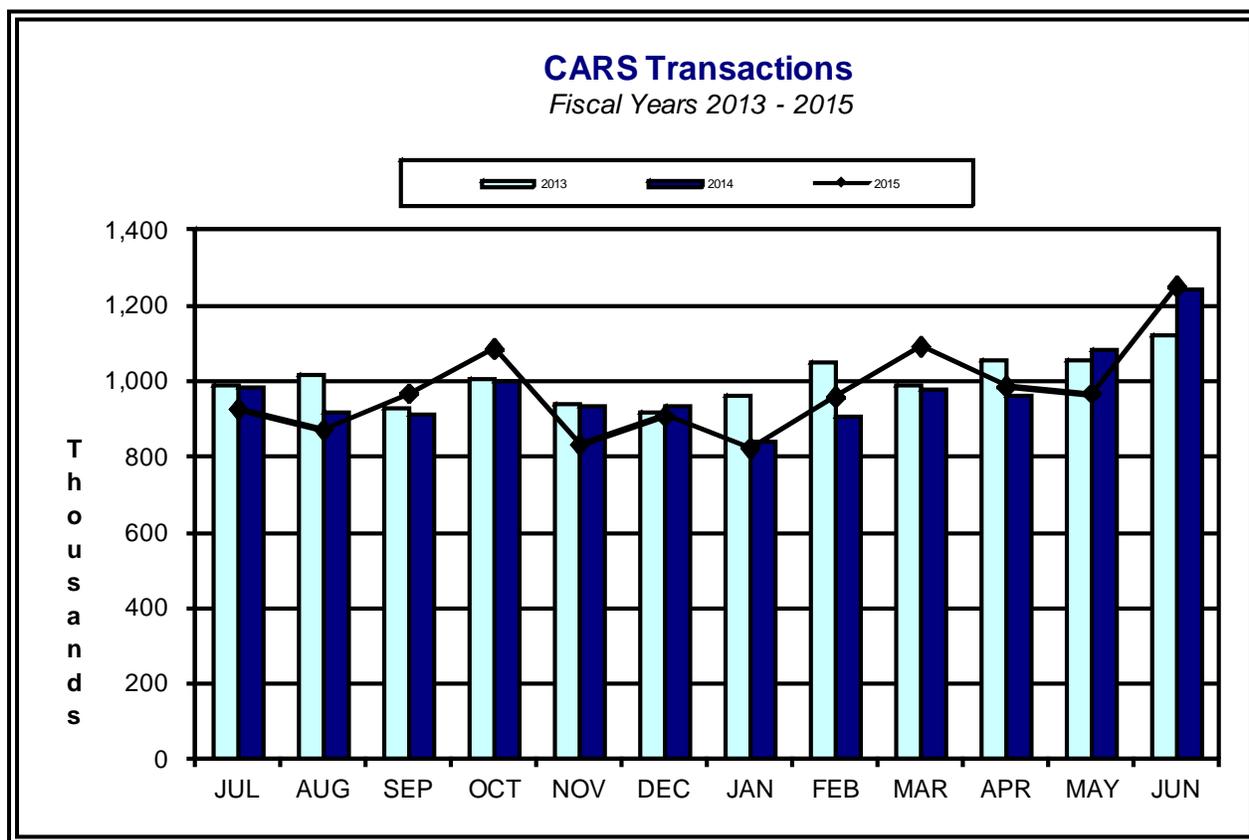
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DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts receivable, indirect cost recoveries, treasury loans, and the Fixed Asset Accounting and Control System (FAACS).

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 Transactions
Fiscal Years 2013 - 2015

Legend: 2013, 2014, 2015

(Bar and line chart showing Thousands on the y-axis from 0 to 1,400, months JUL through JUN on the x-axis)
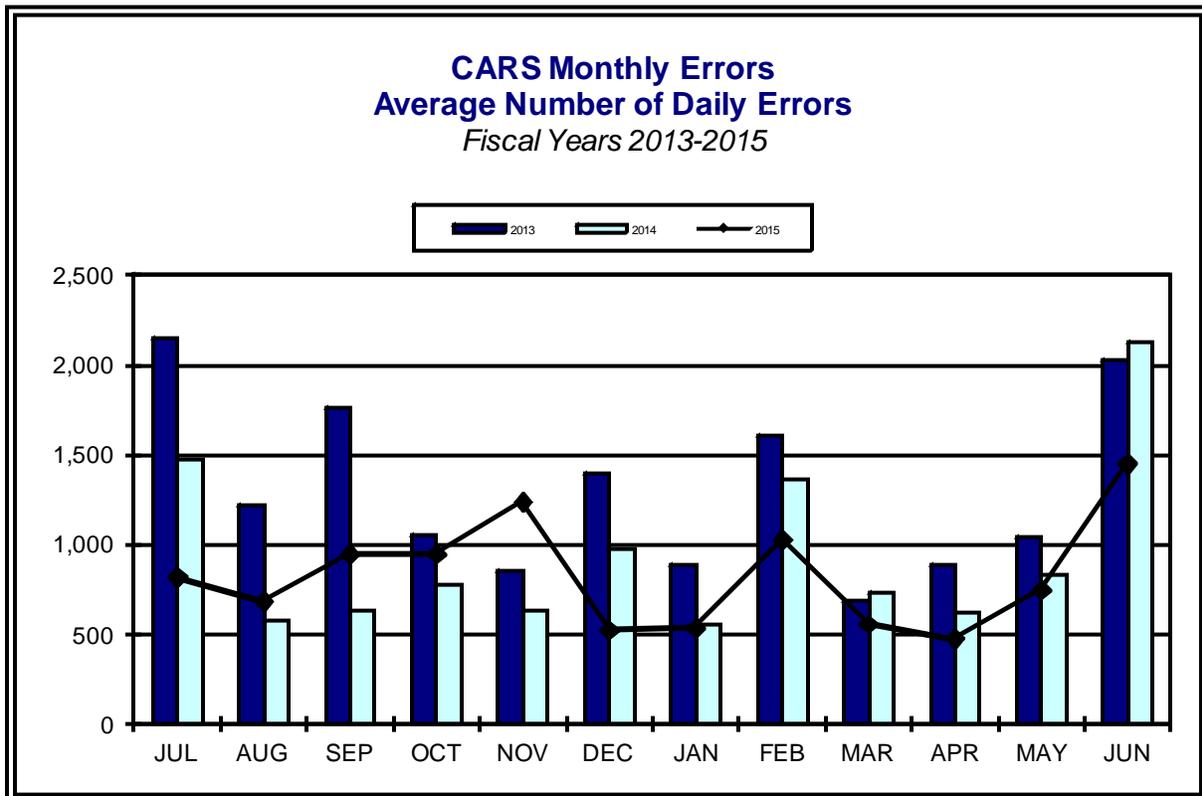
CARS Edits

One of the most important management tools used by DOA is the monitoring of CARS errors generated by standard system edits. Batches remain on the error file until problems are resolved, which, for disbursement transactions, can lead to noncompliance with prompt payment standards and poor vendor relations. During the fourth quarter of FY 2015, the most frequent reasons cited for transactions processing to the error file were:

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

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.


CARS Monthly Errors
Average Number of Daily Errors
Fiscal Years 2013-2015

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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 103,072 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 91,270 employees were paid each month, of which 67,596 were salaried employees.

Commonwealth Integrated Payroll / Personnel System (CIPPS) Statistics
July 2014 - June 2015

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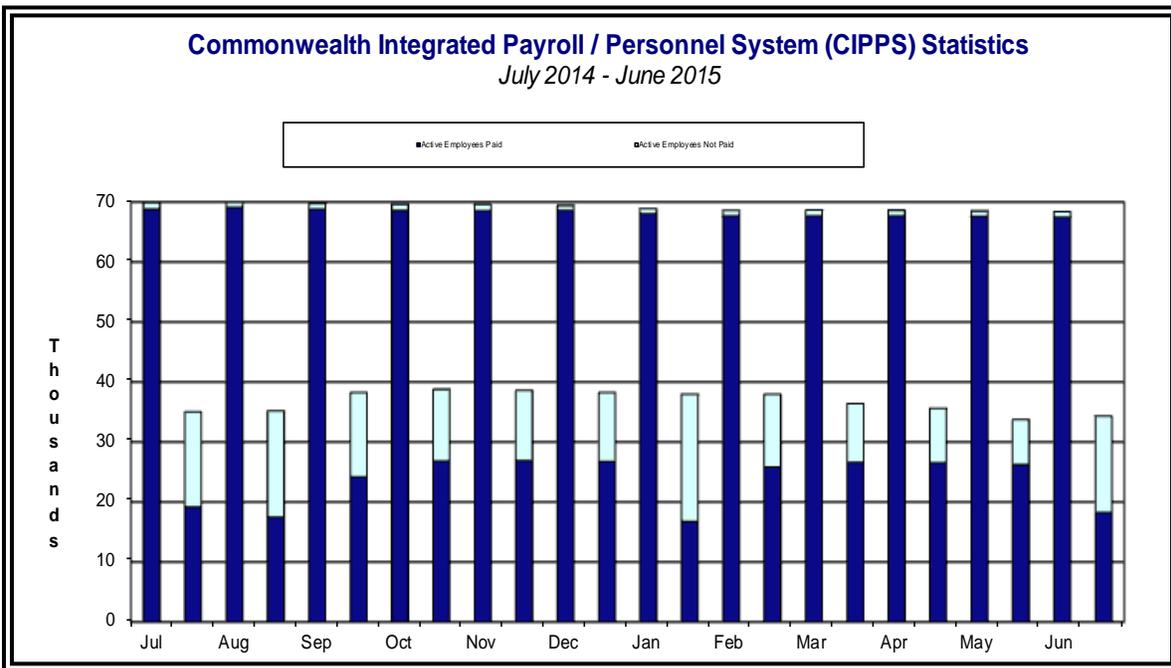
Note: The first bar for each month represents salaried employees, and the next bar represents wage employees. Not all active employees are paid on a current basis. Examples would include employees on extended leave without pay and adjunct faculty not teaching during the current semester.

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

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

Benefit Participation
Number of Participating Employees

Benefit	As of 6/30/2015	Comparative	
		As of 6/30/2014	As of 6/30/2013
Health Care**			
COVA Care	77,489	79,098	76,023
COVA Health Aware	4,193	3,636	N/A
Kaiser	2,093	2,111	2,061
Tricare	55	59	43
Optional Retirement Plans**			
Fidelity Investments	603	581	566
TIAA/CREF	1,561	1,535	1,515
Political Appointee - ORP	109	79	44
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	41,008	43,804	43,575
Hybrid 457 Voluntary D/C Plan	522	N/A	N/A
Flexible Reimbursement**			
Dependent Care	934	964	830
Medical Care	9,545	10,040	8,457

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

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Accounts Receivable

Executive Summary

The *Code of Virginia* § 2.2-4800 et seq. requires the Department of Accounts, along with the Office of the Attorney General, to oversee, report on, and monitor the Commonwealth's accounts receivable program. In order to carry out this responsibility, DOA has issued policies and procedures on accounting, collecting, reporting, and writing off accounts receivable. In addition, DOA provides technical assistance to agencies and institutions and uses statistical analyses and audit reports to monitor the on-going effectiveness of agencies in managing their accounts receivable.

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

Commonwealth agencies and institutions reported adjusted gross receivables of $2.73 billion at March 31, 2015, with $2.18 billion considered collectible. Receivables over 60 days past due as of March 31, 2015, totaled $561.2 million. Of that amount, $24.2 million was placed with private collection agencies, $34.1 million was placed with the Division of Debt Collection and $502.9 million was retained in-house for additional collection efforts.

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

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

Gross, Past Due, and Collectible Receivables
March 2014 - March 2015
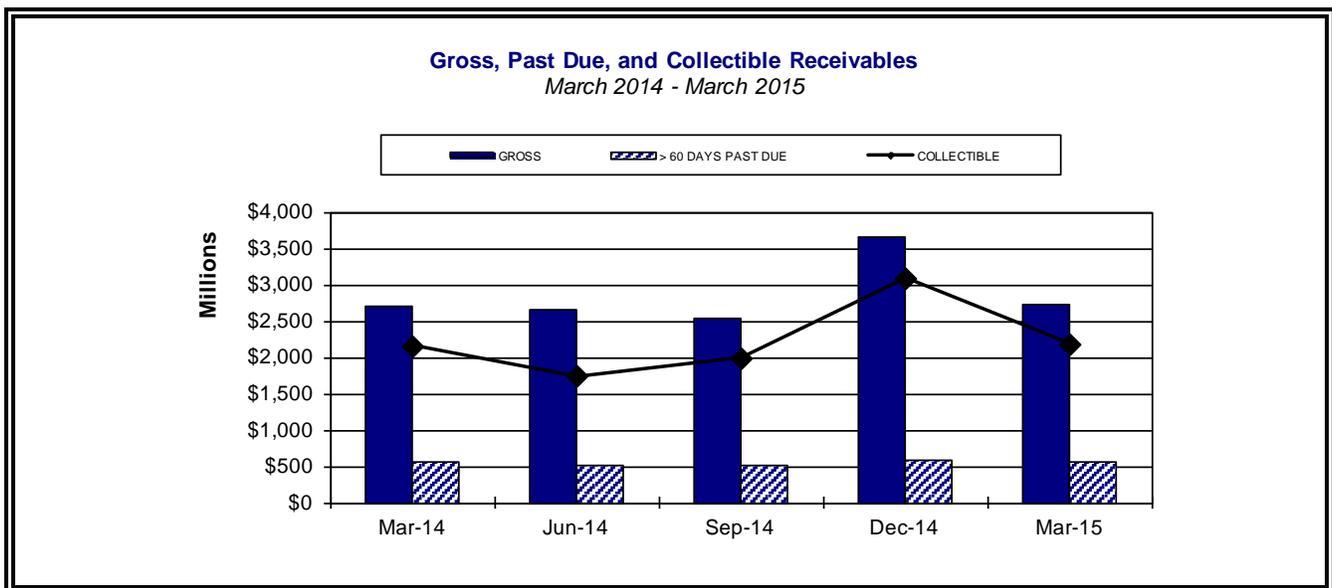
As of March 31, 2015, agencies expected to collect $2.18 billion (80 percent) of the $2.73 billion adjusted gross receivables. About 1 percent is due to the General Fund, primarily for benefit recoveries and sales of permits.

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

Collectible Receivables by Fund
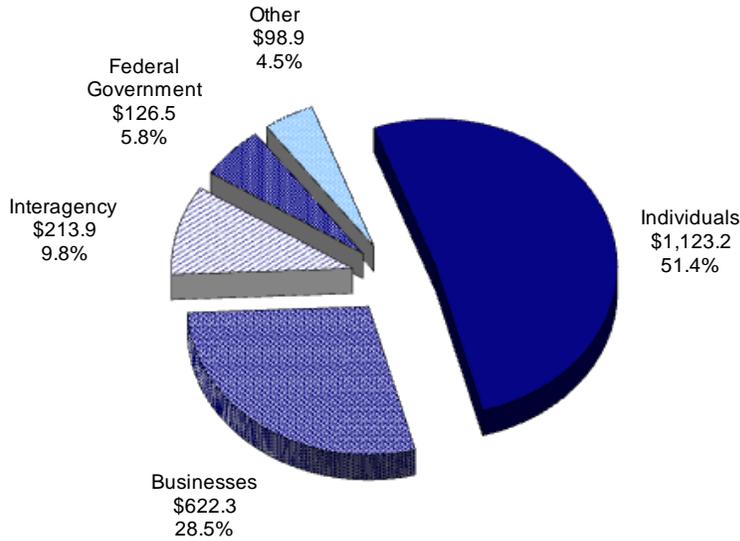*Not Including Circuit Courts, District Courts, or Department of Taxation*
As of March 31, 2015

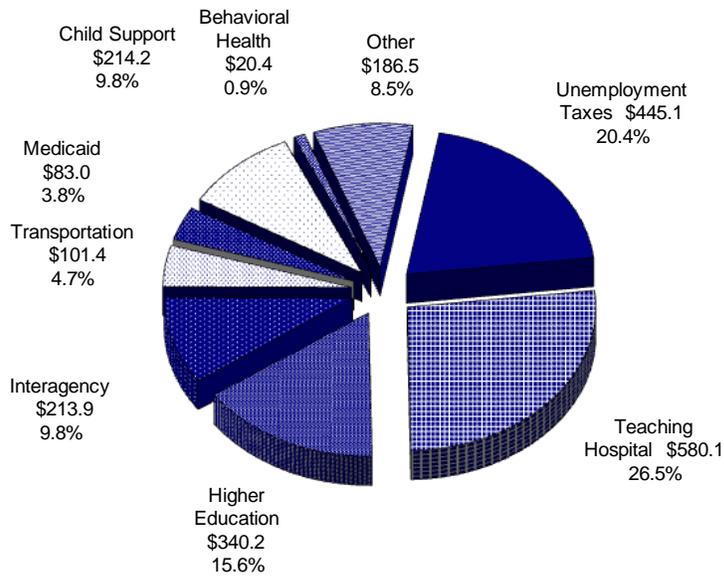| Fund	Source	Amount	Percent
General Fund **1%**	Medicaid - Current Recoveries	$ 13,518,810	50%
	Social Services	3,423,236	13%
	State Police Permits	3,642,990	14%
	Corrections	1,650,746	6%
	Labor and Industry Inspections	772,918	3%
	Other	2,273,983	9%
	Subtotal	25,282,683	95%
	Interagency Receivables	1,356,576	5%
	Total General Fund Collectible	**$ 26,639,259**	**100%**
Nongeneral Funds **99%**	Medicaid - Dedicated Penalty Fees	$ 59,011,878	3%
	Medicaid - Federal Reimbursements	10,421,418	1%
	Unemployment Taxes *	445,143,257	21%
	Transportation	101,382,110	4%
	Child Support Enforcement	214,213,719	10%
	Federal Government	36,756,557	2%
	DBHDS Patient Services	20,357,365	1%
	Hospital	580,110,250	26%
	Enterprise	86,939,508	4%
	Higher Education	340,231,865	16%
	Other	50,975,972	2%
	Subtotal	1,945,543,899	90%
	Interagency Receivables	212,570,966	10%
	Total Nongeneral Fund Collectible	**$ 2,158,114,865**	**100%**
All Funds	**Grand Total**	**$ 2,184,754,124**	**100%**

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

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor
(dollars in millions)
As of March 31, 2015

Other
$98.9
4.5%

Federal
Government
$126.5
5.8%

Interagency
$213.9
9.8%

Individuals
$1,123.2
51.4%

Businesses
$622.3
28.5%

Sources of Collectible Receivables by Type
(dollars in millions)
As of March 31, 2015

Child Support
$214.2
9.8%

Behavioral
Health
$20.4
0.9%

Other
$186.5
8.5%

Unemployment
Taxes $445.1
20.4%

Medicaid
$83.0
3.8%

Transportation
$101.4
4.7%

Interagency
$213.9
9.8%

Teaching
Hospital $580.1
26.5%

Higher
Education
$340.2
15.6%

Not counting Taxation and the Courts, ten agencies account for 84 percent of the Commonwealth's adjusted gross and 81 percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary

Not Including Circuit Courts, District Courts, or Department of Taxation
As of March 31, 2015

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	$ 650,075,531	$ 23,039,050	$ 627,036,481
Virginia Employment Commission	495,878,226	46,342,158	449,536,068
Department of Social Services	613,320,266	377,937,991	235,382,275
Virginia Polytechnic Institute and State University	102,162,247	3,043,648	99,118,599
Department of Transportation	93,661,426	3,547,312	90,114,114
Department of Medical Assistance Services	120,220,444	37,268,338	82,952,106
Virginia Lottery	72,839,106	-	72,839,106
Virginia Commonwealth University	49,326,306	5,941,424	43,384,882
Virginia Community College System	48,132,750	3,302,514	44,830,236
Department of Behavioral Health & Development Services	46,209,243	25,851,878	20,357,365
Total	**$ 2,291,825,545**	**$ 526,274,313**	**$ 1,765,551,232**
All Other Agencies	439,693,912	20,491,020	419,202,892
Grand Total	**$ 2,731,519,457**	**$ 546,765,333**	**$ 2,184,754,124**

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 $32.5 million during the quarter ended March 31, 2015. The Division of Debt Collection contributed $2.2 million. Private collection agencies collected $3.3 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected $27.0 million.

Private collection agencies returned $7.9 million of accounts to agencies, and the Division of Debt Collection discharged $2.9 million of accounts and returned $17.1 million of accounts to agencies.
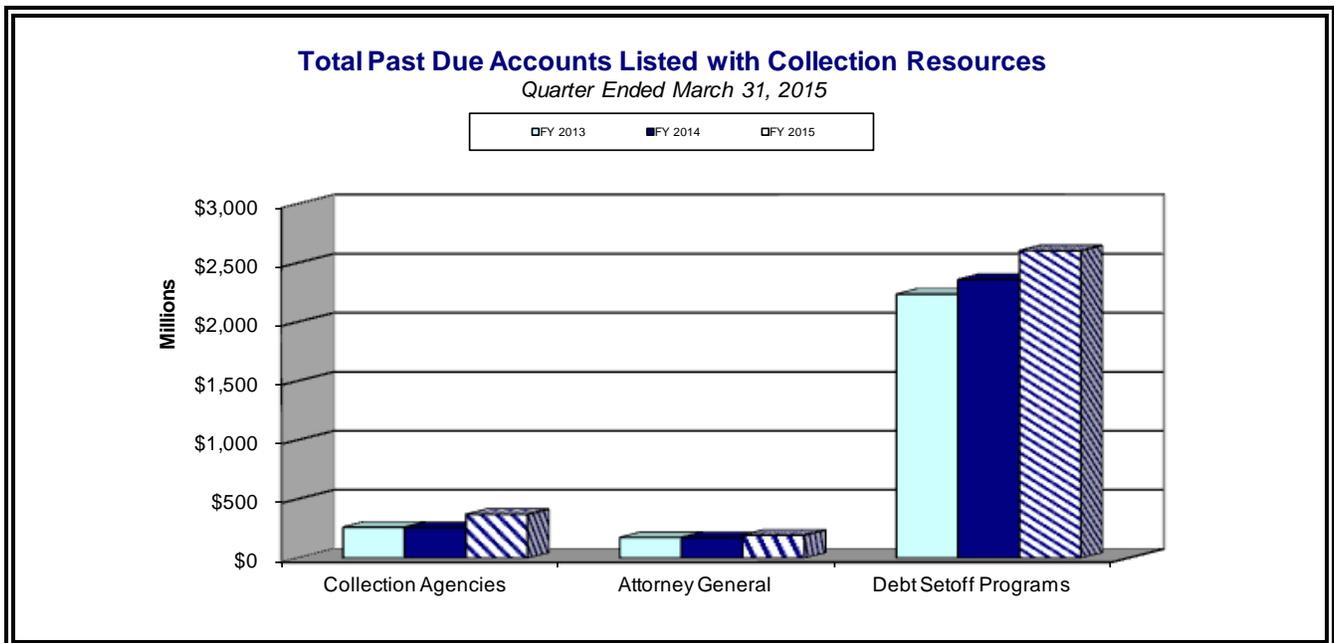
Collectible Receivables Over 60 Days Past Due

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

As of March 31, 2015

Agency	Total Over 60 Days		With Collection Agency		With Attorney General		Retained by State Agency
Department of Social Services	$	218,434,164	$	9,323	$	68,459	$ 218,356,382
University of Virginia Medical Center		91,021,534		-		-	91,021,534
Virginia Employment Commission		62,000,385		14,475,032		15,004,632	32,520,721
Department of Medical Assistance Services		44,924,645		23,344		2,489,793	42,411,508
Department of Transportation		36,618,545		1,699,347		5,919,790	28,999,408
Department of Behavioral Health and Developmental Services		16,657,009		-		-	16,657,009
George Mason University		9,195,422		1,993,384		118,901	7,083,137
Virginia Commonwealth University		8,807,647		268,335		283,866	8,255,446
Department of Health		8,696,152		47,238		28,658	8,620,256
Virginia Community College System		7,374,271		1,275,883		153,657	5,944,731
TOTAL	**$**	**503,729,774**	**$**	**19,791,886**	**$**	**24,067,756**	**$ 459,870,132**
All Other Agencies		57,461,891		4,382,226		10,047,199	43,032,466
TOTAL OVER 60 DAYS	**$**	**561,191,665**	**$**	**24,174,112**	**$**	**34,114,955**	**$ 502,902,598**
Uncollectible Amounts Placed for Collection, Including Accounts Written Off		2,608,362,614		347,323,216		160,433,361	2,100,606,037
TOTAL COLLECTION EFFORTS	**$**	**3,169,554,279**	**$**	**371,497,328**	**$**	**194,548,316**	**$ 2,603,508,635**

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

Total Past Due Accounts Listed with Collection Resources
Quarter Ended March 31, 2015

□ FY 2013   ■ FY 2014   ▨ FY 2015

Comptroller's Debt Setoff (CDS) Program

CDS is one of the debt setoff programs used by agencies to collect past due accounts receivable owed to the State, primarily by businesses and individuals acting in a business capacity. Under CDS, a payment made by the State to the debtor may be withheld, in full or in part, to satisfy the debt owed to the State. CDS collected $2.6 million for the fourth quarter with a total of $9.3 million collected through FY 2015. 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

| | | Comparative | |
Agency	Percent 3/31/15	Percent 12/31/14	Percent 9/30/14
Department of Transportation	39%	51%	19%
Department of Medical Assistance Services	37%	37%	37%
Department of Behavioral Health and Developmental Services	36%	36%	33%
Department of Social Services	36%	35%	36%
Department of Health	30%	37%	22%
George Mason University	22%	16%	5%
Virginia Commonwealth University	18%	3%	7%
Virginia Community College System	15%	6%	21%
University of Virginia Medical Center	14%	17%	13%
Virginia Employment Commission	13%	45%	42%
Statewide Average - All Agencies	**21%**	**16%**	**21%**

Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible accounts receivable balances. In total, these ten agencies are responsible for 81 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 101 percent indicates that for every dollar billed during the quarter ended March 31, 2015, the state collected one dollar and one cent. This rate is three percent higher than last year and one percent higher than two years ago.

Collections as a Percentage of Billings

| Agency | Percent 3/31/15 | Comparative | |
		Percent 3/31/14	Percent 3/31/13
Virginia Commonwealth University	325%	314%	311%
Virginia Polytechnic Institute and State University	205%	206%	183%
Virginia Community College System	117%	119%	110%
Department of Transportation	111%	102%	122%
Virginia Lottery	101%	92%	100%
Department of Social Services	96%	95%	97%
Department of Behavioral Health & Developmental Services	60%	60%	48%
Department of Medical Assistance Services	54%	73%	54%
University of Virginia Medical Center	26%	26%	29%
Virginia Employment Commission	23%	22%	28%
Statewide Average - All Agencies	**101%**	**98%**	**100%**

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 $83.0 million at March 31, 2015, is a $40.6 million decrease over the $123.6 million reported at March 31, 2014. Over the same period, total past due receivables of $50.4 million have decreased by $33.2 million.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 500 bed hospital, a School of Medicine, and over 20 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of $627.0 million at March 31, 2015, were a $51.3 million increase from the $575.7 million reported the previous year. Past due receivables decreased by $3.1 million to $230.7 million at March 31, 2015.

Virginia Employment Commission (VEC)

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

VEC collectible receivables were $449.5 million at March 31, 2015, a decrease of $68.2 million from the previous year. Total past due receivables were $65.9 million, a $13.7 million decrease over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

Virginia Information Technologies Agency (VITA)

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

VITA reported collectible receivables at March 31, 2015, of $46.2 million, which is an increase of $4.3 million reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2015, $1.6 million was over 60 days past due, an increase of $416,927 from the previous year.

State Lottery Department (SLD)

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

At March 31, 2015, the State Lottery reported net receivables of $72.8 million, a $6.6 million decrease from the previous year. Billings increased by $9.8 million and collections increased by $30.9 million during the March 31, 2015 quarter when compared to the March 31, 2014 quarter. At March 31, 2015, the State Lottery had $250,397 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 March 31, 2015, DOE had no accounts receivable due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

Virginia Polytechnic Institute and State University (VPISU)

VPISU is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At March 31, 2015, the University reported net collectible receivables of $99.1 million, an increase of $2.2 million over the prior year. At the same time, total past due receivables of $11.2 million decreased by $2.4 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2015, VPISU had $6.6 million of accounts over 60 days past due. $1.0 million was placed with the Attorney General's Division of Debt Collection, another $837,366 was placed with private collection agencies, and $4.7 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

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

At March 31, 2015, the Department reported collectible receivables of $20.4 million, a $23,447 increase over the previous year. $23.5 million was past due, with $16.7 million being over 60 days past due. Total past due receivables increased by $1.1 million over the year, and accounts over 60 days past due increased by $2.6 million. At March 31, 2015, the Department had a total of $9.8 million of accounts placed with the Attorney General and $1.1 million listed in Taxation's Debt Setoff Programs.

Department of Transportation (VDOT)

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

At March 31, 2015, VDOT reported $90.1 million of collectible receivables, an increase of $24.0 million from the prior year. VDOT also reported $38.5 million total past due and $36.6 million being over 60 days past due. Past due receivables increased by $26.1 million over the year, while receivables over 60 days past due increased by $25.5 million. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and where the local fund shares are provided by local debt financing.

VDOT reported placing $5.9 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

Department of Social Services (DSS)

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

At March 31, 2015, DSS reported gross receivables of $613.3 million, an allowance for doubtful accounts of $377.9 million and collectible receivables of $235.4 million. Past due receivables totaled $221.9 million, of which $218.4 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for $562.4 million (92 percent) of the gross receivables, $348.2 million (92 percent) of the allowance for doubtful accounts and $214.2 million (91 percent) of the collectible receivables.

From March 31, 2014 to March 31, 2015, gross receivables increased by $36.9 million and collectible receivables increased by $13.3 million. Total past due receivables increased by $13.7 million and receivables over 60 days past due increased by $13.5 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 March 31, 2015, DRPT had gross and net receivables of $31.2 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported past due receivables of $862,482 at March 31, 2015.

Virginia Commonwealth University (VCU)

VCU, based in Richmond, offers more than 200 degree programs to over 32,000 students in a variety of fields ranging from accounting to pharmacy at both undergraduate and graduate levels.

At March 31, 2015, VCU had $43.4 million of collectible receivables, a $3.8 million decrease from March 31, 2014. Total past due accounts were $9.2 million, a $178,816 decrease from March 31, 2014. Accounts over 60 days past due ($8.8 million) increased by $44,027 from the prior year. Billings increased by $2.7 million to $79.5 million and collections increased by $17.3 million to $258.5 million for the March 31, 2015 quarter, when compared to the March 31, 2014 quarter

The following table is prepared to present the March 31, 2015, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Taxation and the Circuit and District Courts accounted for 72 percent ($1.97 billion) of the Commonwealth's total $2.75 billion past due accounts receivable at March 31, 2015. Another 18 agencies accounted for 27 percent ($749.1 million), leaving 58 other agencies to comprise the last one percent at $36.9 million.

Agencies with the Largest Volume of Past Due Receivables
As of March 31, 2015

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	$ 1,593,609,034	$ 184,456,572	$ 154,259,681	$ 1,254,892,781
Localities' Circuit and District Courts	372,391,122	37,006,332	64,665,907	270,718,883
Total - Taxation Assessments and Court Fines and Fees	**$ 1,966,000,156**	**$ 221,462,904**	**$ 218,925,588**	**$ 1,525,611,664**
All Other Large Dollar Agencies:				
University of Virginia Medical Center	230,664,138	193,520,928	25,935,428	11,207,782
Department of Social Services	221,856,348	10,587,133	10,577,537	200,691,678
Virginia Employment Commission	65,906,756	9,234,622	10,474,289	46,197,845
Department of Medical Assistance Services	50,355,866	12,103,577	4,254,869	33,997,420
Department of Transportation	38,450,315	17,006,602	15,157,396	6,286,317
Department of Behavioral Health and Developmental Services	23,469,985	17,357,947	13,842	6,098,196
University of Virginia - Academic Division	20,758,688	18,749,314	1,269,518	739,856
Virginia Community College System	15,077,184	13,109,520	1,329,867	637,797
George Mason University	12,353,879	9,821,896	1,802,558	729,425
Virginia Polytechnic Institute and State University	11,173,005	9,071,502	594,250	1,507,253
Department of Health	9,530,599	8,857,587	403,624	269,388
Virginia Commonwealth University	9,158,722	3,484,718	1,646,458	4,027,546
Department of State Police	8,409,655	4,615,249	1,761,960	2,032,446
Virginia Information Technologies Agency	8,170,498	8,085,837	78,127	6,534
Old Dominion University	7,462,638	6,206,795	1,011,837	244,006
Department of General Services	5,523,727	2,124,510	751,396	2,647,821
Virginia Port Authority	5,471,728	5,464,302	7,426	-
Virginia Workers' Compensation Commission	5,265,128	1,507,131	1,601,421	2,156,576
Total - Largest Dollar Volume Agencies	**$ 749,058,859**	**$ 350,909,170**	**$ 78,671,803**	**$ 319,477,886**
All Other Agencies	36,852,315	22,837,018	4,244,437	9,770,860
Grand Total Past Due Receivables	**$ 2,751,911,330**	**$ 595,209,092**	**$ 301,841,828**	**$ 1,854,860,410**

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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.

Total Indirect Cost Recoveries
Fiscal Years Ended 2008 - 2015
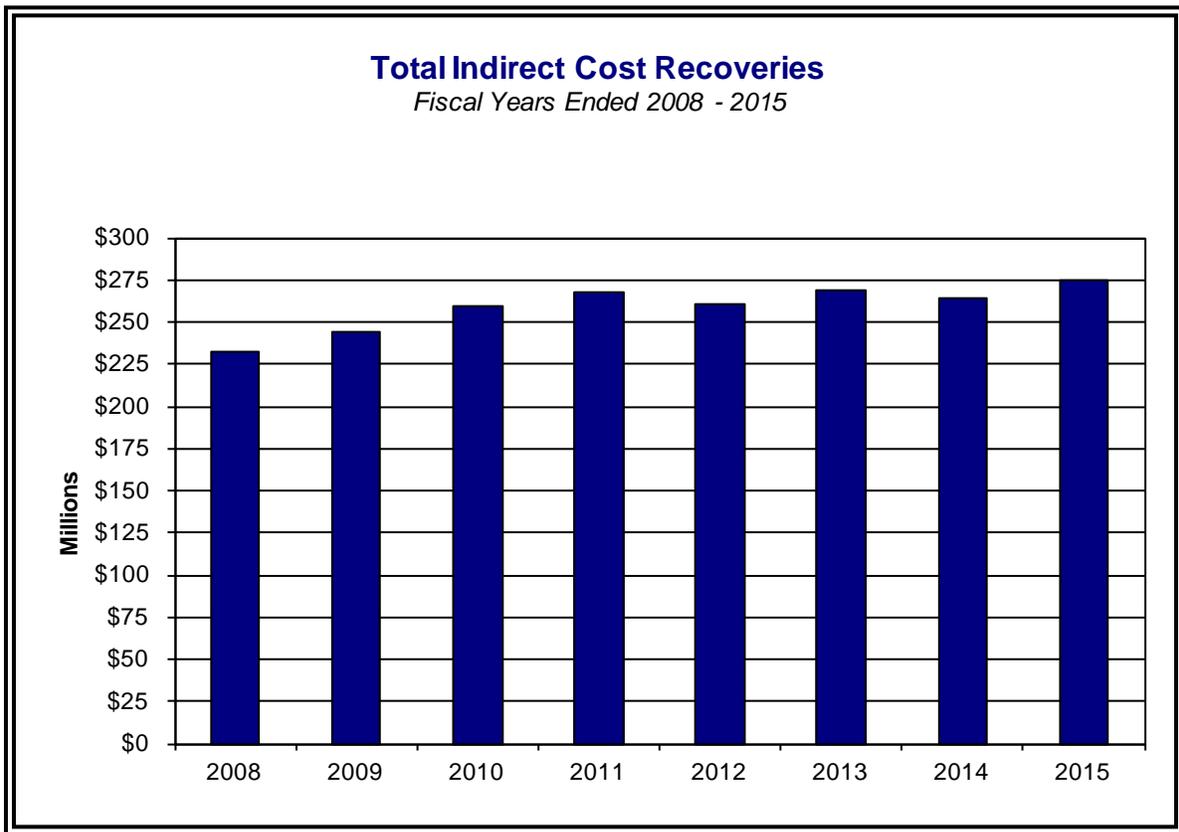
Indirect Cost Recoveries from Grants and Contracts
Fiscal Year 2015

Fund	Year-to-Date		
	Higher Ed	**Non-Higher Ed**	**Total**
Nongeneral:			
Agency / Institution (1)	$ 165,750,972	$ 87,678,730	$ 253,429,702
Statewide	17,348,339	642,989	17,991,328
Agency / Institution ARRA	1,439,478	238	1,439,716
Statewide ARRA	6,387	5	6,392
Total Nongeneral	**$ 184,545,176**	**$ 88,321,962**	**$ 272,867,138**
General:			
Agency (Cash Transfers)	-	-	-
Statewide	-	2,013,565	2,013,565
Statewide (Cash Transfers)	-	-	-
Total General	**$ -**	**$ 2,013,565**	**$ 2,013,565**
Total All Funds	**$ 184,545,176**	**$ 90,335,527**	**$ 274,880,703**

(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 $55,157,347 representing the Department of Social Services' estimate of indirect cost recoveries received.

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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 June 30, 2015 was $24.2 million.

Treasury Loans
Quarter Ended June 30, 2015
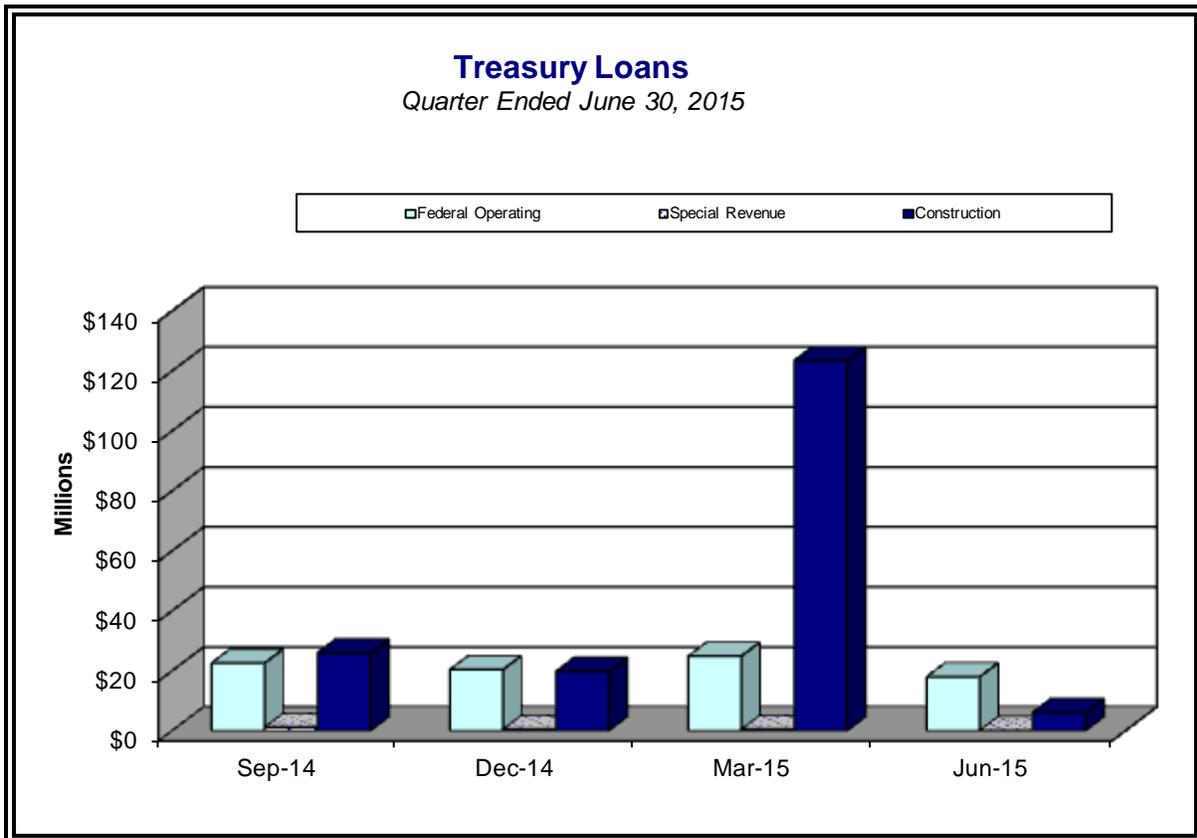
Significant New Loans / Drawdowns	New Balance

Virginia College Building Authority (VCBA)

Drawdown on a $150 million loan used to provide cash to reimburse institutions of higher education for expenditures made on authorized capital projects under the 21st Century Program.	$ 9,723,139.08

Significant Loan Repayments	Prior Balance

Department of Military Affairs (DMA)

Repayment on a $15 million loan used to replace advances from cooperative agreements and maintenance reserve projects that may be delayed by the DOD accounting system (GFEBS) implementation.	$ 7,000,000.00

Virginia College Building Authority (VCBA)

Repayment on a $150 million loan used to provide cash to reimburse institutions of higher education for expenditures made on authorized capital projects under the 21st Century Program.	$ 126,531,353.07

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

- **Authorized Appropriation Deficits**, which provide funding, when authorized by the Governor, under emergency conditions as described in §4-3.01 and §4-3.02 of the Appropriation Act. The total of all deficit loans/appropriations as of June 30, 2015 was $273,169.00.

- **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 June 30, 2015 was $61.3 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 June 30, 2015 was $63.7 million.

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