

**REPORT ON
STATEWIDE FINANCIAL MANAGEMENT
AND COMPLIANCE**

FOR THE QUARTER ENDED SEPTEMBER 30, 2015



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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STATEMENT OF PURPOSE

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

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

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

David A. Von Moll, CPA, CGFM
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch Agencies

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

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

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

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

Audit Reports – Quarter Ended September 30, 2015

The APA issued 12 reports covering 30 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				
None				
Commerce and Trade				
None				

	New Findings	Repeat Findings	Total Findings	CAW Received
Education				
Christopher Newport University	0	0	0	N/A
James Madison University	5	0	5	YES
New College Institute	2	0	2	YES
Radford University	0	0	0	N/A
University of Mary Washington	4	0	4	YES
Executive Offices				
Division of Selected Agency Support Services ⁽¹⁾	2	0	2	YES
Governor's Cabinet Secretaries	1	0	1	YES
Office of the Governor	0	0	0	N/A
Office of the Lieutenant Governor	0	0	0	N/A
Office of the State Inspector General	0	0	0	N/A
Finance				
None				
Health and Human Resources				
Disability Services Agencies ⁽²⁾	9	0	9	YES
Natural Resources				
None				
Public Safety and Homeland Security				
Department of Corrections ⁽³⁾	3	0	3	YES
Transportation				
None				
Veterans and Defense Affairs				
None				

- (1) The Division of Selected Agency Support Services for the year ended June 30, 2014 included four agencies: Secretary of the Commonwealth, Citizen's Advisory Council, Virginia-Israel Advisory Board, and Interstate Organization Contributions.
- (2) The Disability Services Agencies for the period July 1, 2011 through June 30, 2014 included four agencies: Department for Aging and Rehabilitative Services, Department for the Blind and Vision Impaired, Department for the Deaf and Hard-of-Hearing, and Virginia Board for People with Disabilities.
- (3) Includes the Department of Corrections, Virginia Parole Board, and Virginia Correctional Enterprises



Audit Findings - Quarter Ended September 30, 2015

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

Education

James Madison University

1. Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges
2. Improve Reporting of Pell Grant Disbursements
3. Improve Documentation of Monthly Reconciliations of Direct Loans
4. Promptly Remit Unclaimed Financial Student Aid Funds
5. Improve Reporting to National Student Loan Data System

New College Institute

1. Improve Internal Controls over Fixed Assets
2. Improve Information Security Management and Prioritization

University of Mary Washington

1. Ensure Capital Outlay Projects are Properly Closed Out
2. Implement Financial Aid Disbursement Notifications
3. Improve the myVRS Navigator Reconciliation Process
4. Improve IT Change Management Program

Executive Offices

Division of Selected Agency Support Services

1. Improve Controls over Virginia Israel Advisory Board Travel Voucher Processing
2. Improve Controls over myVRS Navigator System

Governor's Cabinet Secretaries

1. Improve Oversight of Federal Action Contingency Trust Funds

Health and Human Resources

Disability Services Agencies⁽¹⁾

1. Continue to Improve IT Governance
2. Create Payroll Policies and Procedures and Document Pre-Certification Activities
3. Improve Documentation to Support Pay Actions
4. Ensure Hours Worked by Wage Employees Do Not Exceed 1500 hours
5. Remove CIPPS Access Promptly
6. Perform CIPPS/CARS Reconciliations
7. Perform myVRSNavigator Reconciliations
8. Re-evaluate myVRS Access
9. Improve Policies and Documentation of Checks Received at the Industries for the Blind

Public Safety and Homeland Security

Department of Corrections⁽²⁾

1. Properly Report Accounts Payable
2. Improve Database Security
3. Ensure Oversight of Third-Party Providers

(1) *The Disability Services Agencies for the period July 1, 2011 through June 30, 2014 included four agencies: Department for Aging and Rehabilitative Services, Department for the Blind and Vision Impaired, Department for the Deaf and Hard-of-Hearing, and Virginia Board for People with Disabilities.*

(2) *Includes the Department of Corrections, Virginia Parole Board, and Virginia Correctional Enterprises*



Additional Recommendations – Quarter Ended September 30, 2015

No APA reports containing “Additional Recommendations” were received.

Special Reports – Quarter Ended September 30, 2015

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

Report to the Joint Legislative Audit and Review Commission for the quarter April 1, 2015 through June 30, 2015⁽²⁾

Virginia Lottery Decades of Dollars Report on the Applying Agreed-Upon Procedures for the period April, 2014 through March, 2015

Virginia Lottery Mega Millions Report on the Applying Agreed-Upon Procedures for the period April, 2014 through March, 2015

Virginia Lottery Megaplier Report on the Applying Agreed-Upon Procedures for the period April, 2014 through March, 2015

Virginia Lottery Power Play Report on the Applying Agreed-Upon Procedures for the period April, 2014 through March, 2015

Virginia Lottery Powerball Report on the Applying Agreed-Upon Procedures for the period April, 2014 through March, 2015

(2) The Report to the Joint Legislative Audit and Review Commission for the quarter April 1, 2015 through June 30, 2015 is a summary to JLARC of findings / recommendations included in all APA reports issued only during this quarter.

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

Review of Agency Performance Measures for the year ended June 30, 2014

Special Review of Procurement of Commission 2.0 at the State Corporation Commission
– August 2015

Other Audit Reports Received – Quarter Ended September 30, 2015

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

Assistive Technology Loan Fund Authority for the year ended June 30, 2014

Virginia State Bar for the fiscal year ended June 30, 2014

Virginia Workers’ Compensation Commission for the period July 1, 2011 through December 31, 2014

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

Virginia Board of Bar Examiners for the year ended June 30, 2014



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Compensation Board	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	3	3	0	0
Virginia Small Business Financing Authority	0	1	1	0
Education				
Department of Education and Direct Aid to Public Education	1	0	2	0
George Mason University	2	0	0	0
Gunston Hall	0	0	0	2
Longwood University	1	0	0	0
Old Dominion University	0	0	1	0
Richard Bland College	3	0	2	0
The College of William and Mary	4	0	2	0
Virginia Museum of Fine Arts	3	0	3	0
Virginia State University	7	0	0	0
Virginia Community College System Central Office	0	0	1	1
Eastern Shore Community College	0	0	0	1
Northern Virginia Community College	0	0	0	1
Executive Offices				
Attorney General and Department of Law	0	0	1	0
Finance				
Department of Accounts	0	3	1	0
Department of Planning and Budget	0	1	1	1
Department of Taxation	2	0	1	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Health and Human Resources				
Department of Behavioral Health and Developmental Services	0	6	1	0
Department of Health	2	0	0	1
Department of Medical Assistance Services	2	1	1	0
Department of Social Services	0	2	0	0
Virginia Foundation for Healthy Youth	0	0	1	0
Natural Resources				
Department of Game and Inland Fisheries	0	4	2	1
Department of Conservation and Recreation	13	0	2	0
Public Safety				
Commonwealth's Attorneys' Services Council	1	0	2	0
Department of Alcoholic Beverage Control	0	1	0	1
Department of State Police	6	1	0	0
Transportation				
Department of Motor Vehicles	1	7	2	0
Department of Rail and Public Transportation	1	0	0	0
Department of Transportation	2	0	1	1
TOTALS	59	32	28	8



Status of Prior Audit Findings

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

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

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Compensation Board (CB)</u>				
2014	14-01*	Improve Controls over Systems Access	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)
<u>Department of Human Resource Management (DHRM)</u>				
2014	14-01	Improve System Security for the Time, Attendance, and Leave System	Budget package for a Security Officer position has been submitted. Waiting 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. Migration of application code is in progress. Environment setup is in progress.	In Progress (On Schedule)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of Agriculture and Consumer Affairs (VDACS)</u>				
2013	13-01	Perform Timely Updates to IT Risk Management and Contingency Plans	VDACS has updated the Disaster Recovery Plan and procured Disaster Recovery services, but have not been implemented. VDACS will participate in the Disaster Recovery testing in August 2016.	In Progress (On Schedule)
	13-02	Improve Oracle Database Security	VDACS will undertake planning to see that the control is in place in the new Oracle environment after Cardinal implementation.	In Progress (On Schedule)
<u>Virginia Employment Commission (VEC)</u>				
2014	14-01	Allocate Adequate Resources to Reduce IT Security Risk. This is a Material Weakness.	The agency has hired a new ISO. He started on September 25, 2015 and reports directly to the Commissioner. Furthermore, the agency has secured \$500,000 in IT Security funding from the Federal government to address agency needs in this area. The BIA vendor was selected and is currently engaged at the agency. The BIA is expected to be completed by the end of the next quarter. Revised estimated completion date is December 31, 2015.	In Progress (Delayed)
	14-02	Improve Organizational Placement of Information Security Officer	The new ISO started September 25, 2015 and reports directly to the Commissioner. Management considers their action complete. However, the agency is leaving this finding open in the tracking system until the APA completes their FY2015 review.	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03	Maintain Oversight Over the Information Security Program	The agency has hired the new ISO. The agency will also be hiring a position to support Oracle EBS. Furthermore, the agency has reached an agreement with the Oracle implementation vendor to provide ongoing support. Finally, the agency is contracting with EL Hamm to conduct an IT staffing assessment to provide additional insight into gaps and priorities that need to be established within the division. Revised estimated completion date is December 31, 2015.	In Progress (On Schedule)
	14-04	Upgrade Unsupported and Vulnerable Operating Systems	A pilot local office site was selected and upgraded to Windows 7 in July 2015. Full agency deployment began the beginning of the third week of August 2015. As of September 18, 2015 the VITA change management database reported 52% of agency staff machines on Windows 7. The agency expects VITA to have all PC's converted to Windows 7 by mid-December. Revised estimated completion date is December 31, 2015.	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-06	Confirm VABS is Calculating Maximum Benefit Amount Consistently for All Claimants	The Information Technology (IT) department has developed a program that will replace the formula previously used to calculate benefit entitlement. This program mirrors the benefit table identified in the Unemployment Compensation Act. This program was incorporated into the VABS system on September 30, 2015. The program developed will also go back and allow for a recalculation of benefit entitlement for claims established in previous years. Those claims that are now determined to have been overpaid as a result of the recalculation will have the overpayment established in the claim record and recovery efforts will be made. Claims that result in additional entitlement will be evaluated and payments made as appropriate. The calculation of entitlement in this manner will be included in VUIS. Although management considers their corrective action complete, the agency is leaving this finding open in our tracking system until the APA completes their FY2015 review.	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-07 13-02	Withhold Child Support Obligations from Benefit Adjustment Payments. This is a Repeat Finding.	The IT department identified a solution to this issue. The solution has been tested by the UI business team and this function was moved into production as of August 19, 2015. 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.	In Progress (On Schedule)

Virginia Small Business Financing Authority (DSBSD)

2014	14-01	Improve Controls over Financial Reporting Process	The VSBFA has been delayed in submitting its financial statements due to personnel changes. The financials will be completed soon and then the detailed instructions and reporting policy will be drafted and submitted.	In Progress (Delayed)
	14-02	Strengthen Controls over Off-CARS Disbursements	The VSBFA established an internal purchasing policy for use by the Department of Small Business and Supplier Diversity. Further, the VSBFA will maintain adequate supporting documentation for all disbursements as it has always done in the past.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of Education and Direct Aid to Public Education (DOE)</u>				
2014	14-01	Structure Contract Management to Prevent the Circumventing of Commonwealth Requirements	The final contract modification was signed by Henrico County on October 28, 2015 and went into effect November 5, 2015.	Completed (On Schedule)
	14-02	Improve Information Security Policies and Procedures	Corrective action was completed before September 11, 2015.	Completed (On Schedule)
	14-04	Improve IT Risk Management Documentation	Corrective action is underway, progress is being made, however more time will be required for completion.	In Progress (On Schedule)
<u>George Mason University (GMU)</u>				
2014	14-01	Document myVRS Navigator Reconciliation to Support Virginia Retirement System (VRS) Snapshot Confirmation	<p>Reconciliation worksheets have been modified by adding columns with drop down selections to identify: suspected cause of issue, what system is suspected of needing changes (Banner, VNav or both) to identify the overall nature and cause of the item.</p> <p>Monthly meetings are being held with VRS and we are awaiting an escalation process to be proposed by them.</p> <p>Reconciliation worksheets have been modified by adding columns with drop down selections to identify: contact made/required with VRS, follow-up date and notes.</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-02	Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges	<p>1. University Policy 1312 Physical and Logical Access Security will be updated to include statements related to elevated user privileges on workstations. The statements will cover the approval process for these elevated privileges.</p> <p>Research on other university policies has been done. The existing policy 1312 will be revised based on the policies other universities have in place.</p> <p>2. The annual Security Awareness Training that all users must take will be updated to include sections on the responsibility of those with elevated workstation privileges.</p> <p>Questions used in the training have been revised to include the responsibilities of those with elevated privileges. The questions are being tested now, as of September 15, 2015. The new training will be activated by October 15, 2015.</p> <p>3. Training and communications about the responsibilities of elevated workstation privileges will be disseminated to departments through the Security Liaisons and the Systems Administrators Leadership Team on an annual basis. This training and communications effort will begin September 2015.</p> <p>The agenda for the</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			September 23, 2015 meeting of the Security Liaisons included the topic of elevated privileges. This topic will be on the agenda for the Systems Administrators Leadership Team for the November 5, 2015 meeting.	
<u>Gunston Hall (GH)</u>				
2013	13-01	Improve Fixed Asset Management	Inventory is complete. Next inventory scheduled August 2016. FAACS reviewed; will be updated quarterly.	Completed (Delayed)
	13-02	Designate a Purchase Card Program Administrator and Backup Program Administrator	All training completed. Paperwork submitted for administrator and back-up administrator.	Completed (Delayed)
<u>Longwood University (LU)</u>				
2014	14-01	Improve Information Security Management and Prioritization	The University's ITS department has reviewed the findings and is taking a proactive approach to the findings. Some of the findings have already been addressed, some are requiring procurement, and others are requiring process change. Items that are the direct responsibility of the ITS department are anticipated to be completed May 2016.	In Progress (On Schedule)
<u>Old Dominion University (ODU)</u>				
2014	14-01	Improve Internal Controls to Ensure Completeness of Reported Prepaid Expenses	Office of Finance 3-003 was updated as of the date the audit report was issued, June 16, 2015. In addition, as of June 16, 2015, ODU had created and tested a new process to add an additional code to prepayments in Banner to easily identify them for reporting and review as	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			part of financial statement preparation. This process was put into ODU's live Banner environment as of June 16, 2015.	
<u>Richard Bland College (RBC)</u>				
2014	14-01	Properly Perform Return of Title IV Refunds	<p>The Financial Aid Office completed the following:</p> <p>Reviewed the fall 2013 semester calculations to ensure proper amounts were returned for each student.</p> <p>Implemented a second level review of Title IV calculations to ensure accuracy. The Chief Operations Officer became the second level of review.</p>	Completed (On Schedule)
	14-02	Improve the Financial Reporting Process	<p>Director-Financial Operations will partner with College of William and Mary (College) to implement and follow the procedures already developed by the College for financial reporting. Furthermore, the Chief Operation's Office will require the College's checklist process be used for each year-end task submission made by the Director-Financial Operations.</p> <p>RBC will improve the setup of their trial balance reports in Banner, run these reports regularly, and reconcile them to account balances in Banner to ensure accuracy.</p> <p>RBC will collaborate on the financial reporting process throughout the year and will establish bi-annual meetings to review</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			all questions and/or best practices.	
	14-03	Continue to Improve Information Security Program	The CIO will execute a team re-design to improve the quality of the resources needed to address the FOIAE recommendation. The CIO will continue to address the weaknesses discussed in the provided FOIAE recommendation.	In Progress (On Schedule)
	14-04	Comply with the Department of Human Resource Management Policy for Wage Employees	RBC transitioned the payroll management function to the DOA Payroll Service Bureau effective August 1, 2015. The DOA Payroll Service Bureau will provide monitoring of this guideline as part of the services rendered.	Completed (On Schedule)
	14-05	Improve the myVRS Navigator Reconciliation Process	Director-Finance Operations and Director-Human Resources and Compliance will develop procedures in concert with the APA Payroll Service Bureau. RBC is procuring the services of the Payroll Service Bureau effective August 1, 2015. RBC will outline the appropriate individuals responsible for performing this function.	In Progress (On Schedule)
<u>The College of William and Mary in Virginia (CWM)</u>				
2014	14-01	Properly Perform Return of Title IV Calculations	Financial Aid Office reviewed the Fall 2013 calculations to ensure proper amounts were returned, and implemented a second level review of Title IV calculations to ensure accuracy.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-02	Improve Controls over Payments for Travel Expenses	All vendor direct payments for travel and business meal expenses made through the accounts payable payment process are being reviewed by the Travel Office for compliance instead of the Accounts Payable Office.	Completed (On Schedule)
	14-03	Improve the Employee Termination Process	A revised policy has been written and it is with the College's compliance department for review. Effective November 10, 2015 a single form will be used for both faculty and staff.	In Progress (On Schedule)
	14-04	Improve Controls over Timesheet Approval	The Payroll and HR offices have developed three policies and associated procedures along with proposed communications to address the audit concerns. These documents are currently being reviewed and finalized by Financial Operations and HR management and will be submitted to the College's Senior Vice President for Finance and Administration and Internal Audit Director for review soon.	In Progress (On Schedule)
	14-05	Improve the myVRS Navigator Reconciliation Process	HR has started the review and approval process for VNAV changes. HR has developed a policy. Once payment is submitted to VRS, Financial Reporting compares the activity recorded in the VRS Snapshot to the withholdings as recorded in the Banner HR/Payroll system, and insures that the payment and withholdings are properly reflected in the GL. Any differences are then	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			shared with payroll who will communicate the findings to HR, and HR will then resolve the issues.	
	14-06	Comply with the Department of Human Resources Management Policy for Wage Employees	HR is currently monitoring the 1500 hour report and will begin distributing quarterly reports to departments by January 2016. A policy has been drafted and is currently under review for approval.	In Progress (On Schedule)
<u>Virginia Museum of Fine Arts (VMFA)</u>				
2014	14-01	Properly Manage the Change Fund	Museum has discontinued the use of the change fund as a petty cash fund.	Completed (On Schedule)
	14-02	Properly Manage Local Funds	Museum has decided to phase out the use of local funds by June 2016. Written action plan is in process.	In Progress (On Schedule)
	14-03	Update Fine Arts Policies and Procedures	This initiative will be phased in over the next several months. Updated procedures will cover not only areas addressed in the audit but entire museum.	In Progress (On Schedule)
	14-04	Improve Internal Control over and Compliance with the Small Purchase Charge Card Program	The museum will review its SPCC policies and reassess and update the nature, type, and extent of controls it believes are necessary to manage its SPCC program.	In Progress (On Schedule)
	14-05	Update the Information Security Program and Ensure Compliance with the Security Standard	Specific deficiencies noted in the audit have been addressed.	Completed (On Schedule)
	14-06	Improve Internal Controls over Terminated Employees' User Access	A systematic notification process for separating employees has been implemented. A policy was finalized June 30, 2015.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
Virginia State University (VSU)				
2014	14-01	Improve Financial Management	<p>1. During the Tuition and Fee process for the 2015-2016 Academic Year, the University made considerable additions, enhancements, and improvements to the tuition & fee rate setting processes; as well as the room and board rates. The process has been documented and includes updates to the Cabinet prior to Board of Visitor's approval.</p> <p>2. VSU has updated its asset condition data in the FICAS database to reflect current facility conditions and is working to reduce our maintenance requirements by:</p> <p>a. Taking problem buildings of line: Planned demolitions of Puryear Hall, the Guest House and the 20720 Fourth Avenue Building will reduce total auxiliary deferred maintenance requirement by \$4.5 Million.</p> <p>b. Leveraging other contracts to perform auxiliary maintenance. Contracts for Food Service, Facilities Management and Bookstore Operations each contain provisions that provide facility renewals and replacements with several projects in progress.</p> <p>c. Use one time capital funding to reduce backlog of deferred maintenance requirements in historic residence halls.</p>	In Progress (On Schedule)

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VSU will collectively allocate the annual deferred maintenance appropriation and auxiliary maintenance reserve funding at levels established by either a square footage calculation or age and condition requirements as established by the central agencies. Projects will be prioritized according to established standards for maintenance reserve.

3. The bylaws of the Board of Visitors through its Facilities, Finance and Audit Committee places board control and oversight over all financial policies of the University including procurement, contracts, delegation of authority, the facilities of the University including the campus master plan, capital improvements, facilities utilization, computing and information technology services, campus support services, and other related matters as shall be so recognized by the Board. The Board of Visitors approved a 2015 Master Plan including space utilization analysis, Six Year Capital Plan and Six Year Operating plan including student fees at their April 2015 meeting.

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			4. The Budget Department is working with departments in developing budget request by providing training on reviewing cash balances and historical data to create a budget which can be supported by current resources. The Local funds budget will become a part of the annual operating budget which is submitted to the Board of Visitors for approval in April each year.	
	14-02	Improve Procurement and Contract Management Processes	<p>The Purchasing Department has reviewed its internal procedures and has instituted new documentation processes that include the following:</p> <p>1. The Purchasing Department will conduct informal/phone competition for sole source requests that are not trademark, copyright, etc.;</p> <p>2. The Purchasing Department will provide training in procurement planning and contract administration; and</p> <p>3. The Purchasing Department will increase participation and attendance at DGS/DPS training sessions.</p> <p>The Purchasing Department will review contracts related to the Food Service Vendor, Vendor Consultant, and Enrollment Services to ensure compliance and address concerns documented by the APA.</p>	In Progress (On Schedule)

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	14-03	Improve IT Procurement Process	<p>VSU will work with Ellucian to complete a modification to the statement of work for the hosting agreement which would add wording similar to the below: “SERVICE PROVIDER will provide the UNIVERSITY with a SSAE 16 SOC 2 report on a bi-annual basis and will ensure that its IT security program is equivalent or exceeds the requirements outlined in COV ITRM SEC 501. The SERVICE PROVIDER will participate in any IT security audits conducted by the UNIVERSITY.” If VITA is agreeable to the proposed remedy above, VSU will execute the contract modification. VSU has also instituted several corrective actions to prevent future occurrences of non-compliance with any Commonwealth IT governance policies: 1) VSU issued a statement of work for a vendor to evaluate the University’s IT governance program. 2) VSU requested additional training on IT Investment Management (ITIM) processes from VITA PMD and all project managers were trained on the Commonwealth’s ITIM and Project Management Standard by VITA Project Management Division (PMD). 3) VSU has provided additional training for its project management staff by ensuring all project managers attended the VITA IT Project</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			Management summit.	
	14-04	Ensure Foundations Reimburse for University Employee Time	VSU is in the process of reviewing and updating Support Agreements between the University and its Foundations to establish these amounts in writing.	In Progress (On Schedule)
	14-05	Improve Controls over Physical Inventory	An inventory of capital assets was completed by the University for FY2014 and an inventory of controllable assets was completed in FY2015. This practice was consistent with inventories conducted previously. However, in the future, the University will endeavor to provide the auditor with the documentation desired. The spectrometer was purchased at a time when the economy collapsed and the renovation project required to support the future installment of said equipment was delayed until funding was made available for continuance. The project is scheduled for completion and usage during Fall 2015 semester. Policies covering fixed asset disposition have been revised and are pending new language approval by officials. Changes also address research equipment utilized by University faculty for academic grant projects.	In Progress (On Schedule)
	14-06	Improve Policy over the Proper Use of Travel Cards	The travel card policy is currently under review.	In Progress (On Schedule)

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	14-07	Improve User Access Review Process	Services Management is conducting one-on-one sessions with Banner Security Managers to review security roles and responsibilities, review security matrices and user privileges, perform security testing, and user acceptance sign-off.	In Progress (On Schedule)
<u>Virginia Community College System Central Office (VCCS/CO)</u>				
2013	13-01	Ensure Capital Outlay Projects are Closed Out within Allowable Time Period	Corrective action implemented.	Completed (Delayed)
	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 late 2016.	Completed (On Schedule)
<u>Eastern Shore Community College (ESCC)</u>				
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.	Completed (Delayed)
<u>Northern Virginia Community College (NVCC)</u>				
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.	Completed (Delayed)

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<u>Attorney General and Department of Law (OAG)</u>				
2014	14-02	Improve Security Awareness Training	OAG has completed all necessary steps in satisfying the audit finding. The Security Awareness Training has been completed and tracked by the Information Systems Section.	Completed (On Schedule)
<u>Department of Accounts (DOA)</u>				
2014	14-01	Improve Controls over Cardinal Security	The Cardinal team developed / implemented a program and related process to identify dormant production system user accounts and lock them. This program / process checks all accounts and identifies those user accounts which have not been used in Cardinal within 90 days and locks them. The new code was put into the Cardinal production system June 18, 2015 and the first execution of the process was completed August 24, 2015 (after key fiscal year end close tasks were completed). This process will be re-executed every 30 days.	Completed (On Schedule)

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	14-02	Improve Payline Web Application and SQL Server Database Security	Penetration testing conducted by VITA/NG November 2 – November 6, 2015. Finalized report will be provided by the partnership by end of year. Any/all findings will be documented in a CAW and addressed by DOA IT.	In Progress (Delayed)
	14-03	Improve Risk Management and Continuity Planning Documentation	DOA Risk Assessments and COOP are under review and being updated accordingly. Any/all additional risks will be documented.	In Progress (Delayed)
	14-04	Improve IT Security Audit Plan	DOA is in process of contracting with outside audit firm to conduct security audits of DOA sensitive systems.	In Progress (Delayed)

Department of Planning and Budget (DPB)

2014	14-01	Improve Internal Controls over System Access	The agency has posted information on its 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.	Completed (On Schedule)
	14-02	Enhance Performance Budgeting System Access Reviews	Internal control policy addresses 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.	Completed (Delayed)

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	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)
<u>Department of Taxation (TAX)</u>				
2014	14-01 13-02	Improve Internal Controls over Advantage Revenue Access. This is a Partial Repeat Finding.	<p>Approvers are no longer editing and approving the same transaction.</p> <p>TAX Internal Audit personnel have completed their review. There are a limited number of suggested changes that have not yet been completed. These changes will be completed in conjunction with the implementation of the new access authorization and tracking system.</p> <p>A new tool has been procured to assist with the reconciliation of user access noted in the system of record to the system of documentation. TAX is in the process of bringing in professional services for the installation of the tool.</p> <p>Technology staff revised access documentation for the Advantage Revenue application so that management and employees are better informed of the privileges</p>	In Progress (On Schedule)

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			associated with access levels.	
			Management will recertify that their employee's access is required for current job requirements.	
	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 have been completed. System specific risk assessments were completed 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 has completed the design phase with a completion target of September 30, 2015.	Completed (On Schedule)
	14-03	Improve Physical Security to Server Rooms	The only task remaining is notification to management (non-LT members) to ensure EWP's reflect employees' need for "Special access." This will be done commensurate with access recertification.	In Progress (On Schedule)
<u>Department of Behavioral Health and Developmental Services (DBHDS)</u>				
2014	14-01	Improve Database Security. This is a Repeat Finding.	DBHDS' first round of implementation to go live is as of October 2015. Second round of implementation is currently in testing and will go live December 7, 2015. Final implementation go live is December 21, 2015.	In Progress (Delayed)

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	14-02	Improve IDOLS Security	Items have been submitted in the IT Budget Request package for consideration by DPB. The ability to implement will be determined by funding in final budget, included will be Vulnerability and Logging software.	In Progress (Delayed)
	14-03	Develop and Submit an Information Technology Audit Plan	VITA did not accept the plan as all IT systems at DBHDS had not been entered into CETR. They have been entered. A new plan will be submitted by November 30, 2015. DBHDS has also committed a one-time amount of \$50,000 to begin the audits of IT systems.	In Progress (Delayed)
	14-04	Improve Controls over Systems Access. This is a Repeat Finding.	Regional Information Security Officers are now an integral part of the account management process. Improvements in process have been made. DBHDS is currently recruiting for an Identity Management Specialist to shepherd this process and has requested funding to implement an access management system.	In Progress (Delayed)
	14-05	Improve Controls over Hours Worked by Wage Employees	Facilities continue to monitor compliance and controls are in place. In addition, Internal Audit tested compliance at four facilities in FY 2016. The two facilities found to have issues in FY 2015 had no repeat issues found in the FY 2016 reviews. There will be a repeat finding in the FY 2015 APA audit as two exceptions were found at facilities tested in FY 2016.	In Progress (Delayed)

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	14-06	Improve Controls over the VNAV System	Procedures were created at DBHDS facilities and notice was given to have Snapshot reconciliations done timely. The importance of segregation of duties was highlighted and HR departments in the DBHDS facilities know that snapshot reconciliations are to be done by that unit.	In Progress (Delayed)
	14-07	Improve Controls over Payroll	Each of the responses given to DBHDS was implemented based on follow-up reviews conducted in FY 2016.	Completed (On Schedule)
<u>Department of Health (VDH)</u>				
2014	14-02	Account for All WIC EBT Food Instruments and Investigate Errors. This is a Material Weakness.	Corrective action plan has been completed.	Completed (Delayed)
	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. Because sub-recipients can and do have different fiscal years than the state fiscal year, A-133 audits are required nine months after the sub-recipient fiscal year-end, and VDH management decisions are required within six months of their audit report date; monitoring	In Progress (On Schedule)

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			will be an on-going and continuous activity. OFHS is confident that its internal sub-recipient review process is in place, and expects to have all quantitatively significant, fiscal year 2014, sub-recipients reviewed by October 31, 2015. At that time OFHS, will roll into a review of fiscal year 2015 sub-recipients.	
	14-15	Improve Access Management to Information Systems	The first step in the quality improvement initiative was to match users against the current VDH payroll files. This step has been completed. The second step in the initiative was to identify what users had access to what systems. OIM QA sent out and received reports showing who had that access. This step has been completed. Based on those reports, the next step is to identify what roles those users have within those systems. Those reports have been sent out and OIM is waiting for the replies.	In Progress (On Schedule)
<u>Department of Medical Assistance Services (DMAS)</u>				
2014	14-01 13-02	Improve Access Reviews of the Medicaid Management Information System. This is a Repeat Finding.	DMAS is working on the following steps address the audit finding: The DMAS Policy and Research Division modified the Memorandum of Understanding (i.e., Interagency Agreement) with the Department of Social Services to reflect that DSS has responsibility to perform	In Progress (Delayed)

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			<p>the annual review of its Medicaid Management Information System (MMIS) users. The Memorandum of Understanding was approved by both agencies on April 16, 2015.</p> <p>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 such as a workflow product to assist in providing tools for System Owner and Data Owner reviews to occur more routinely on a documented basis.</p> <p>OCS is planning a manual process to start sometime near the end of September 2015. OCS is waiting on software to be selected and approved for procurement.</p>	
	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)

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	14-04	Correct Operating Environment and Security Issues Identified by their Security Compliance Audit	DMAS has resolved 11 of the 15 findings from the Security Compliance Audit.	In Progress (On Schedule)
	14-05	Strengthen Financial System Application Access	Corrective action plan has been completed.	Completed (On Schedule)

Department of Social Services (VDSS)

2013	13-08	Automate an Eligibility Control	Action on this issue remains underway. No change in status to report this quarter; however, the Phase II deployment has been extended to the Fall of 2016. A pilot for SNAP and TANF will occur in the Spring of 2016.	In Progress (Delayed)
2014	14-04 13-05	Review User Accounts and Privileges for Mission Critical Systems. This is a Repeat Finding.	1,207 accounts out of 1,208 (99.92%) APECS accounts have been reviewed and certified. For the one remaining account, a change form has been requested, but has not been received. As of the end of this quarter, the implementation of the APECS review process was completed. OASIS verification remains in progress and reached a completion rate of 86% as of September 30, 2015. OASIS users left to be verified are clustered in 14 local departments of Social Services and will be addressed during the quarter ending December 31, 2015.	In Progress (Delayed)

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<u>Virginia Foundation for Healthy Youth (VFHY)</u>				
2014	14-01	Improve Controls over Payroll and Retirement Information	VFHY implemented policies requiring reviewing report 10 edits for accuracy, signing, and dating prior to VDH certifying payroll. Also included was reviewing PMIS cancelled records and VNAV/retirement reports and recons made prior to confirmation.	Completed (On Schedule)
<u>Department of Game and Inland Fisheries (DGIF)</u>				
2014	14-01	Properly Make Prior Year Adjustments and Record Year-End Revenue	<p>The Planning and Finance Director had discussions on this matter and plans were implemented to change this policy going forward to adhere to DOA's recommendation.</p> <p>DGIF now has policies and procedures, based on DOA recommendations, and applied this new policy to FY2015 year-end close out attachments.</p> <p>DGIF adopted a new policy at Fiscal Year End 2015 which provided that we use a suspense account (547) to record prior year revenues. This change in policy is reflected in the appropriate year end attachments.</p>	Completed (On Schedule)
	14-02	Create Policies and Procedures for Multiple Areas in the Agency	DGIF continues to draft/adopt policies and procedures and evaluate these policies against future requirements/opportunities of CARDINAL, eVA, and internal systems' updates. Many new policies have been applied to updated training for P&F staff, and a new DGIF policy committee is meeting in November to formalize policies for ED signature approval.	In Progress (Delayed)

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

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			Training for regional offices is being handled as part of updated inventory schedule for field visits.	
	14-06 12-05 11-04 10-03	Improve Internal Controls over System Access This is a Repeat Finding.	Corrective action plan has been implemented.	Completed (Delayed)
	14-07	Conduct Thorough Review of Contribution Snapshot Prior to Certification	DGIF has increased staff training, established a backup for this critical responsibility, and properly documented these requirements.	Completed (On Schedule)
	14-08	Establish an Internal Records Retention Policy	DGIF communicated to all DGIF employees the appropriate records retention schedule and requirements in accordance with the Library of Virginia. The Planning and Finance Director, along with a policy analyst in the office of Executive Director serve as records retention liaison for questions that arise. DGIF continues to work with LVA to determine what areas need to have unique records retention schedules for the type of documents and reports processed by the agency.	In Progress (Delayed)
<u>Department of Conservation and Recreation (DCR)</u>				
2014 Special Review	14-12 Armics-01	Improve Controls over ARMICS Certifications to Comptroller	The September 30, 2015 certification letter to DOA indicated that DCR has not completed the ARMICS review. The agency will formally begin the ARMICS process in October.	In Progress (On Schedule)
	14-13 Armics-02	Ensure ARMICS Documentation is Accurate	The September 30, 2015 certification letter to DOA indicated that DCR has not completed the ARMICS review. The agency will formally begin the	In Progress (On Schedule)

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			ARMICS process in October.	
	14-14 Armics-03	Complete ARMICS Requirements	The September 30, 2015 certification letter to DOA indicated that DCR has not completed the ARMICS review. The agency will formally begin the ARMICS process in October.	In Progress (On Schedule)
	14-23 AP-01	Update Accounts Payable Policies and Procedures	DCR is in the process of finalizing the desktop procedures in the Accounts Payable Policy.	In Progress (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	Policy and plan complete.	Completed (On Schedule)

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	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)
	14-89 HR-01	Update Human Resource Policies and Procedures	All policies required in recommendation have been issued. The DCR has also updated and issued additional HR policies.	Completed (On Schedule)
<u>Commonwealth's Attorneys' Services Council (CASC)</u>				
2014	14-01	Maintain the Required Transparency Surrounding Agency Transactions	CASC has implemented coding all expenditures at the sub object level when making fund adjustments.	Completed (On Schedule)
	14-02	Improve Expenditure Processes	CASC and the Department of Accounts worked together to ensure that non-federal funded reimbursements are coded consistently with the grantor agency.	In Progress (On Schedule)
	14-03	Improve Small Purchase Charge Card Processes	CASC conducted a staff meeting to review all agency policies and procedures pertaining to purchases and travel.	Completed (On Schedule)
<u>Department of Alcoholic Beverage Control (ABC)</u>				
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	Completed (Delayed)

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	13-02	Improve Database Security	prioritization - the current prioritization rests with the COO and Board. ABC feels its current process, along with the project initiation form, is sufficient to mitigate risk and accepts any residual risk. 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)
<u>Department of State Police (VSP)</u>				
2011	11-01	Upgrade Unreliable and Unsupported Infrastructure Devices	VSP and VITA are actively working to find an Enterprise solution that addresses all VSP's security requirements as well as Commonwealth Security requirements.	In Progress (On Schedule)
2014	14-01	Improve Motor Vehicle Inspection Program Web Application Security	Competing high priority projects and limited knowledgeable resources has slowed VSP's progress addressing these issues.	In Progress (On Schedule)
	14-03 11-02 09-03	Continue to Upgrade Database System Software. This is a Repeat Finding.	VSP has selected a candidate and is in the hiring process for the FTE position to develop the OEBS Human Resources module. VSP has identified and is researching a possible package solution for Asset Tracking.	In Progress (Delayed)

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	14-05	Improve Financial Management System Controls. This is a Repeat Finding.	The Information Technologies and Property and Finance Divisions are planning to meet in the near future to discuss solutions.	In Progress (On Schedule)
	14-06	Improve Fixed Asset Internal Controls and Processes	<p>The Communications Division is in the process of replacing its current Asset Management inventory system which will increase control as well as accountability regarding assets within the STARS Network. Department management will, within existing cost constraints, consider the integration of this system once implemented and operational.</p> <p>The Information Technologies and Property and Finance Divisions are planning to meet with the Communications Division in the near future to discuss further agency wide solutions.</p>	In Progress (On Schedule)
	14-08	Improve Processes over Work Zone Project Billings	The Property and Finance Division is reviewing current processes to determine the best way to proceed before issuing out new instructions to the field divisions.	In Progress (On Schedule)

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	14-09	Improve and Adhere to Record Retention Schedules	<p>In 2014, a File Retention Review Committee was formed to review VSP specific schedules and streamline them, using general schedules whenever possible. All VSP specific schedules have been thoroughly reviewed. VSP specific schedules were reduced from eight to one, and VSP series were reduced from 120 to 11. In August, the Records Oversight Committee (ROC) approved the changes.</p> <p>Offices throughout the Department will be revising their file lists in accordance with general schedules and the revised VSP schedule. Statewide training will be conducted in October and November 2015. Revised file lists will be submitted to the Records Officer for approval in May 2016.</p> <p>The Records Officer will be conducting annual training on records retention and disposition to ensure compliance with the Public Records Act.</p>	In Progress (On Schedule)

Department of Motor Vehicles (DMV)

2013	13-01*	Improve Database Management System Security. This is a Repeat Finding.	DMV is in the process of doing a DLCI Schema Data extraction/import scripting and documenting and scripting a data validation process.	In Progress (Delayed)
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****DOA did not receive an updated Corrective Action Workplan status by the time period required.***

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

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

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

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

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03	Improve IT Risk and Continuity Management Program	<p>DMV will implement consistent risk and continuity policies and procedures for sensitive systems.</p> <p>DMV will reconcile and correct MEF functions to BIA & COOP.</p> <p>DMV will ensure BIA is revised to include the RTOs for the MEF's.</p> <p>DMV will reconcile and correct the inconsistencies between the RTO's in the Agency COOP and the IT COOP.</p> <p>DMV will test the IT Disaster Recovery Plan, conduct the necessary review of CSS, and maintain all required documentation for user access controls.</p>	In Progress (Delayed)
	14-04*	Improve IT Security Audit Program Management	DMV has not started to address this audit finding.	In Progress (Delayed)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-05*	Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access	<p>DMV will ensure timely modification or removal of access when employees are separated from employment at DMV as well as ensure timely modification of access as employee roles and responsibilities change with the DMV Human Resource Office.</p> <p>Quarterly, DMV will review access rights to CIPPS and PMIS to ensure they are appropriate based on the employee roles and responsibilities. DMV requests that the APA communicate with DHRM regarding a better way to access PMIS information on a routine basis rather than having to request a special report be run. It would be helpful if it was available on the Agency Repository in HurMan. This would give DMV the ability to review the report on an ongoing basis to ensure timely removal of employees who no longer should have access.</p> <p>Effective January 15, 2015, the agency's System Access Request was revised to include CIPPS and PMIS as an additional reminder to the Security Administrator.</p>	In Progress (Delayed)

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

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

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of Rail and Public Transportation (DRPT)</u>				
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)
<u>Department of Transportation (VDOT)</u>				
2013	13-08	Improve Retirement Reconciliation Process	Procedures for reconciling VRS were implemented in FY 2014. Discrepancies were addressed and completed by August 31, 2015.	Completed (Delayed)
2014	14-01	Improve Controls over Financial Reporting. This is a Material Weakness and a Repeat Finding.	Fiscal Division requested all divisions supplying information to financial reporting to develop written procedures for preparing the information sent to Fiscal Division, which has been completed. Work was shifted to ensure that ARMICS was completed in time for the compliance team to work on reviewing financial attachments. This has been completed.	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. A final determination on this reporting relationship is expected by December 31, 2015.	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-04	Improve Controls over Sub-recipient Monitoring. This is a Repeat Finding.	<p>Local Assistance Division has amended the project agreement form to include the CFDA number.</p> <p>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. Significant progress has been made on these reconciliations, with most of them completed. However there are a few subrecipients' reconciliations not completed due to non-receipt of information. ACO will work with the subrecipients to complete the reconciliations within six months of its receipt of the Single Audit Reports.</p>	In Progress (On Schedule)



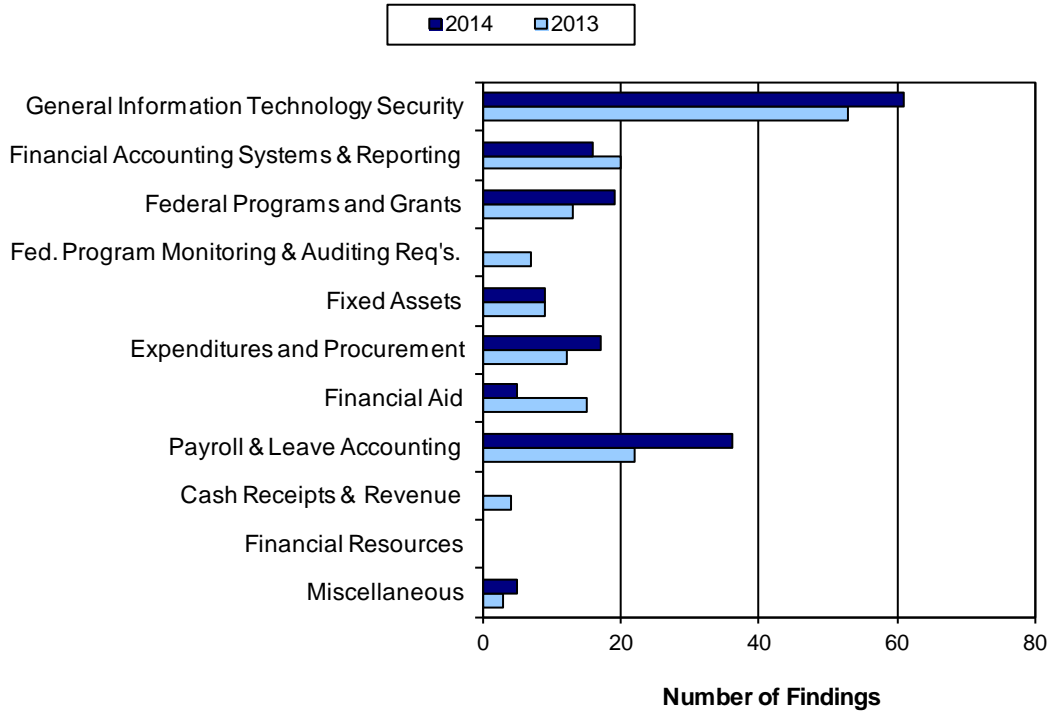
Annual Summary of APA Audit Findings

As of September 30, 2015, the Auditor of Public Accounts has issued 44 audit reports for the fiscal year ended June 30, 2014. These 44 audits covered 76 Executive Branch agencies. Of these reports, 21 reflected no internal control weaknesses or compliance findings. The remaining 23 audit reports covered 46 agencies. Of these 46 agencies, all agencies had at least one finding. The APA identified 168 audit findings that cited internal control weaknesses and instances of noncompliance in the 46 agencies. For the fiscal year ending 2013, 21 of 47 reports contained findings and 158 total findings were reported.

<u>Category</u>	<u>New Findings</u>	<u>Repeat Findings</u>	<u>Total Findings</u>
General Information Technology Security	49	12	61
Payroll & Leave Accounting	34	2	36
Financial Accounting Systems & Reporting	10	6	16
Financial Aid	5	-	5
Federal Programs and Grants Accounting	12	7	19
Program Monitoring / Auditing Requirements	-	-	-
Expenditures and Procurement	16	1	17
Fixed Assets	8	1	9
Cash Receipts & Revenue	-	-	-
Financial Resources	-	-	-
Miscellaneous	5	-	5
	<u>139</u>	<u>29</u>	<u>168</u>

Statewide Findings by Category

FY 2013 - FY 2014 Comparison



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

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

As of September 30, 2015, the following agencies were not in compliance with the ARMICS process based on their 2015 ARMICS submission:

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

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Small Business and Supplier Diversity	Exhibit 4 Filed	No	A required Corrective Action Plan was not submitted with the certification of noncompliance.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency is updating internal policies and procedures. Agency has committed to corrective action completion by June 30, 2016.
Richard Bland College	Exhibit 4 Filed	No	A required Corrective Action Plan was not submitted with the certification of noncompliance.

The following agencies were not in compliance with the ARMICS process based on a Quality Assurance Review (QAR) performed during FY15:

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency has committed to corrective action completion by September 30, 2016.
Marine Resources Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency has completed the Agency-level assessment and is currently working on the transaction-level assessment and testing. The agency has committed to corrective action completion by April 1, 2016.
Virginia Museum of Natural History	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency has committed to corrective action completion by March 31, 2016.
Virginia Retirement System	Substantial non-compliance with the ARMICS process based on a QAR.	No	A Corrective Action Plan was not submitted as required.
Virginia Worker's Compensation Commission	Substantial non-compliance with ARMICS process based on a QAR.	No	A Corrective Action Plan was not submitted as required.

All agencies who certify ARMICS are considered to be in compliance. However, the following table lists those agencies whose compliance has been verified by a QAR performed during FY15:

Compliant Agencies based on a QAR

Christopher Newport University
College of William and Mary in Virginia
Department of Agriculture and Consumer Services
Department of Alcoholic Beverage Control
Department of Forestry
Virginia Employment Commission
Virginia State University



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 July and August were due 08/31/2015 and 09/30/2015 respectively.

Certifications Late or Outstanding *As of October 20, 2015*

Agency	Jul	Aug
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None

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

Response to Inquiries

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

However, in other instances, agencies do not respond timely or simply fail to respond. For the quarter ended September 30, 2015, all responses have been received within an acceptable timeframe.

Trial Balance Review

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

DOA monitors selected general ledger balances and contacts agencies in writing about certain irregular balances. For the quarter ended September 30, 2015, no agencies failed to respond timely, make corrective action and/or provide additional information.

Trial Balance Review

As of September 30, 2015

Agency	July	Aug	Sept
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 September 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 September 30, 2015

None	Agency	Jul	Aug	Sep
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Disbursement Processing

During the quarter ended September 30, 2015, DOA deleted, at the submitting agency's request, 45 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.

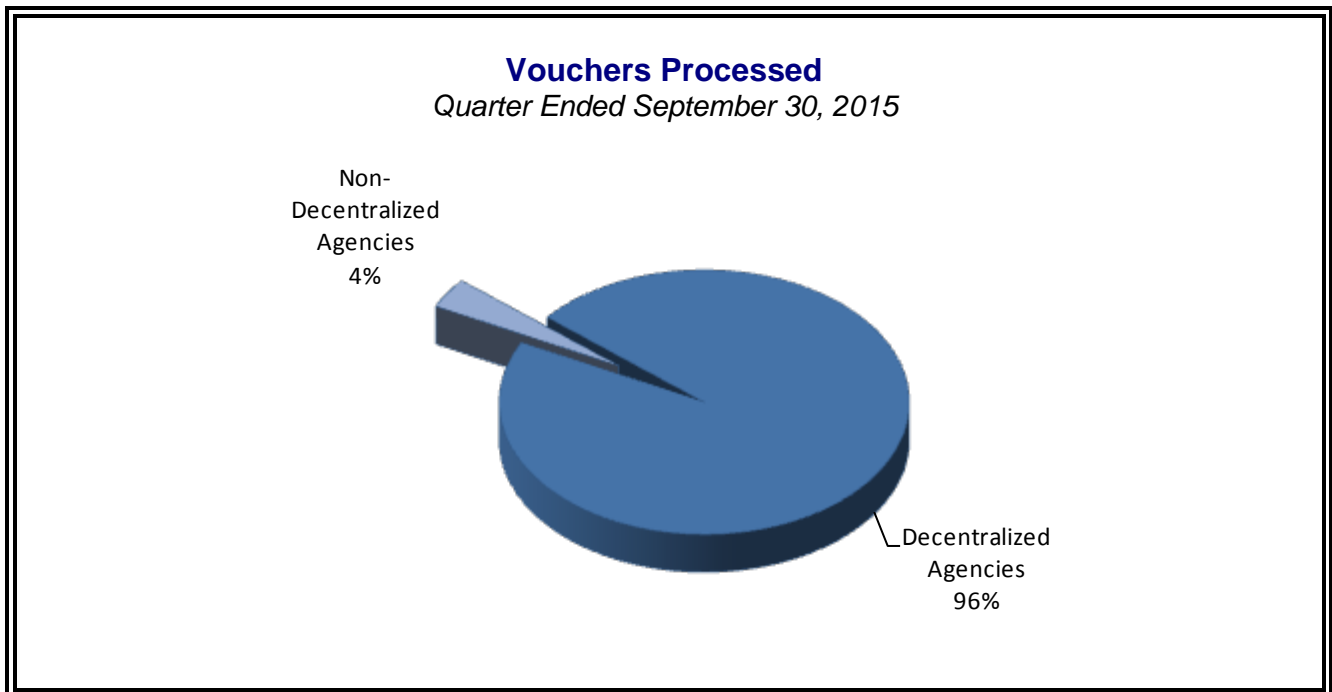
Fourteen separate agencies requested deletes during the quarter. For the quarter, ended September 30, 2015, no agency requested more than four vendor payment deletions.



Paperwork Decentralization

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

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



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

Decentralized Agencies

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

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

Although an agency's report may state that it "generally complies with the CAPP Manual" and not require a formal corrective action plan, most reports do contain some findings and recommendations. Agencies are strongly

encouraged to address these findings. Repeat occurrences of the same findings in future reviews may result in the agency having to prepare a formal corrective action plan.

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. One review was completed for decentralized agencies during this quarter.

Compliant Agencies

N/A

Agencies Requiring Corrective Action

Germanna Community College

Corrective Actions Needed

Travel Reimbursement
Small Purchase Charge Card
Prompt Pay



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 208 non-travel disbursement batches and 104 travel disbursement batches were reviewed, disclosing four exceptions that were resolved prior to releasing the transactions for payment.



Prompt Payment Compliance

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

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

Statewide Prompt Payment Performance Statistics

	Quarter Ended September 30, 2015		Fiscal Year 2016 To-Date		Comparative Quarter Ended September 30, 2014	
	Late	Total	Late	Total	Late	Total
Number of Payments	5,862	557,715	5,862	557,715	4,775	616,726
Dollars (in thousands) \$	46,110	\$1,930,649	\$46,110	\$1,930,649	\$ 28,216	1,735,577
Interest Paid on Late Payments				\$2,960		
Current Quarter Percentage of Payments in Compliance				98.9%		
Fiscal Year-to-Date Percentage of Payments in Compliance				98.9%		
Comparative Fiscal Year 2015 Percentage of Payments in Compliance				99.2%		



Prompt Payment Performance by Secretarial Area

Quarter Ended September 30, 2015

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.8%	98.4%
Agriculture and Forestry	99.6%	99.8%
Commerce and Trade	98.6%	99.4%
Education*	98.7%	97.1%
Executive Offices	99.1%	99.3%
Finance	99.9%	98.0%
Health and Human Resources	99.2%	98.9%
Independent Agencies	99.7%	99.8%
Judicial	99.9%	99.9%
Legislative	99.8%	99.5%
Natural Resources	99.2%	97.8%
Public Safety and Homeland Security	98.9%	95.9%
Technology	100.0%	100.0%
Transportation*	99.5%	98.5%
Veterans and Defense Affairs	97.9%	96.4%
Statewide	98.9%	97.6%

Prompt Payment Performance by Secretarial Area

Fiscal Year 2016

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.8%	98.4%
Agriculture and Forestry	99.6%	99.8%
Commerce and Trade	98.6%	99.4%
Education*	98.7%	97.1%
Executive Offices	99.1%	99.3%
Finance	99.9%	98.0%
Health and Human Resources	99.2%	98.9%
Independent Agencies	99.7%	99.8%
Judicial	99.9%	99.9%
Legislative	99.8%	99.5%
Natural Resources	99.2%	97.8%
Public Safety and Homeland Security	98.9%	95.9%
Technology	100.0%	100.0%
Transportation*	99.5%	98.5%
Veterans and Defense Affairs	97.9%	96.4%
Statewide	98.9%	97.6%

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

For the quarter ended September 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 September 30, 2015**

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Education			
Department of Education Direct Aid to Localities	3	57	94.7%
Frontier Culture Museum of Virginia	18	329	94.5%
Paul D. Camp Community College	42	485	91.3%
Gunston Hall	4	69	94.2%
Health and Human Resources			
Department of Medical Assistance Services	77	979	92.1%
Eastern State Hospital	174	1,880	90.7%
Public Safety and Homeland Security			
Department of Emergency Management	39	618	93.7%
Department of Corrections Central Activities	25	375	93.3%

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

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

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

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Education			
Frontier Culture Museum of Virginia	18	329	94.5%
Paul D Camp Community College	42	485	91.3%
Health and Human Resources			
Department of Medical Assistance Services	77	979	92.1%
Eastern State Hospital	174	1,880	90.7%
Public Safety and Homeland Security			
Department of Emergency Management	39	618	93.7%
Department of Corrections Central Activities	25	375	93.3%

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 September 30, 2015			Comparative Quarter Ended September 30, 2014
	E-Commerce	Total	Percent	Percent
Number of Payments	2,154,727	2,446,875	88.1%	86.5%
Payment Amounts	\$ 9,595,529,597	\$ 10,482,200,472	91.5%	91.1%

	Fiscal Year 2016 To-Date			Comparative Fiscal Year 2015
	E-Commerce	Total	Percent	Percent
Number of Payments	2,154,727	2,446,875	88.1%	86.5%
Payment Amounts	\$ 9,595,529,597	\$ 10,482,200,472	91.5%	91.1%

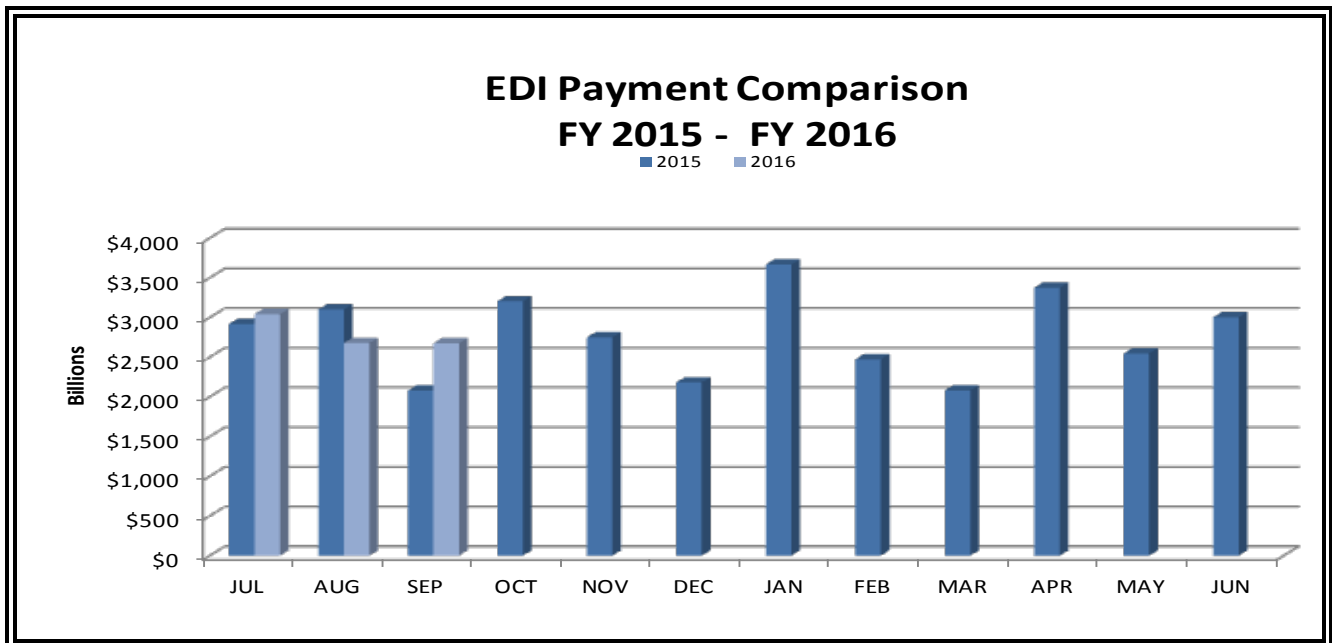
Financial Electronic Data Interchange (EDI)

The dollar volume of Financial EDI payments for the first quarter of FY 2016 was over \$294 million (4 percent) more than the same quarter last year. The number of trading partner accounts increased by 12 percent from September 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 September 30, 2015	Fiscal Year 2016 To-Date	Comparative Quarter Ended September 30, 2014
Number of Payments	67,597	67,597	64,052
Amount of Payments	\$ 8,394,109,685	\$ 8,394,106,985	\$ 8,100,498,544
Number of Invoices Paid	179,026	179,026	191,330
Estimated Number of Checks Avoided	107,218	107,218	104,433
Number of Trading Partner Accounts as of 09/30/15		156,041	138,821



Travel EDI

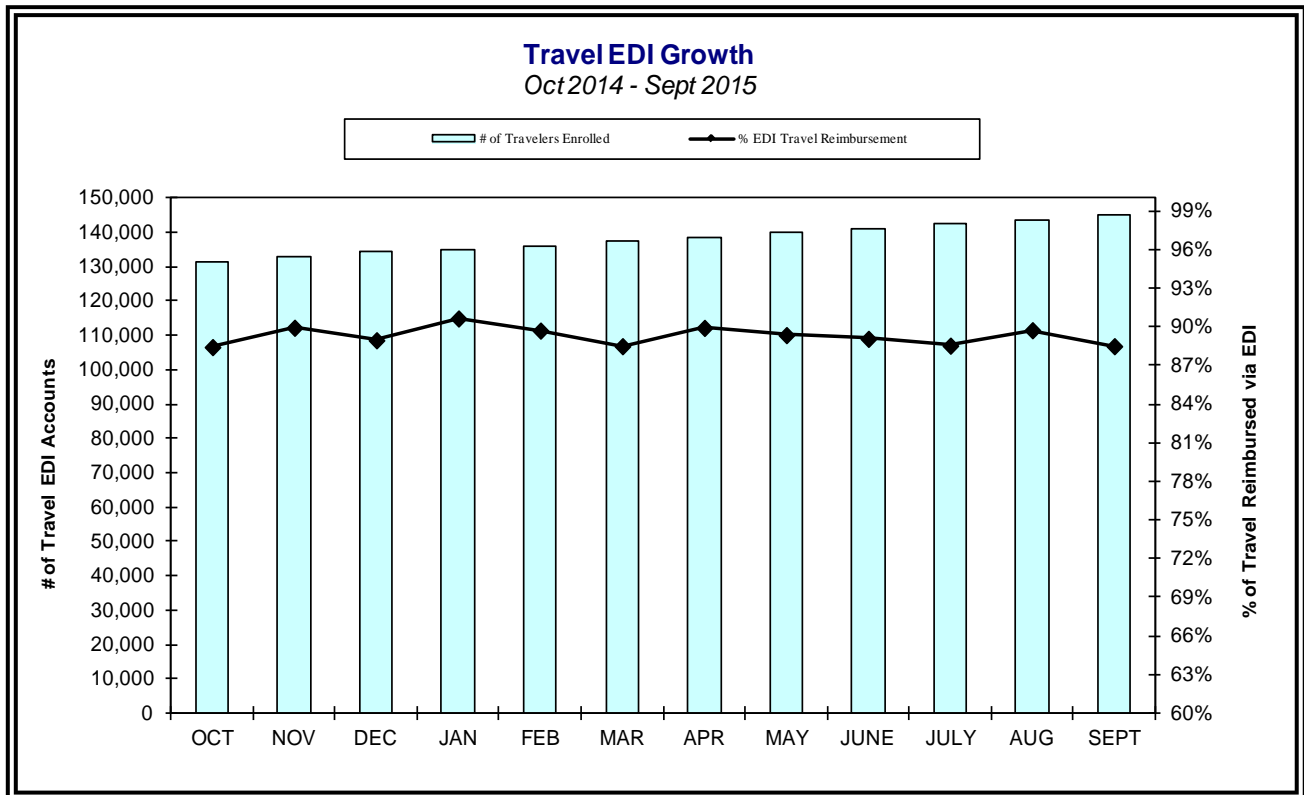
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. Per Chapter 806, 2013, Virginia Acts of Assembly §4-5.04 e.5. *State employees traveling on official business of state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

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

effort to identify areas where EDI can be expanded.

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



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 September 30, 2015

<u>Secretarial Area</u>	<u>Employee Percent</u>	<u>Non-Employee Percent</u>	<u>Reimbursement Checks Issued</u>
Administration	97.4%	0.0%	66
Agriculture and Forestry	98.2%	6.0%	60
Commerce and Trade	99.7%	33.3%	59
Education (1)	96.1%	38.9%	684
Executive Offices	99.0%	0.0%	15
Finance (2)	99.3%	28.6%	8
Health and Human Resources	98.5%	17.2%	531
Independent Agencies	98.8%	21.1%	30
Judicial	93.4%	7.8%	1,189
Legislative	99.1%	20.0%	9
Natural Resources	98.3%	63.4%	33
Public Safety	92.4%	8.1%	382
Technology	95.1%	-	5
Transportation (1)(2)	99.7%	57.1%	14
Veterans Affairs and Homeland Security	96.3%	56.1%	33
Statewide for Quarter	96.6%	22.0%	3,118
<i>Fiscal Year 2016 To-Date</i>			
Statewide	96.6%	22.0%	3,118
<i>Comparative Fiscal Year 2015 To-Date</i>			
Statewide	94.9%	31.8%	3,684

(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	74.7%	47
Public Safety		
Division of Community Corrections	83.8%	40
Department of Juvenile Justice	74.4%	49

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
Administration		
Department of General Services	0.0%	62
Agriculture and Forestry		
Department of Agriculture and Consumer Services	5.1%	37
Commerce and Trade		
Department of Mines, Minerals and Energy	0.0%	34
Education		
Longwood University	0.0%	91
Health and Human Resources		
Department of Social Services	9.9%	73
Judicial		
Circuit Courts	6.7%	406
Virginia State Bar	1.0%	286
Public Safety		
Department of Criminal Justice Services	6.0%	63

The following table lists agencies that have accumulated more than \$100 in employee EDI check charges for the fiscal year and have a utilization rate below 80 percent. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year.

For FY 2016, the charge is \$5 per check. These statistics indicate noncompliance with §4-5.04f of the Appropriation Act which requires that all employees likely to travel more than twice per year be reimbursed for travel costs using electronic data interchange.

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

Agency	Percent	Year-to-date Charges
None		



Direct Deposit

During the first quarter of FY 2016, 498,066 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 September 30, 2015

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	100.0%	100.0%
Agriculture and Forestry	99.9%	97.1%
Commerce and Trade	100.0%	99.7%
Education	99.8%	96.8%
Executive Offices	100.0%	100.0%
Finance	99.8%	100.0%
Health and Human Resources	99.7%	99.0%
Independent Agencies	99.6%	100.0%
Judicial	99.8%	89.3%
Legislative	99.9%	99.1%
Natural Resources	99.8%	99.4%
Public Safety and Homeland Security	99.6%	99.3%
Technology	100.0%	100.0%
Transportation	100.0%	99.7%
Veterans and Defense Affairs	99.7%	96.8%
Statewide	99.8%	97.5%
<i>Comparative</i>		
<i>Quarter Ended September 30, 2014</i>		
Statewide	99.7%	97.7%

Statewide Salaried Direct Deposit Performance

Quarter Ended September 30, 2015

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

Salaried Direct Deposit Below 98 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
---------------	----------------	----------------------------

All agencies met the 98% threshold for this quarter.

Statewide Wage Direct Deposit Performance

Quarter Ended September 30, 2015

Wage Direct Deposit Participation	97.5%
--	--------------

Wage Direct Deposit Below 90 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
---------------	----------------	----------------------------

Education

Southwest Virginia Community College	79.5%	190
Norfolk State University	76.3%	898

Judicial

Combined District Courts	82.4%	17
General District Courts	83.7%	190

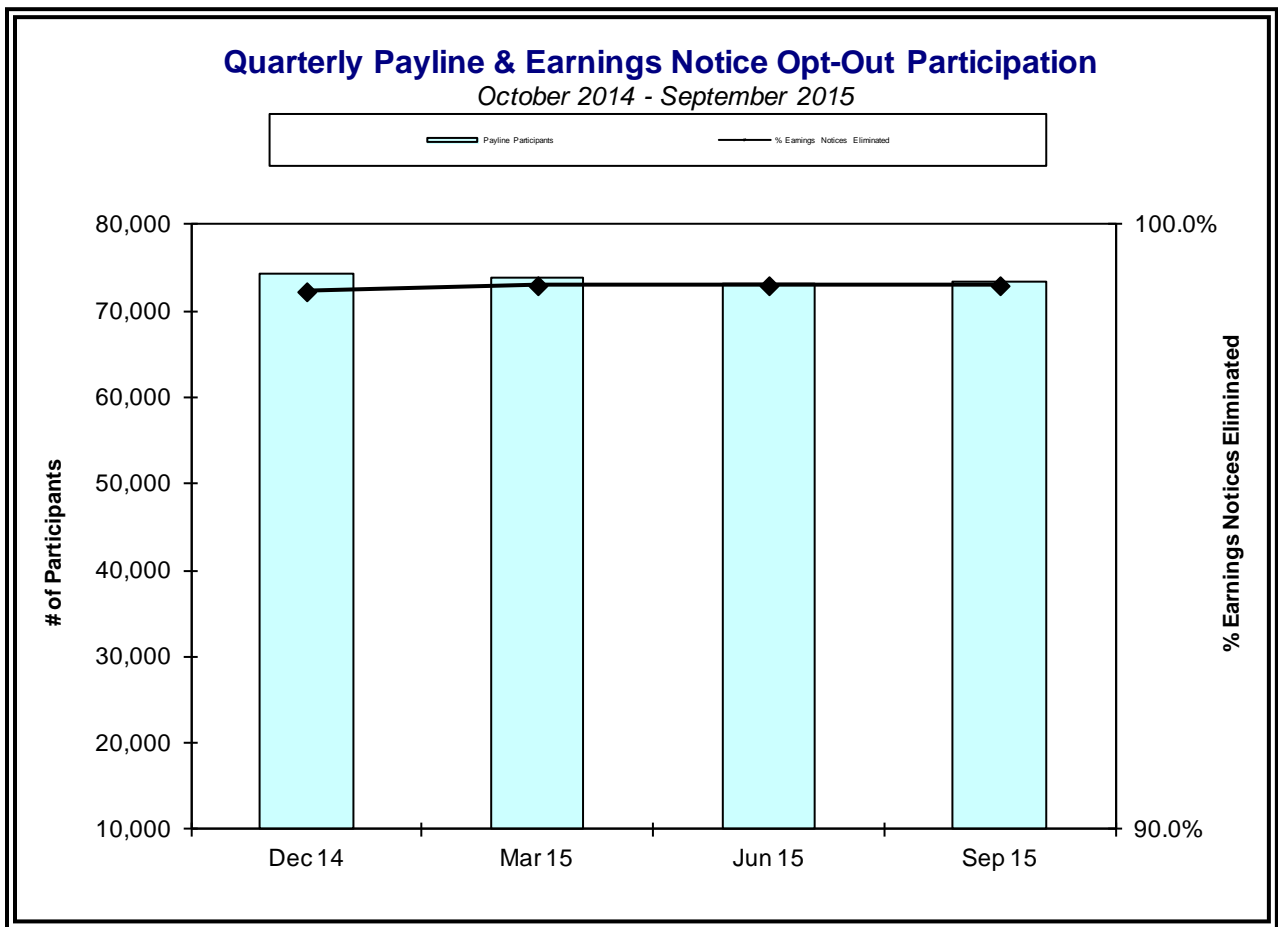


Payroll Earnings Notices

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

expected to encourage employees to enroll in Payline and discontinue receipt of centrally printed earnings notices. Since inception in November 2002, the Commonwealth has eliminated the printing of approximately 15,743,600 earnings notices.

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



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

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

Quarter Ended September 30, 2015

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	98.6%	100.0%
Agriculture and Forestry	81.9%	84.3%
Commerce and Trade	97.7%	99.5%
Education	65.1%	100.0%
Executive Offices	93.3%	100.0%
Finance	98.9%	100.0%
Health and Human Resources	93.5%	100.0%
Independent Agencies	92.1%	100.0%
Judicial	86.1%	93.6%
Legislative	69.2%	76.5%
Natural Resources	81.6%	97.7%
Public Safety and Homeland Security	90.9%	100.0%
Technology	98.1%	100.0%
Transportation	94.4%	100.0%
Veterans and Defense Affairs	72.4%	72.1%
Statewide	83.4%	99.0%
<i>Comparative</i>		
<i>Quarter Ended September 30, 2014</i>		
Statewide	86.9%	98.6%

* 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 September 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 09/30/2015	Percent Earnings Notices Eliminated QE 06/30/2015
Agriculture and Forestry		
Department of Agriculture and Consumer Services	84.7%	90.9%
Department of Forestry	83.2%	88.2%
Commerce and Trade		
Department of Small Business and Supplier Diversity	75.0%	77.8%
Judicial		
Circuit Courts	79.2%	71.9%
General District Courts	87.6%	87.7%
Natural Resources		
Marine Resources Commission	56.6%	53.3%
Veterans and Defense Affairs		
Virginia Veterans Care Center	27.5%	27.6%



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

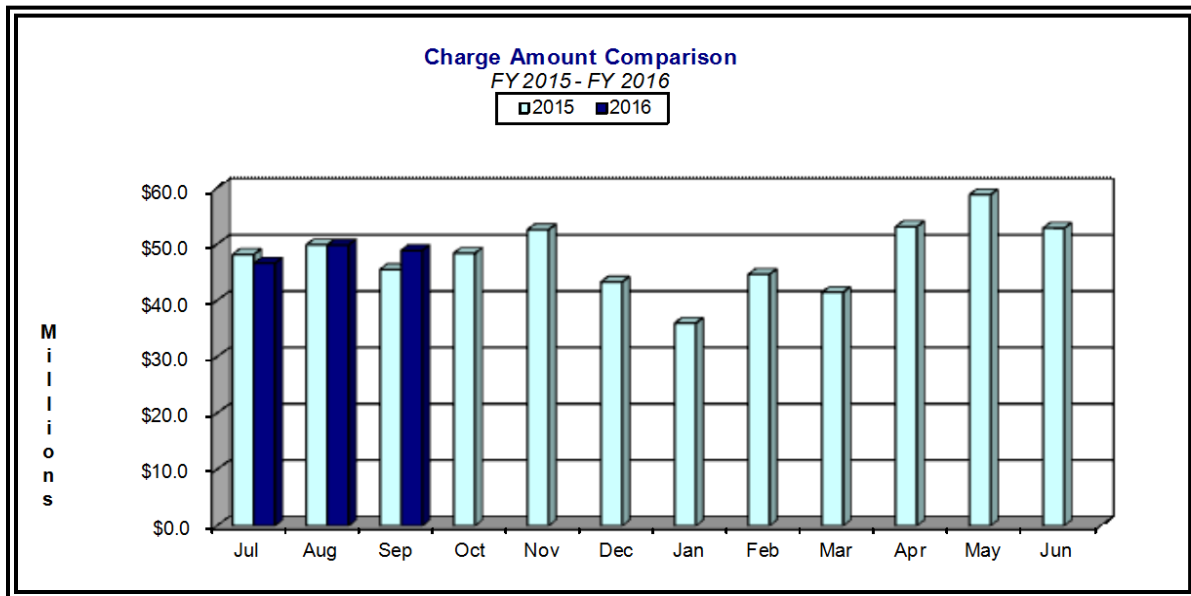
Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than \$50,000. Use of the purchasing charge cards decreases the number of checks issued and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

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

The total amount charged on SPCC, Gold and ePayables cards during the first quarter of FY 2016 increased by \$1.7 million or 1 percent from the same quarter last year.

Small Purchase Charge Card Program

Charge Card Activity	Quarter Ended September 30, 2015	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Amount of Charges	\$ 145,301,908	\$ 145,301,908	\$ 143,554,748
Estimated Number of Checks Avoided	189,959	189,959	194,848
Total Number of Participating Agencies		197	201
Total Number of Cards Outstanding		14,916	14,745



SPCC Utilization Compliance

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

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

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

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

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

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

Statewide SPCC Performance

Quarter Ended September 30, 2015

Percentage Utilization for Eligible Transactions

88%

SPCC Utilization by Secretarial Area

Quarter Ended September 30, 2015

Secretarial Area	Payments in Compliance ⁽¹⁾	Non-Compliant Transactions ⁽²⁾
Administration	89%	388
Agriculture and Forestry	97%	122
Commerce and Trade	76%	501
Education*	89%	3,817
Executive Offices	94%	74
Finance	99%	49
Health and Human Resources**	91%	2,890
Independent Agencies	83%	506
Judicial	37%	1,997
Legislative	98%	22
Natural Resources	93%	793
Public Safety	94%	2,125
Technology	88%	30
Transportation*	77%	5,888
Veterans and Defense Affairs	96%	81
Statewide	88%	19,283

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

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

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

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



**Agency SPCC Performance
Utilization Below 70 Percent**

Agency	Payments in Compliance	Non-Compliant Transactions
Commerce and Trade		
Virginia Employment Commission	35%	457
Education		
Norfolk State University	55%	629
Independent Agencies		
State Corporation Commission	34%	354
Judicial		
Board of Bar Examiners	0%	39
Circuit Courts	0%	185
Combined District Courts	0%	187
General District Courts	0%	721
Juvenile and Domestic Relations District Courts	0%	483
Magistrate System	0%	111
Supreme Court	66%	156
Virginia Criminal Sentencing Commission	0%	54
Public Safety		
Department of Forensic Science	68%	425



SPCC and ATC Payment Compliance

Agencies and institutions participating in the Charge Card program are required to submit Bank of America VISA payments via EDI no later than the 7th of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth’s contractual relationship with the charge card vendor and may result in suspension of an agency’s charge card program. Any agency that pays their bill late by more than two (2) business days is reported. For the month of July, this represents the bill date of July 15, 2015, with the payment due no later than August 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	July	Aug	Sep
<u>Purchase Card Program:</u>			
Administration			
Compensation Board		X	
Education			
Frontier Culture Museum of Virginia		X	
New College Institute		X	
Paul D. Camp Community College	X		
Wytheville Community College	X		
Health & Human Resources			
Department for Aging and Rehabilitative Services	X		
Virginia Board for People with Disabilities			X
<u>Airline Travel Card Program:</u>			
Education			
Radford University			X
Thomas Nelson Community College		X	
Public Safety			
Department of Juvenile Justice			X



Travel Charge Card

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

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

The contract provides for the following actions on delinquent accounts:

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

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

Travel Charge Card Program

As of September 30, 2015

<u>Agency</u>	<u>Total Delinquent Accounts</u>	<u>Amounts 60 Days Past Due</u>	<u>Amounts 90-120 Days Past Due</u>	<u>Amounts >150 Days Past Due</u>
Education				
Norfolk State University	1	0	100	0
Virginia Commonwealth University	2	799	0	0
Virginia Military Institute	1	47	0	0
Virginia Polytechnic Institute and State University	2	771	181	0
University of Virginia	1	1,141	0	0
Health & Human Resources				
Commonwealth's Attorneys' Services Council	1	310	0	0



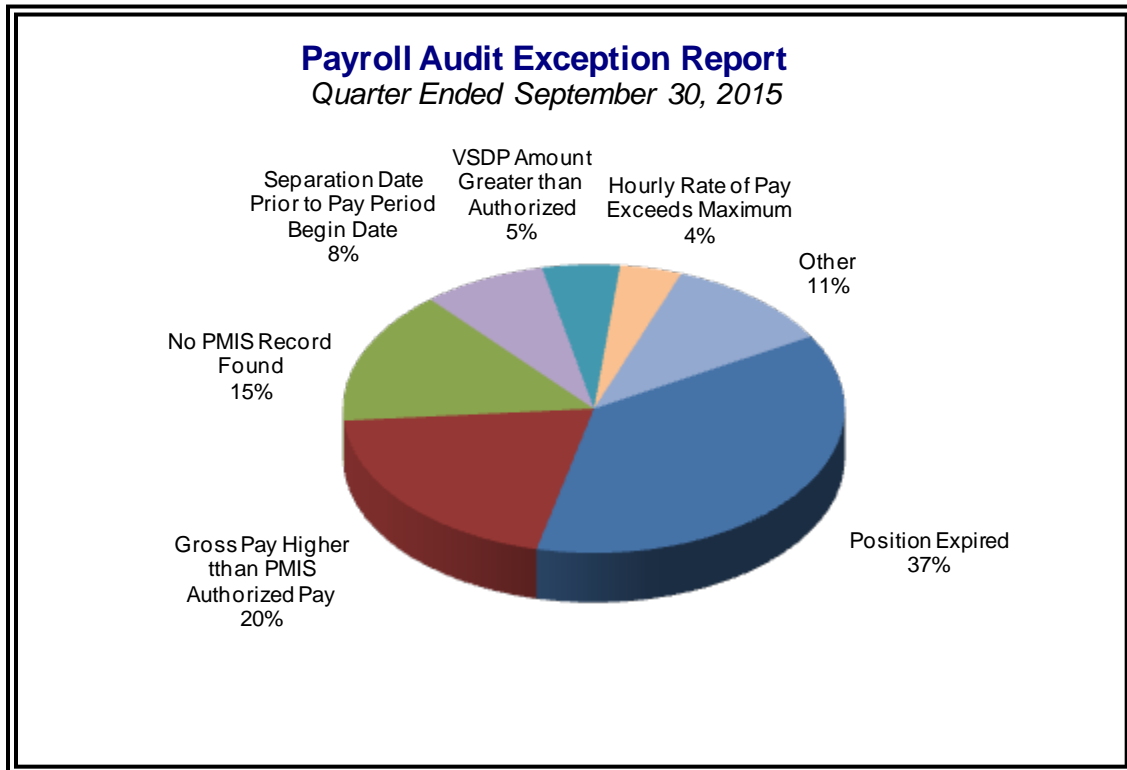
Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 404,266 salaried pay transactions and 96,459 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 3,740 new exceptions noted statewide during the quarter, with an overall exception rate of 0.13%.

The statewide salaried payroll exception rate was 0.43% and the wage payroll exception rate was 0.18%. During this quarter, 8 employee paychecks were reduced to recover \$3,561.03 in overpayments.

While the largest cause of exceptions is the processing of payments to employees whose records have been terminated in PMIS, the second 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. This can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



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

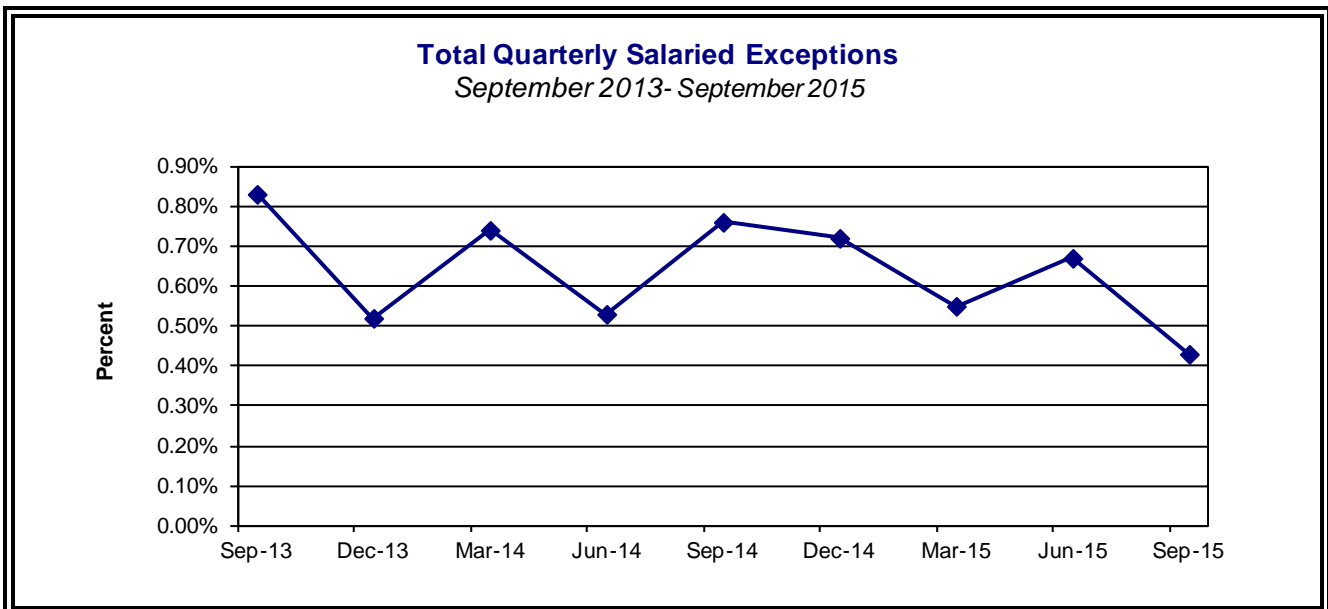
of payroll exceptions to salaried or wage payments exceeds three times the statewide average for the quarter.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended September 30, 2015

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
NONE		

Total Wage Payroll Exceptions for the Quarter	0.18%
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The following chart compares payroll exceptions as a percentage of salaried payments by quarter for the past two years.

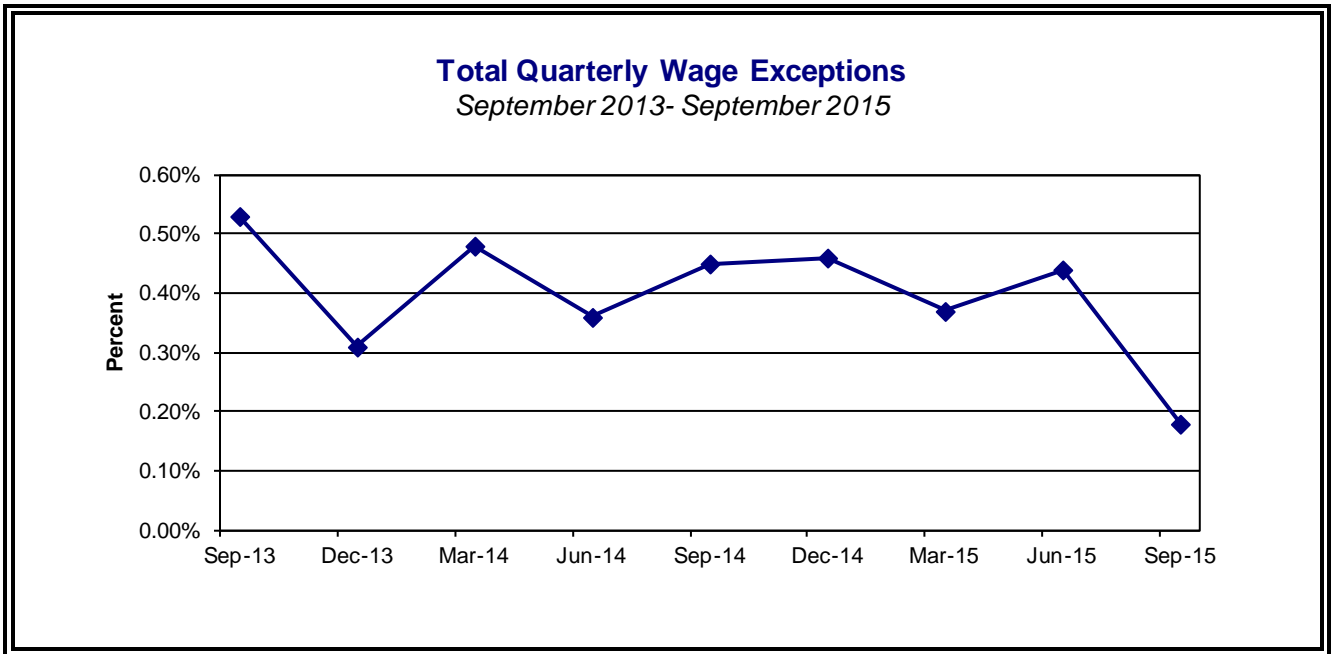


Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended September 30, 2015

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
NONE		

Total Wage Payroll Exceptions for the Quarter	0.18%
--	--------------

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



CIPPS/PMIS Exceptions

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

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

<u>Agency</u>	<u>Unresolved Exceptions</u>
<i>Education</i>	
Northern Va Community College	1
<i>Health & Human Resources</i>	
Northern Virginia Training Center	8
Virginia Center for Behavioral Rehabilitation	11



Payroll Certification

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

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

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

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

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

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

Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
Education				
Lord Fairfax Community College	\$39,614			
Radford University			2	
Thomas Nelson Community College		1		
Health and Human Resources				
Central Virginia Training Center		1		
Public Safety				
Virginia Correctional Center for Women	\$28,963			
Transportation				
Department of Transportation	\$51,371			

Columns show the following:

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

Health Care Reconciliations

Employee health care fringe benefits costs are covered by a combination of agency-paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* package to DOA by the close of the month following the month of coverage. This

reconciliation annotates differences between health care eligibility records (BES) and health care premium payments collected through payroll deduction. The following table lists those agencies that did not comply with reporting requirements.

Health Care Reconciliations as of September 30, 2015

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
Virginia Foundation for Healthy Youth			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.



FINANCIAL MANAGEMENT ACTIVITY

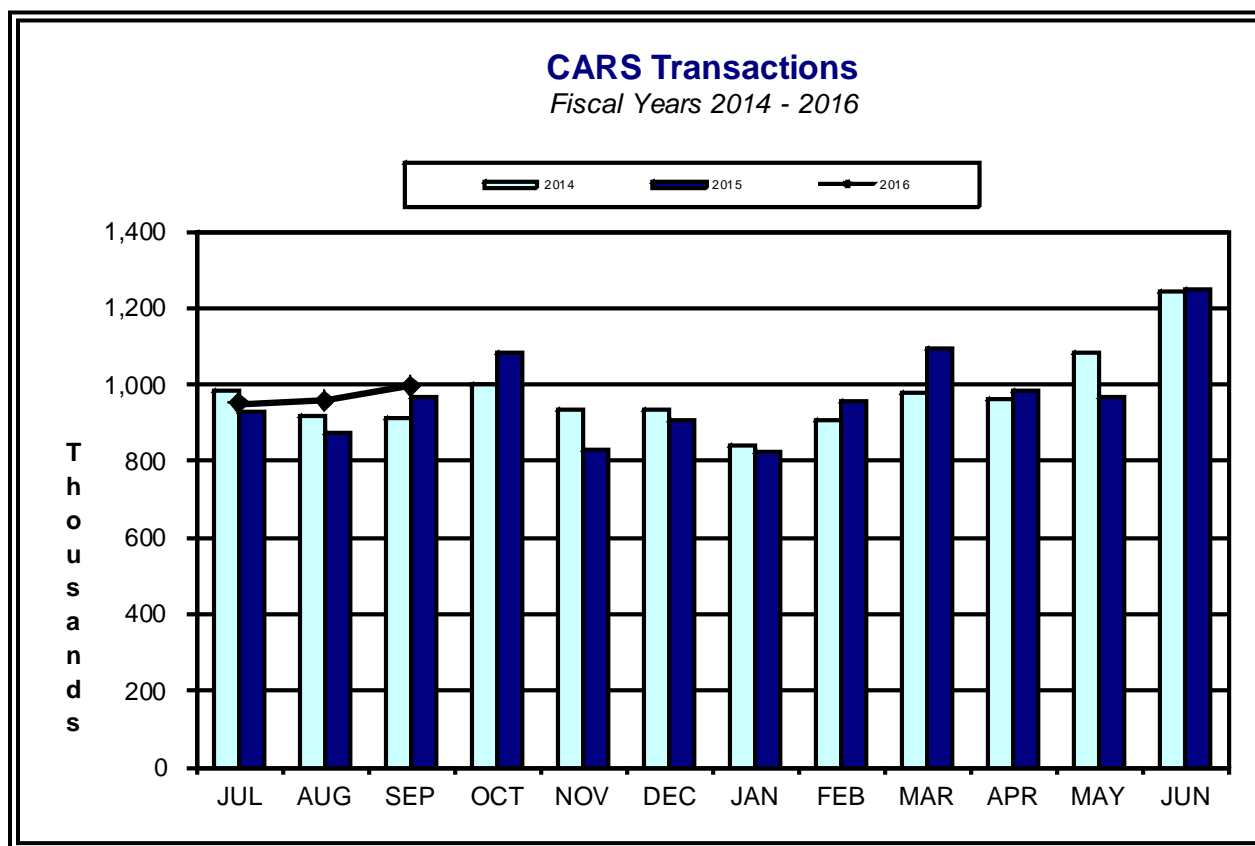
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

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

Commonwealth Accounting and Reporting System (CARS)

CARS activity trends provide important information about statewide accounting. Currently, measures are used to track CARS transactions and error counts. A marked

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

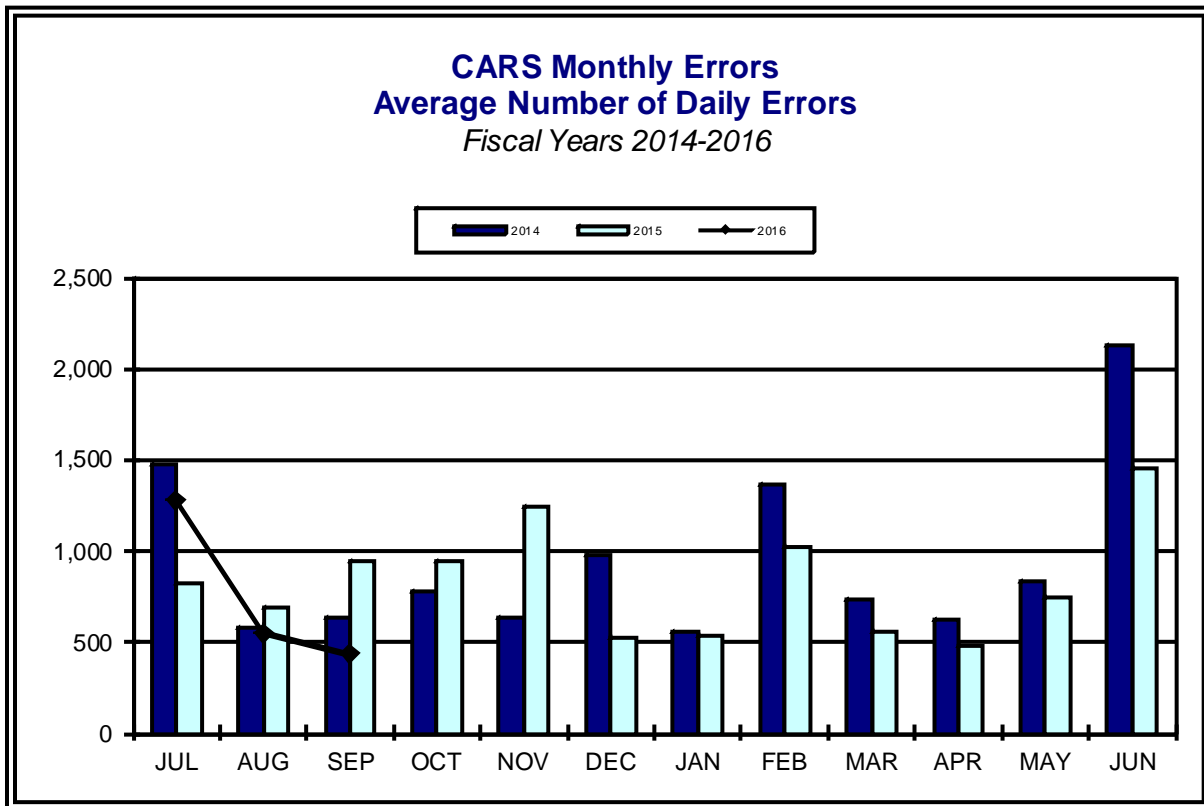


CARS Edits

One of the most important management tools used by DOA is the monitoring of CARS errors generated by standard system edits. Batches remain on the error file until problems are resolved, which, for disbursement transactions, can lead to noncompliance with prompt payment standards and poor vendor relations. During the first quarter of FY 2016, the most frequent reasons cited for transactions processing to the error file were:

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

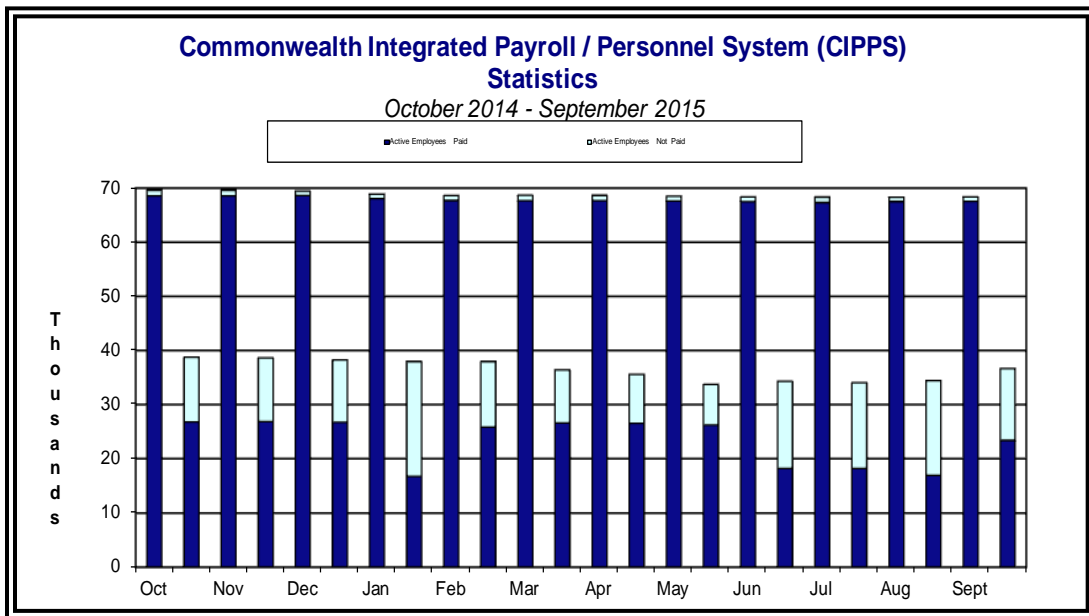
- Available Cash Negative
- Expenditures Exceeds Allotments
- Certified Amount not in Balance



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 103,407 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 86,981 employees were paid each month, of which 67,462 were salaried employees.



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

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

Benefit Participation by CIPPS Agencies

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

compensation, and flexible reimbursement programs.

Benefit Participation Number of Participating Employees

Benefit	As of 9/30/2015	Comparative	
		As of 9/30/2014	As of 9/30/2013
Health Care**			
COVA Care	77,058	79,017	79,624
COVA Health Aware	4,526	3,868	3,291
Kaiser	2,098	2,109	2,115
Tricare	58	67	63
Optional Retirement Plans**			
Fidelity Investments	693	666	635
TIAA/CREF	1,701	1,729	1,688
Political Appointee - ORP	112	104	44
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	40,249	43,031	43,663
Hybrid 457 Voluntary D/C Plan	684	N/A	N/A
Flexible Reimbursement**			
Dependent Care	948	912	976
Medical Care	9,703	9,627	10,144

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



Accounts Receivable

Executive Summary

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

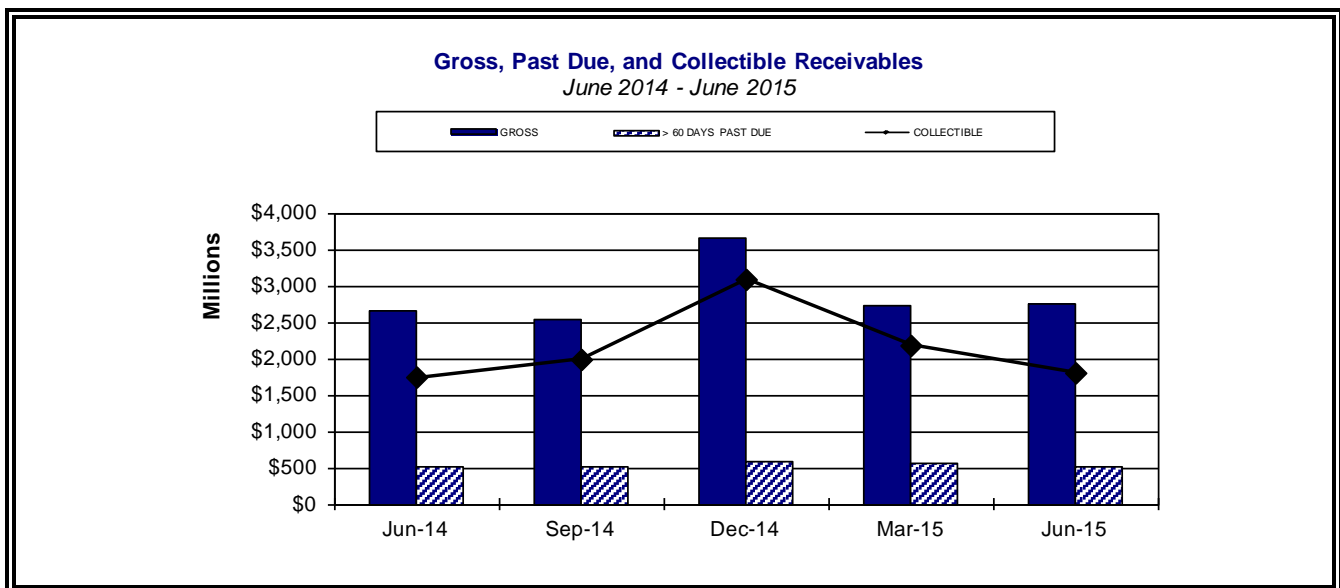
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$2.74

billion at June 30, 2015, with \$1.81 billion considered collectible. Receivables over 60 days past due as of June 30, 2015, totaled \$503.3 million. Of that amount, \$23.7 million was placed with private collection agencies, \$33.5 million was placed with the Division of Debt Collection and \$446.0 million was retained in-house for additional collection efforts.

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

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



As of June 30, 2015, agencies expected to collect \$1.81 billion (66 percent) of the \$2.74 billion adjusted gross receivables. About 2 percent is due to the General Fund, primarily for benefit recoveries and sales of permits.

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

Collectible Receivables by Fund

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

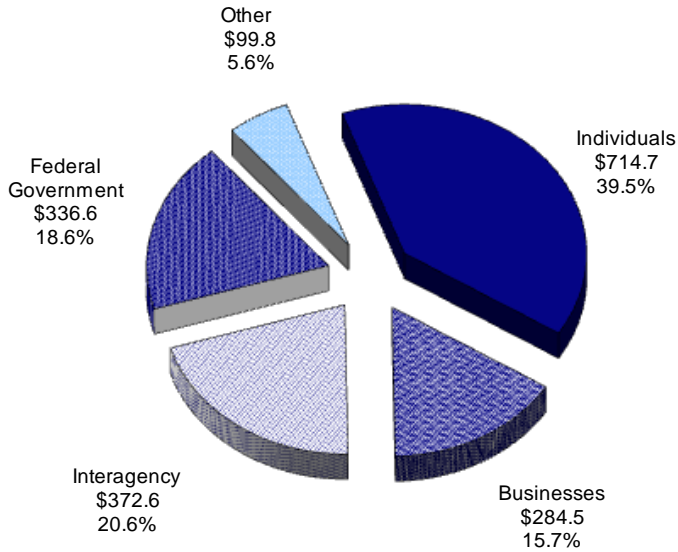
As of June 30, 2015

Fund	Source	Amount	Percent
General Fund 2%	Medicaid - Current Recoveries	\$ 14,006,713	42%
	Social Services	3,410,077	10%
	State Police Permits	1,800,401	5%
	Corrections	1,245,444	4%
	Labor and Industry Inspections	422,598	1%
	Other	11,541,055	35%
	Subtotal	32,426,288	97%
	Interagency Receivables	858,002	3%
	Total General Fund Collectible	\$ 33,284,290	100%
	Nongeneral Funds 98%	Medicaid - Dedicated Penalty Fees	\$ 60,181,674
Medicaid - Federal Reimbursements		13,684,850	1%
Unemployment Taxes *		131,483,519	7%
Transportation		138,302,864	8%
Child Support Enforcement		217,256,720	12%
Federal Government		224,924,037	13%
DBHDS Patient Services		42,251,397	2%
Hospital		166,758,673	10%
Enterprise		87,762,005	5%
Higher Education		284,617,410	16%
Other		35,864,962	2%
Subtotal		1,403,088,111	79%
Interagency Receivables		371,777,960	21%
Total Nongeneral Fund Collectible	\$ 1,774,866,071	100%	
All Funds	Grand Total	\$ 1,808,150,361	100%

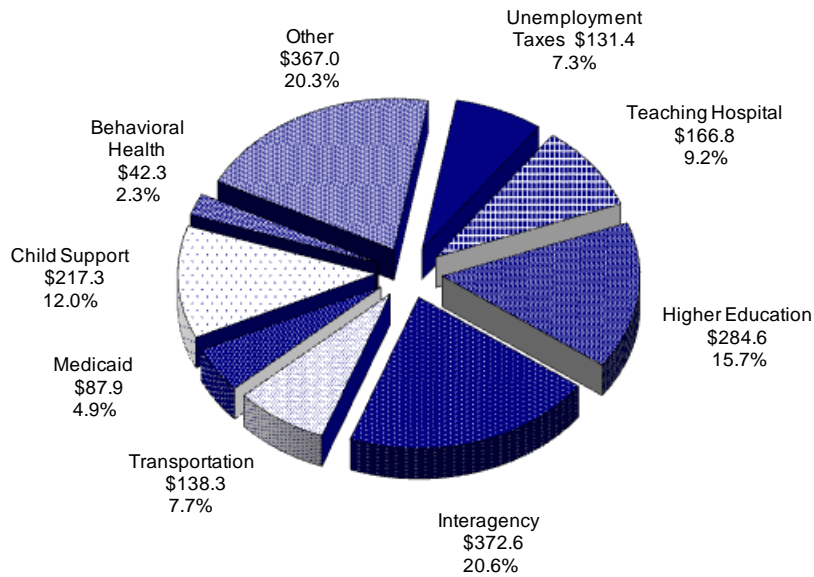
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

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



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



Not counting Taxation and the Courts, ten agencies account for 81 percent of the Commonwealth's adjusted gross and 72

percent of the adjusted collectible accounts receivable balances.

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

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
Department of Social Services	\$ 649,015,677	\$ 383,010,528	\$ 266,005,149
University of Virginia Medical Center	645,827,129	412,707,869	233,119,260
Virginia Employment Commission	178,252,269	42,391,741	135,860,528
Department of Education - Direct Aid to Localities	147,678,445	-	147,678,445
Department of Transportation	134,886,911	2,724,929	132,161,982
Department of Medical Assistance Services	127,352,517	39,479,280	87,873,237
University of Virginia - Academic Division	111,048,656	1,868,986	109,179,670
Virginia Polytechnic Institute and State University	75,300,565	1,826,780	73,473,785
Department of Behavioral Health & Development Services	73,137,711	25,486,314	47,651,397
Virginia Lottery	72,343,144	-	72,343,144
Total	\$ 2,214,843,024	\$ 909,496,427	\$ 1,305,346,597
All Other Agencies	530,001,104	27,197,340	502,803,764
Grand Total	\$ 2,744,844,128	\$ 936,693,767	\$ 1,808,150,361

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 \$36.4 million during the quarter ended June 30, 2015. The Division of Debt Collection contributed \$2.1 million. Private collection agencies collected \$5.0 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$29.3 million.

Private collection agencies returned \$8.5 million of accounts to agencies, and the Division of Debt Collection discharged \$376,383 of accounts and returned \$1.7 million of accounts to agencies.

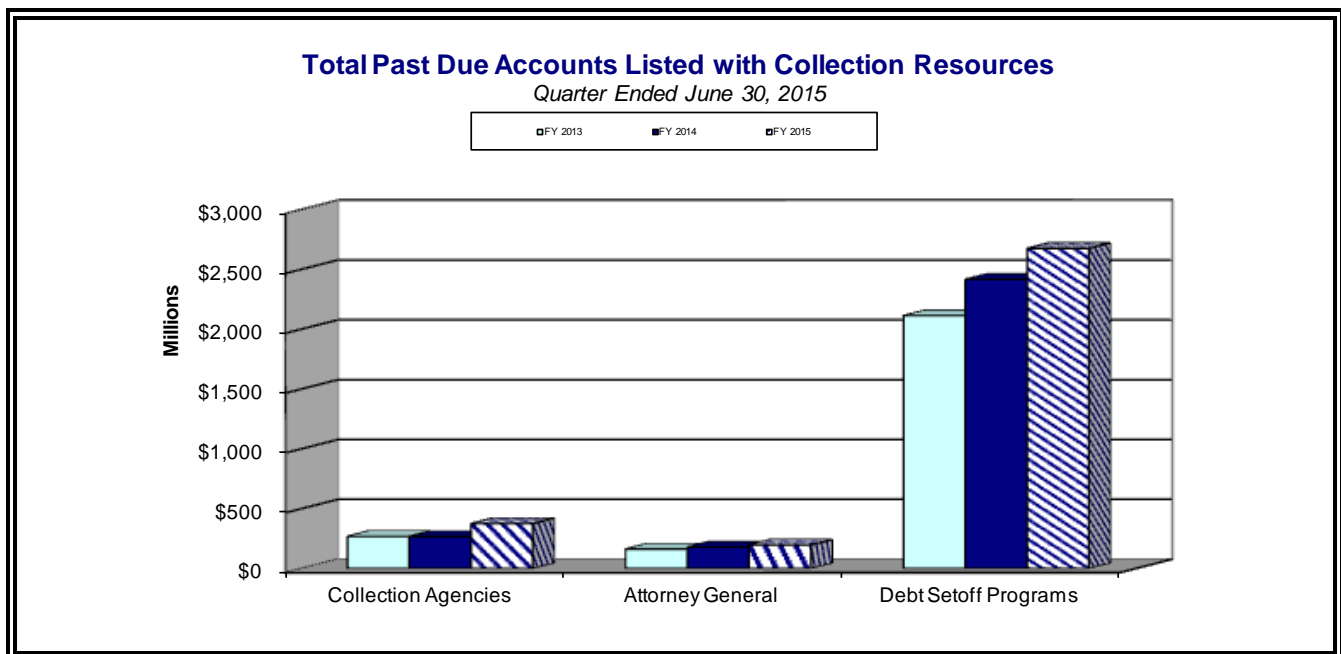
Collectible Receivables Over 60 Days Past Due

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

As of June 30, 2015

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 221,355,154	\$ 9,323	\$ 55,172	\$ 221,290,659
University of Virginia Medical Center	75,734,808	-	-	75,734,808
Virginia Employment Commission	62,717,001	12,701,523	15,097,821	34,917,657
Department of Medical Assistance Services	40,515,990	23,624	2,481,793	38,010,573
Department of Transportation	32,289,541	1,818,424	5,573,337	24,897,780
Department of Behavioral Health and Developmental Services	17,622,059	-	-	17,622,059
Virginia Commonwealth University	5,928,522	401,699	250,137	5,276,686
Virginia Workers' Compensation Commission	4,840,880	821,252	3,754,849	264,779
University of Virginia - Academic Division	4,645,482	617,740	44,247	3,983,495
Department of Motor Vehicles	3,717,166	193,148	-	3,524,018
TOTAL	\$ 469,366,603	\$ 16,586,733	\$ 27,257,356	\$ 425,522,514
All Other Agencies	33,905,049	7,149,425	6,260,233	20,495,391
TOTAL OVER 60 DAYS	\$ 503,271,652	\$ 23,736,158	\$ 33,517,589	\$ 446,017,905
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	2,745,594,681	352,076,872	164,354,743	2,229,163,066
TOTAL COLLECTION EFFORTS	\$ 3,248,866,333	\$ 375,813,030	\$ 197,872,332	\$ 2,675,180,971

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



Comptroller's Debt Setoff (CDS) Program

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

withheld, in full or in part, to satisfy the debt owed to the State. CDS collected \$2.5 million for the first quarter of FY 2016. Please note the amount reported is before any refunds.

Receivable Trend Data

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

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

Percentage of Gross Receivables Over 60 Days Past Due

Agency	Percent 6/30/15	Comparative	
		Percent 3/31/15	Percent 12/31/14
Virginia Workers' Compensation Commission	85%	85%	85%
Virginia Employment Commission	35%	13%	45%
Department of Social Services	34%	36%	35%
Department of Medical Assistance Services	32%	37%	37%
Department of Motor Vehicles	26%	26%	32%
Department of Behavioral Health & Developmental Services	24%	36%	36%
Department of Transportation	24%	39%	51%
University of Virginia Medical Center	12%	14%	17%
Virginia Commonwealth University	10%	18%	3%
University of Virginia - Academic Division	4%	12%	2%
Statewide Average - All Agencies	18%	21%	16%

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 72 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 79 percent indicates that for every dollar billed during the quarter ended June 30, 2015, the state collected seventy nine cents. This rate is two percent lower than last year and seven percent lower than two years ago.

Collections as a Percentage of Billings

Agency	Percent 6/30/15	Comparative	
		Percent 6/30/14	Percent 6/30/13
Virginia Employment Commission	321%	322%	276%
Virginia Polytechnic Institute and State University	117%	103%	102%
Virginia Lottery	102%	102%	104%
University of Virginia - Academic Division	99%	97%	96%
Department of Social Services	84%	82%	98%
Department of Transportation	84%	87%	82%
Department of Education - Direct Aid to Localities	65%	66%	58%
Department of Medical Assistance Services	45%	72%	73%
Department of Behavioral Health & Developmental Services	35%	33%	58%
University of Virginia Medical Center	28%	27%	28%
Statewide Average - All Agencies	79%	81%	86%

Commonwealth Receivables Analysis

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

Department of Medical Assistance Services (DMAS)

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

DMAS' collectible accounts receivable of \$87.9 million at June 30, 2015, is a \$408,818 increase over the \$87.5 million reported at June 30, 2014. Over the same period, total past due receivables of \$47.5 million have decreased by \$5.9 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 \$233.1 million at June 30, 2015, were a \$26.8 million increase from the \$206.3 million reported the previous year. Past due receivables increased by \$138,934 to \$229.9 million at June 30, 2015.

Virginia Employment Commission (VEC)

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

VEC collectible receivables were \$135.9 million at June 30, 2015, a decrease of \$11.5 million from the previous year. Total past due receivables were \$64.7 million, an \$8.6 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 June 30, 2015, of \$33.3 million, which is a decrease of \$273,040 reported in the previous year. Most of these receivables are due from other state agencies. As of June 30, 2015, \$91,009 was over 60 days past due, a decrease of \$452,378 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 June 30, 2015, the State Lottery reported net receivables of \$72.3 million, a \$1.1 million decrease from the previous year. Billings increased by \$3.3 million and collections increased by \$2.7 million during the June 30, 2015 quarter when compared to the June 30, 2014 quarter. At June 30, 2015, the State Lottery had \$227,852 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 June 30, 2015, DOE had 147.4 million of receivables due from the Federal government under Direct Aid to Public Education. This is an \$85,503 increase over 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 June 30, 2015, the University reported net collectible receivables of \$73.5 million, a decrease of \$18.1 million over the prior year. At the same time, total past due receivables of \$5.9 million decreased by \$872,117 over the prior year.

The University uses a variety of collection methods to encourage payments. At June 30, 2015, VPISU had \$2.9 million of accounts over 60 days past due. \$1.1 million was placed with the Attorney General's Division of Debt Collection, another \$752,812 was placed with private collection agencies, and \$1.0 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 June 30, 2015, the Department reported collectible receivables of \$47.7 million, a \$5.8 million decrease over the previous year. \$25.9 million was past due, with \$17.6 million being over 60 days past due. Total past due receivables increased by \$2.6 million over the year, and accounts over 60 days past due increased by \$2.7 million. At June 30, 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 June 30, 2015, VDOT reported \$132.2 million of collectible receivables, an increase of \$24.0 million from the prior year. VDOT also reported \$35.8 million total past due and \$32.3 million being over 60 days past due. Past due receivables increased by \$18.7 million over the year, while receivables over 60 days past due increased by \$21.5 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 \$5.6 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 June 30, 2015, DSS reported gross receivables of \$649.0 million, an allowance for doubtful accounts of \$383.0 million and collectible receivables of \$266.0 million. Past due receivables totaled \$224.8 million, of which \$221.4 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$570.4 million (88 percent) of the gross receivables, \$353.1 million (92 percent) of the allowance for doubtful accounts and \$217.3 million (82 percent) of the collectible receivables.

From June 30, 2014 to June 30, 2015, gross receivables increased by \$35.5 million and collectible receivables increased by \$13.0 million. Total past due receivables increased by \$13.2 million and receivables over 60 days past due increased by \$13.1 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 June 30, 2015, DRPT had gross and net receivables of \$11.0 million. The majority of this money is due via an interagency transfer from VDOT. DRPT did not report any past due receivables at June 30, 2015.

Virginia Commonwealth University (VCU)

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

At June 30, 2015, VCU had \$53.4 million of collectible receivables, a \$9.5 million increase from June 30, 2014. Total past due accounts were \$9.5 million, a \$298,849 increase from June 30, 2014. Accounts over 60 days past due (\$5.9 million) increased by \$411,218 from the prior year. Billings decreased by \$2.1 million to \$89.3 million and collections decreased by \$18.6 million to \$76.6 million for the June 30, 2015 quarter, when compared to the June 30, 2014 quarter.

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

Commonwealth's total \$2.64 billion past due accounts receivable at June 30, 2015. Another 18 agencies accounted for 27 percent (\$703.7 million), leaving 58 other agencies to comprise the last one percent at \$28.8 million.

Taxation and the Circuit and District Courts accounted for 72 percent (\$1.90 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of June 30, 2015

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 1,535,432,139	184,612,537	162,310,315	1,188,509,287
Localities' Circuit and District Courts	368,211,207	37,465,596	63,917,644	266,827,967
Total - Taxation Assessments and Court Fines and Fees	\$ 1,903,643,346	\$ 222,078,133	\$ 226,227,959	\$ 1,455,337,254

All Other Large Dollar Agencies:

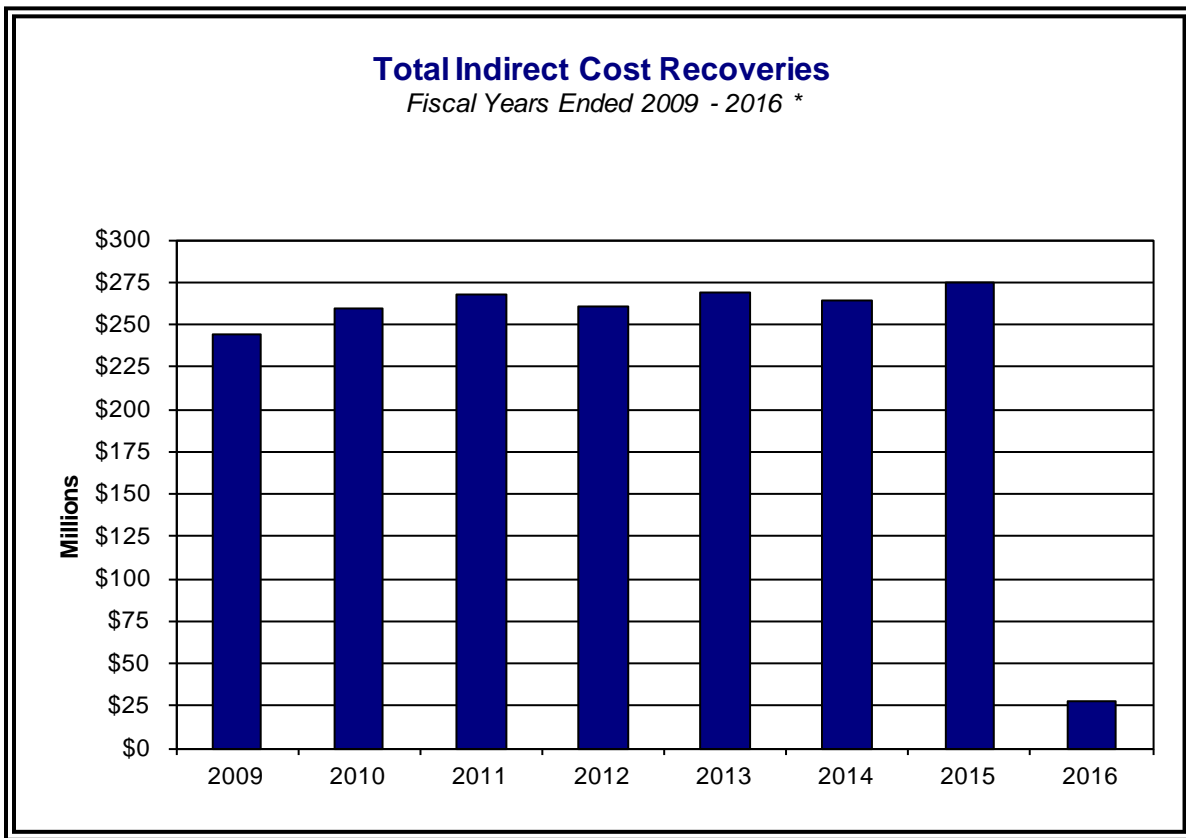
University of Virginia Medical Center	229,869,030	198,380,169	19,762,214	11,726,647
Department of Social Services	224,829,865	10,738,172	10,702,110	203,389,583
Virginia Employment Commission	64,658,271	11,769,355	7,302,116	45,586,800
Department of Medical Assistance Services	47,486,833	12,638,322	5,814,409	29,034,102
Department of Transportation	35,773,902	4,615,787	22,929,572	8,228,543
Department of Behavioral Health and Developmental Services	25,926,128	19,758,233	14,345	6,153,550
University of Virginia - Academic Division	16,293,545	14,906,039	684,284	703,222
Virginia Commonwealth University	9,458,273	3,913,596	2,777,643	2,767,034
George Mason University	8,850,616	7,556,773	1,057,057	236,786
Virginia Polytechnic Institute and State University	5,899,737	3,856,752	642,447	1,400,538
Virginia Workers' Compensation Commission	5,378,905	1,513,961	1,555,314	2,309,630
Virginia Community College System	5,042,509	4,551,411	125,783	365,315
Department of Health	4,835,585	4,398,528	173,868	263,189
Department of Motor Vehicles	4,675,684	1,265,390	232,866	3,177,428
Department of General Services	4,308,181	1,424,245	368,271	2,515,665
Department of State Police	3,982,005	1,497,763	194,604	2,289,638
Old Dominion University	3,402,145	3,055,049	269,577	77,519
James Madison University	3,015,537	2,240,466	294,318	480,753
Total - Largest Dollar Volume Agencies	\$ 703,686,751	\$ 308,080,011	\$ 74,900,798	\$ 320,705,942
All Other Agencies	28,786,446	18,971,786	2,700,939	7,113,721
Grand Total Past Due Receivables	\$ 2,636,116,543	\$ 549,129,930	\$ 303,829,696	\$ 1,783,156,917



Indirect Costs

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

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



* FY 2016 reflects indirect cost recoveries through September 30, 2015.

Indirect Cost Recoveries from Grants and Contracts

Fiscal Year 2016

Fund	Year-to-Date		Total
	Higher Ed	Non-Higher Ed	
Nongeneral:			
Agency / Institution (1)	\$ 7,177,005	\$ 19,863,688	\$ 27,040,693
Statewide	25,526	345,074	370,600
Agency / Institution ARRA	132,945	-	132,945
Statewide ARRA	-	-	-
Total Nongeneral	\$ 7,335,476	\$ 20,208,762	\$ 27,544,238
General:			
Agency (Cash Transfers)	-	-	-
Statewide	-	162,500	162,500
Statewide (Cash Transfers)	-	-	-
Total General	\$ -	\$ 162,500	\$ 162,500
Total All Funds	\$ 7,335,476	\$ 20,371,262	\$ 27,706,738

- (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 \$14,751,966 representing the Department of Social Services' estimate of indirect cost recoveries received.



Loans and Advances

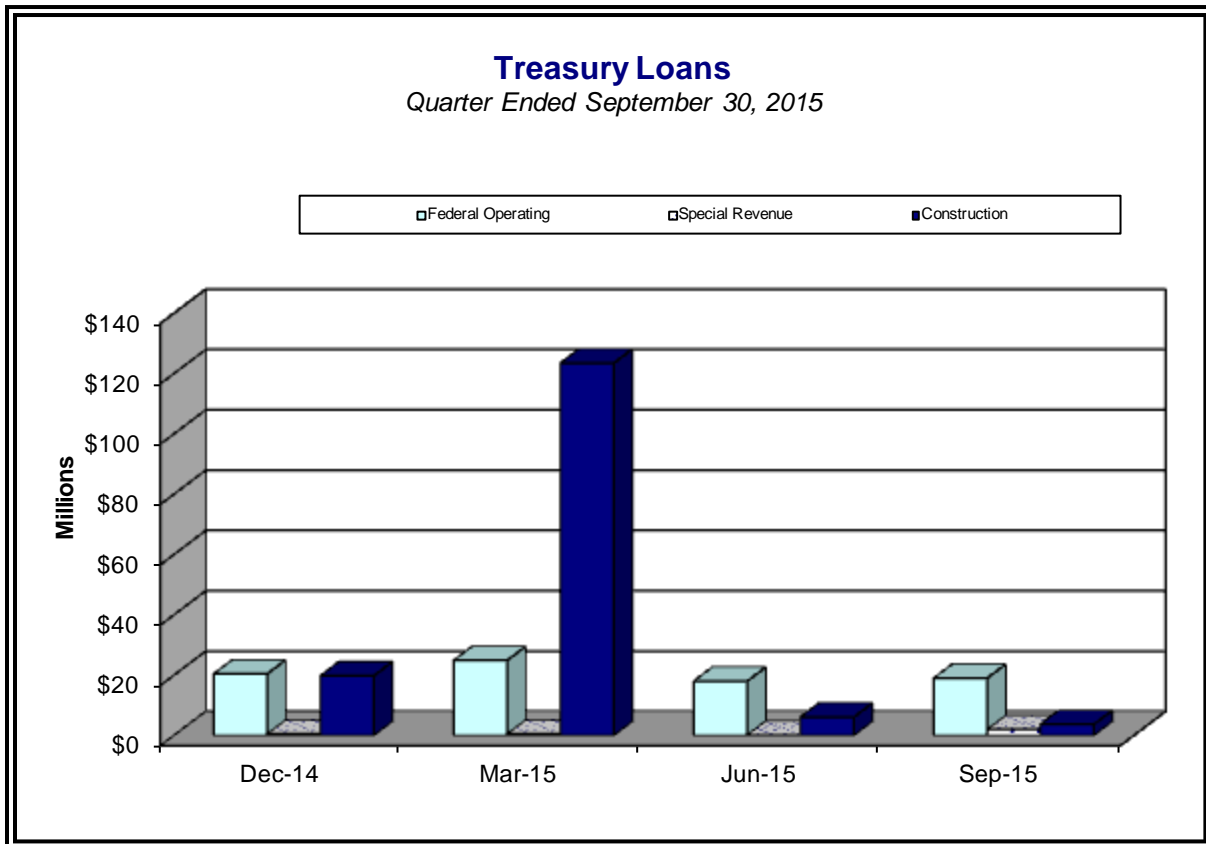
Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement, typically federal or special revenues. They are loans of a temporary nature, approved on the basis of the following conditions:

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

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

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

The total of all types of treasury loans as of September 30, 2015 was \$24.7 million.



Significant New Loans / Drawdowns	New Balance
<i>Department of Military Affairs (DMA)</i>	
Drawdown on a \$21 million loan used to replace advances from cooperative agreements and maintenance reserve projects that may be delayed by the DOD accounting system (GFEBS) implementation.	\$ 5,000,000.00
<i>Department of State Police (VSP)</i>	
Drawdown on a \$1.5 million loan used to fund federal grant expenditures until the reimbursements are obtained from the grantor agency.	\$ 1,535,453.00
<i>George Mason University (GMU)</i>	
Drawdown on a \$12.5 million loan used to provide cash in advance of receipt of federal reimbursements for approved grants and contracts.	\$ 12,500,000.00
<i>Department of Accounts (DOA)</i>	
Drawdown on a \$1.7 million loan used for costs associated with the Cardinal system.	\$ 1,738,800.00

Significant Loan Repayments	Prior Balance
<i>Department of Military Affairs (DMA)</i>	
Repayment on a \$21 million loan used to replace advances from cooperative agreements and maintenance reserve projects that may be delayed by the DOD accounting system (GFEBS) implementation.	4,500,000.00
<i>Department of State Police (VSP)</i>	
Repayment on a \$1.4 million loan used to fund federal grant expenditures until the reimbursements are obtained from the grantor agency.	\$ 1,424,442.00
<i>George Mason University (GMU)</i>	
Repayment on a \$12.5 million loan used to provide cash in advance of receipt of federal reimbursements for approved grants and contracts.	\$ 12,500,000.00
<i>Roanoke Higher Education Authority (RHEA)</i>	
Repayment on a \$2.4 million loan used to fund the RHEA renovation to waterproof the building.	\$ 2,363,291.00

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

- **Authorized Appropriation Deficits**, which provide funding, when authorized by the Governor, under emergency conditions as described in §4-3.01 and §4-3.02 of the Appropriation Act. There were no deficit loans/appropriations as of September 30, 2015.
- **Working Capital Advances**, which provide operating funds for nongeneral fund projects when revenues to be used

for repayment will not be generated within the twelve months required for anticipation loans. The total of all outstanding working capital advances as of September 30, 2015 was \$65.9 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 September 30, 2015 was \$67 million.

