

**REPORT ON  
STATEWIDE FINANCIAL MANAGEMENT  
AND COMPLIANCE**

**FOR THE QUARTER ENDED JUNE 30, 2016**



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

This *Quarterly Report* includes information for the quarter ended June 30, 2016, and comparative FY 2015 data. Some information in the report is for the quarter ended March 31, 2016, which is the most current data available.

David A. Von Moll, CPA, CGFM  
Comptroller



Virginia Department of Accounts  

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## 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](http://www.apa.virginia.gov).

### *Audit Reports – Quarter Ended June 30, 2016*

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

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Administration</b>				
Department of General Services	5	1	6	YES
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
Department of Labor and Industry	0	0	0	N/A

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Education</b>				
George Mason University	4	0	4	YES
The Library of Virginia	3	0	3	N/A
Radford University	4	0	4	YES
Science Museum of Virginia	3	0	3	YES
Virginia Commission for the Arts	0	0	0	N/A
Virginia Military Institute	6	0	6	YES
Virginia School for the Deaf and Blind	1	3	4	YES
<b>Executive Offices</b>				
None				
<b>Finance</b>				
None				
<b>Health and Human Resources</b>				
None				
<b>Natural Resources</b>				
Marine Resources Commission	0	0	0	N/A
<b>Public Safety and Homeland Security</b>				
Department of Corrections <sup>(1)</sup>	3	0	3	YES
Virginia Correctional Enterprises	1	0	1	YES
Virginia Parole Board	0	0	0	N/A
Department of Forensic Science	1	0	1	YES
Department of Juvenile Justice	4	0	4	YES
Department of Military Affairs	2	0	2	YES
<b>Technology</b>				
None				
<b>Transportation</b>				
None				
<b>Veterans and Defense Affairs</b>				
None				

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



## *Audit Findings - Quarter Ended June 30, 2016*

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

### **Administration**

#### *Department of General Services*

1. Improve Information Security Program
2. Improve Application Controls. **This is a Repeat Finding.**
3. Improve Oversight of Third-Party Service Providers
4. Improve PeopleSoft to CARS Reconciliation Process
5. Document myVRS Navigator Reconciliations and Policies and Procedures
6. Improve Controls over Small Purchase Charge Card Reconciliations

### **Education**

#### *George Mason University*

1. Improve Library Books Valuation Process
2. Develop and Incorporate Information Transfer Policies, Procedures, and Agreements into the University's Information Security Program
3. Perform and Document Monthly Reconciliations of Direct Loans
4. Improve Notification of Awards to Students

#### *The Library of Virginia*

1. Improve General System Security Controls
2. Improve Controls over System Access
3. Improve the myVRS Navigator Reconciliation Process

#### *Radford University*

1. Improve Compliance Over Enrollment Reporting
2. Perform and Document Monthly Reconciliations
3. Promptly Process Return of Title IV Calculations
4. Improve Notification of Awards to Students

#### *Science Museum of Virginia*

1. Improve Controls over myVRS Navigator Snapshot Certification
2. Improve Controls over Cardinal Reconciliations
3. Improve the Process for Disclosing Economic Interest Requirements

#### *Virginia Military Institute*

1. Improve Compliance Over Enrollment Reporting
2. Perform and Document Monthly Reconciliations of Direct Loans
3. Properly Process Return of Title IV Calculations
4. Reconcile Federal Funds Accounts
5. Ensure Verification is Complete Prior to Disbursing Federal Financial Aid
6. Improve Notification of Awards to Students

### *Virginia School for the Deaf and Blind*

1. Document Firewall Policies and Procedures and Continue to Develop and Implement an Information Security Program. **This is a Repeat Finding.**
2. Improve Construction Contract Accounting. **This is a Repeat Finding.**
3. Properly Record School Revenues. **This is a Repeat Finding.**
4. Obtain Adequate Reimbursement from Foundation for Services Provided

## Public Safety and Homeland Security

### *Department of Corrections*

1. Ensure Position Vacancy Does Not Adversely Affect Business Operations
2. Manage Offender Trust Accounts in Accordance with Requirements
3. Improve Internal Control and Process Surrounding Fixed Assets Accounting and Control System

### *Virginia Correctional Enterprises*

1. Remove Terminated Employee Access to SyteLine in a Timely Manner

### *Department of Forensic Science*

1. Enforce Adequate Segregation of Duties within Cardinal

### *Department of Juvenile Justice*

1. Improve Information Security Program
2. Improve myVRS Navigator Reconciliation and Confirmation Process
3. Improve Internal Controls and Processes Surrounding Fixed Asset Accounting and Control System
4. Improve Controls over Removal of Systems Access for Terminated Employees

### *Department of Military Affairs*

1. Improve Controls around the Agency Small Purchase Charge Card Program
2. Maintain Compliance with Statement of Economic Interest Requirements





***Additional Recommendations – Quarter Ended June 30, 2016***

The APA issued the following Comment to Management to:

Virginia Commission for the Arts:

- Evaluate the Intent of the Virginia Arts Foundation Fund

The APA issued two Risk Alerts:

Department of Corrections: Update Encryption Transmission Protocol

Department of Corrections and Virginia Correctional Enterprises: Upgrade or Decommission End-of-Life Server Operating Systems

***Special Reports – Quarter Ended Quarter Ended June 30, 2016***

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

Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2016 through March 31, 2016

The APA issued the following “Special Report” that is part of an on-going review of system development projects. The report highlighted risks associated with projects for three state agencies:

Progress Report on Selected System Development Projects in the Commonwealth – as of December 31, 2015

- Virginia Employment Commission Unemployment Insurance Modernization Project
- Department of State Police Central Criminal History Project
- Department of Behavioral Health and Developmental Services’ Electronic Health Records Project

***Other Audit Reports Received – Quarter Ended June 30, 2016***

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

Clerk of the Court of Appeals of Virginia for the period July 1, 2014 through June 30, 2015

Clerk of the Supreme Court of Virginia for the period July 1, 2014 through June 30, 2015

Potomac River Fisheries Commission for the fiscal year ended June 30, 2015

Virginia State Bar for the year ended June 30, 2015



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

*Summary of Prior Audit Findings*

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
<b>Administration</b>				
Department of General Services	0	0	1	0
Department of Human Resource Management	4	0	0	0
<b>Agriculture and Forestry</b>				
Department of Agriculture and Consumer Services	0	2	0	0
<b>Commerce and Trade</b>				
Virginia Employment Commission	8	2	0	1
Virginia Small Business Financing Authority	0	1	0	0
<b>Education</b>				
Department of Education and Direct Aid to Public Education	0	2	3	0
George Mason University	0	0	0	1
Longwood University	0	1	0	0
New College Institute	0	2	0	0
Norfolk State University	0	1	0	1
Richard Bland College	0	8	0	0
The College of William and Mary	1	3	0	3
University of Mary Washington	0	0	0	1
University of Virginia	4	0	1	0
University of Virginia Medical Center	0	0	1	0
Virginia Commonwealth University	0	1	1	0
Virginia Community College System Central Office	1	0	0	0
Germanna Community College	1	0	0	0
Northern Virginia Community College	0	0	0	1
Virginia Museum of Fine Arts	0	3	0	0
Virginia State University	0	0	5	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
<b>Executive Offices</b>				
None	0	0	0	0
<b>Finance</b>				
Department of Accounts	1	0	3	0
Department of Planning and Budget	1	1	1	0
Department of Taxation	4	0	1	0
Department of the Treasury	2	0	1	0
<b>Health and Human Resources</b>				
Department of Behavioral Health and Developmental Services	14	4	2	1
Department of Health	0	2	3	2
Department of Medical Assistance Services	0	2	3	2
Department of Social Services	4	1	0	0
Department for Aging and Rehabilitative Services	2	0	0	0
<b>Natural Resources</b>				
Department of Game and Inland Fisheries	0	3	0	0
Department of Conservation and Recreation	0	3	0	1
<b>Public Safety</b>				
Department of Alcoholic Beverage Control	3	1	0	0
Department of State Police	2	3	1	0
<b>Transportation</b>				
Department of Motor Vehicles	0	9	2	2
Virginia Port Authority	0	2	0	0
Department of Rail and Public Transportation	0	0	0	1
Department of Transportation	8	1	2	0
<b>Veterans and Defense Affairs</b>				
None	0	0	0	0
<b>TOTALS</b>	<b>60</b>	<b>58</b>	<b>31</b>	<b>17</b>



### *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>
<b><u>Department of General Services (DGS)</u></b>				
2015	15-01	Improve Internal Controls over Lease Reporting	Future fiscal year leases that are signed in the current fiscal year should be included in current year commitments. DGS will report such leases as current year commitments.	Completed (On Schedule)
<b><u>Department of Human Resource Management (DHRM)</u></b>				
2015	15-01	Improve IT Risk Management and Disaster Recovery Planning	DHRM is engaged in meetings, gathering documentation, and finalizing documents.	In Progress (On Schedule)
	15-02	Improve Security Awareness and Training	DHRM has developed and distributed a Security Awareness and Training Policy, created a communication strategy, and is engaged in meetings, and gathering documentation.	In Progress (On Schedule)
	15-03 14-01	Improve System Security for the Time, Attendance, and Leave System. <b>This is a Repeat Finding.</b>	DHRM is engaged in meetings, gathering documentation.	In Progress (On Schedule)
	15-04 14-02	Improve Controls over the Personnel Management Information System. <b>This is a Repeat Finding.</b>	DHRM is engaged in meetings, gathering documentation.	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>
<b><u>Department of Agriculture and Consumer Affairs (VDACS)</u></b>				
2013	13-01	Perform Timely Updates to IT Risk Management and Contingency Plans	VDACS updated the Disaster Recovery Plan in December 2014 and DR services have been procured from VITA but have not been implemented. VDACS will participate in the DR testing in August 2017.	In Progress (Delayed)
	13-02	Improve Oracle Database Security	VDACS will undertake planning to see that the missing control is in place in the new Oracle environment after Cardinal implementation. The Cardinal implementation is on schedule and the Oracle migration will proceed immediately afterwards.	In Progress (Delayed)
<b><u>Virginia Employment Commission (VEC)</u></b>				
2015	15-01 14-01	Continue to Effectively Allocate Resources to Reduce IT Security Risk. <b>This is a Repeat Finding.</b>	The ISO continues to work on the IT security program following the strategy created previously. VEC continues to seek additional resources for the development and implementation of the security program. Current resources are being dedicated to reducing IT security risks and will continue to be dedicated to the task for the foreseeable future.	In Progress (On Schedule)
	15-02	Obtain Approval to Use End-of-Life Operating Systems	As of March 16, 2016 the end-of-life servers hosted by VITA (that we had obtained an exception for) were confirmed to be powered off by NG and are no longer on the network. The IT Director recently identified servers hosted in the VEC's data center that are running an end-of-life operating system and we are working to upgrading these systems.	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>
			Additionally, we are in the process of replacing eight IT administrative consoles with ones that are Windows 7 compatible.	
	15-03 14-03	Continue Improving Oversight over IT Risk Assessments and Security Audits. <b>This is a Repeat Finding.</b>	The updated VEC IT Security Audit Plan was submitted to VITA on December 18, 2015. VEC continues to look for additional resources to complete all Risk Assessments and Security Plans for all sensitive systems. VEC plans to conduct a Data and System Sensitivity Classification process starting in June 2016 to update the listing of all sensitive systems.	In Progress (On Schedule)
	15-04	Continue to Improve Physical and Environmental Security. <b>This is a Repeat Finding.</b>	Environmental changes are being looked at to increase VEC's physical security posture.	In Progress (On Schedule)
	15-05	Document Separation of Duty Conflicts for Mission Critical Systems. <b>This is a Repeat Finding.</b>	VEC is waiting for the completion of other information security projects that need to be completed before these efforts can begin.	In Progress (On Schedule)
	15-06	Maintain Oversight over Third-Party Service Providers. <b>This is a Repeat Finding.</b>	VEC knew that the new SEC525-01 standards were going to be released and change/create many controls for Providers, so the framework has not been started as of yet. VEC is reviewing the SEC525-01 to identify the changes from SEC501-09 to ensure those are identified for existing Providers, and to put all requirements into the framework for new Providers.	In Progress (On Schedule)
	15-07	Improve Database Security	Modifications are under way, but there were some unexpected delays due to improper change management procedures conducted by a previous contractor. The revised	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>
			estimated completion date is September 30, 2016.	
	15-08	Strengthen Process for Monitoring Automated Reports Supporting Timesheet Approvals	VEC's vendor has made this change to the FMS Test environment. VEC has tested and determined the edit is working to prevent an employee from being able to approve their own time card. VEC plans to move this change to FMS Production in the next quarter.	In Progress (On Schedule)
	15-09	Confirm VABS is Calculating Maximum Benefit Amount Consistently for All Claimants. <b>This is a Repeat Finding.</b>	Thirteen of sixteen remaining EUC claims have had their monetary entitlement recalculated using the new Table built into VABS. The remaining three claims are requiring a lot of detailed work to ensure that each Tier on each claim involved correctly calculates. With this in mind the estimated date for completion will now be June 30, 2016.	In Progress (Delayed)
	15-10	Withhold Child Support Obligations from Benefit Adjustment Payments. <b>This is a Repeat Finding.</b>	A possible solution has been proposed by IT to try to resolve the remaining issue with deducting child support at the correct percentage rate from multiple claims and weeks when changes are involved. The programming is very complicated and will require many man hours on the part of IT programmers. Based on current staffing levels and other priorities related to UI Mod, Debit Card Vendor changes, etc., it is expected it will be several months before these changes can be implemented and tested to determine if they will work.	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	Upgrade Unsupported and Vulnerable Operating Systems	Corrective action plan has been completed.	Completed (Delayed)
<b><u>Virginia Small Business Financing Authority (DSBSD)</u></b>				
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)
<b><u>Department of Education and Direct Aid to Public Education (DOE)</u></b>				
2015	15-01	Ensure Employees Complete Statement of Economic Interest Training	DOE has assigned tracking and compliance assurance to the Office of Human Resources. DOE-HR has secured documentation that all eligible employees have completed the required training in CY2015. DOE-HR will secure documentation for all new eligible employees within two months of hire date and at least once during each consecutive two-year period. DOE-HR will maintain records of training completion for five years as required by Code of Virginia. DOE-HR has updated its documented procedures to reflect these process improvements.	Completed (On Schedule)
	15-02	Retain Documentation of myVRS Navigator to PMIS Reconciliations	DOE has assigned tracking and compliance assurance to the Office of Human Resources. DOE-HR will retain supporting documentation of monthly PMIS to myVRA Navigator reconciliations prior to submitting its Contribution Snapshot to VRS. DOE-HR will retain sufficient documentation for the review process and any resulting adjustments to	Completed (On Schedule)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			demonstrate proper performance of reconciliations. DOE-HR has updated its documented procedures to reflect these process improvements.	
	15-03	Continue to Improve Information Security Policies and Procedures. <b>This is a repeat finding.</b>	1) The APA has acknowledged that DOE has sufficiently addressed the identified weaknesses regarding IT Systems/Data Backup and Restoration. 2) DOE provided the agency's Database Patching Procedure to the APA. DOE recognizes the need to properly track database updates and patches utilizing a solution that includes implementation, version control, and testing. DOE Information Security and Educational Information Management teams are evaluating potential remediation. 3) DOE is in the process of updating document its System Hardening Policy. 4) DOE has opted into VITA's centralized (shared) IT security service vulnerability scanning service tier, the agency is contracting with VITA to have internal IT systems scanned.	In Progress (Delayed)
	15-04 14-04	Improve Risk Management and IT Security Audit Plan Document. <b>This is a repeat finding.</b>	1) DOE is in the process of reclassifying IT systems in accordance with Commonwealth Security Standards. 2) DOE has documented the applicable laws and regulations for data according to each sensitive system.	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			<p>3) DOE is in the process of documenting the roles and responsibilities for each sensitive IT system.</p> <p>4) DOE has opted into VITA's centralized (shared) IT security service IT Security Auditing Services tier; the agency is contracting with VITA to schedule an Information Security Audit for Oracle Financials.</p> <p>5) DOE has opted into VITA's centralized (shared) IT security service IT Security Auditing Services tier; the agency is contracting with VITA to schedule an Information Security Audit for the Teacher Licensure system.</p>	
	15-05	Improve Information Security Awareness Training Program	DOE has assigned tracking and compliance assurance to the Office of Human Resources. DOE-HR will monitor for training completion and enforce compliance for all employees annually, including identifying employees who did not complete the training, notifying employees of additional time to comply, and enforcing consequences for employees that fail to comply. DOE-HR will utilize the Knowledge Center for documentation of compliance. DOE-HR has updated its documented procedures to reflect these process improvements.	Completed (On Schedule)
<b><u>George Mason University (GMU)</u></b>				
2014	14-02	Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges	Corrective action plan has been completed.	Completed (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<b><u>Longwood University (LU)</u></b>				
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 (Delayed)
<b><u>New College Institute (NCI)</u></b>				
2014	14-01	Improve Internal Controls over Fixed Assets	Current year assets have been implemented into the new system and reconciled. Prior year assets have been identified and are currently being added to the new system.	In Progress (Delayed)
	14-02	Improve Information Security Management and Prioritization	Changes have been implemented to address some concerns. The Disaster Recovery plan has been developed and the request for additional IT equipment has been requested for purchase and has been received. Installation will begin by August 1, 2016. Plans have been developed and will continue to be implemented and reviewed.	In Progress (Delayed)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<b><u>Norfolk State University (NSU)</u></b>				
2015	15-01	Improve Controls for Deactivating System Access. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (Delayed)
	15-02	Improve IT Server Maintenance Management Controls	The University is continuing the project to update the IT system running on outdated software. OIT continues to work with departments and has employed contract resources to expedite the remediation of the remaining outdated software. There has been progress made in this effort; however, with support needed from 3rd party vendors to install new software and perform other necessary steps; the estimated completion date has been moved to December 2016.	In Progress (Delayed)
<b><u>Richard Bland College (RBC)</u></b>				
2015	15-01* 14-02	Improve Controls over Financial Reporting. <b>This is a Repeat Finding.</b>	No initial corrective action plan submitted.	In Progress (Delayed)
	15-02*	Improve Controls to Information Systems	No initial corrective action plan submitted.	In Progress (Delayed)
	15-03*	Comply with the Department of Human Resource Management Policy for Wage Employees. <b>This is a Repeat Finding.</b>	No initial corrective action plan submitted.	In Progress (Delayed)
	15-04*	Improve Controls over Expenditure Vouchers	No initial corrective action plan submitted.	In Progress (Delayed)
	15-05*	Improve Controls over Small Purchase Charge Cards	No initial corrective action plan submitted.	In Progress (Delayed)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-06*	Continue to Improve Information Security Program. <b>This is a Repeat Finding.</b>	No initial corrective action plan submitted.	In Progress (Delayed)
2014	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 (Delayed)
	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 (Delayed)
<b><u>The College of William and Mary in Virginia (CWM)</u></b>				
2015	15-01	Improve Access Controls to Information Systems	IT & HR have actively been working to develop a more rigorous process for identifying and communicating end-dates for out-going employees so relevant services are discontinued at the appropriate time(s) for employees as they separate from the College; IT continues to implement process improvement items.	In Progress (Delayed)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-02	Improve the Reconciliation of Retirement Contributions. <b>This is a Repeat Finding.</b>	HR, IT and FO have developed a pro-type report that will be tested in the next 60 days which should allow CWM to reconcile retirement contributions prior to confirming the information with VRS each pay cycle. If successful, CWM is on track to address in full the APA's recommendation for VRS reconciliation going forward. CWM is still working to address the historical clean-up effort. FO staff have developed a methodology to work through the reconciliations and will dedicate a staff person to this task following the completion of FY16 financial reporting and indirect cost analysis in late Fall 2016. The agency anticipates having the historical clean-up substantially completed by June 30, 2017. The revised completion date is the result of the intensive nature of the manual clean-up process as well as current staffing workload issues that will delay full attention of this issue until late Fall 2016.	In Progress (Delayed)
	15-03	Improve Controls over Retirement Census Data	CWM continues to work with IT to improve reporting to ensure accurate transmittal of data to VRS. IT found an error in one of the reports that IT had previously developed and that error has since been corrected.	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>
	15-04	Improve Database Security	IT is currently reviewing standards/best practices and determining the relevant sets of requirements in specific job roles for a comprehensive standard to be used for granting DBAs appropriate privileges. Unanticipated vacancies on staff have caused the agency to extend its expected completion date to December 31, 2016.	In Progress (Delayed)
2014	14-03	Improve the Employee Termination Process	Corrective action plan has been completed.	Completed (Delayed)
	14-04	Improve Controls over Timesheet Approval	Corrective action plan has been completed.	Completed (Delayed)
	14-06	Comply with the Department of Human Resources Management Policy for Wage Employees	Corrective action plan has been completed.	Completed (Delayed)
<b><u>University of Mary Washington (UMW)</u></b>				
2014	14-03	Improve the myVRS Navigator Reconciliation Process	Corrective action plan has been completed.	Completed (Delayed)
<b><u>University of Virginia (UVA/AD)</u></b>				
2015	15-01	Improve Virtual Private Network Security Controls	Because the ITS-EA team has highly-privileged access to HR, Finance, and Student systems, all team members' VPN configuration for split tunneling was changed to full-tunnel. UVA will continue to implement SEP (Security Enhancement Program) over the next two (2) years.	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>
	15-02	Improve Controls for Granting and Restricting Elevated Workstation Privileges	The University is implementing a pilot project for removing administrative rights for ITS-EA workstations, and the project is on track for a Summer 2016 completion. Additional mitigation work will continue with the implementation of the SEP (Security Enhancement Program) over the next two years.	In Progress (On Schedule)
	15-04	Improve System Activity Monitoring Controls	ITS-EA has begun sending AIX and Red Hat syslog files to an Enterprise Infrastructure log repository. These log files are sent in real-time. VPN logs, maintained by ITS Enterprise Infrastructure (ITS-EI) are also being sent to the log repository. ITS-EA will continue to expand the number of servers and applications, including database and web servers, providing log files to the centralized repository.	In Progress (On Schedule)
	15-05	Improve Sole Source Procurement Documentation	FP&C's review of the HECOM with respect to Sole Source procurements is complete. FP&C has generated a list of specific clarifications of its process and the explicit audit trail to select the Sole Source procurement method that is consistent with relevant sections of the law. FP&C intends to edit its procedures and guidance accordingly by June 15, 2016.	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>
<b><u>University of Virginia (UVAH)</u></b>				
2015	15-01	Improve myVRS Navigator Reconciliation and Confirmation. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (On Schedule)
<b><u>Virginia Commonwealth University (VCU)</u></b>				
2015	15-01	Improve Mobile Device Security	VCU concluded the pilot of the potential product. Unfortunately, VCU found that the product is not able to meet the needs of the University. As a result, VCU has bids for another product and is working to design and implement the new solution.	In Progress (Delayed)
	15-02	Improve Database Security	VCU has completed the implementation of additional monitoring capabilities for database logs and is now monitoring its database administrator activities. Additional restrictions are now implemented on critical database roles to further reduce the risk of compromise. VCU has reached out to its Student Health system vendor and requested the vendor to provide additional capabilities in password complexity, and implemented compensating controls to mitigate residual risks.	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>
<b><u>Virginia Community College System (VCCS-CO)</u></b>				
2015	15-01	Improve Database Security	The System Office will evaluate, define, document, and implement specific procedures to ensure that essential controls are in place to meet the requirements as defined in International Organization for Standardization Information Security Management Standard 27001, the information security best practice standard adhered to by the System Office. Target completion date is June 30, 2016.	In Progress (On Schedule)
<b><u>Germanna Community College (GCC)</u></b>				
2015	15-03	Continue to Improve Documentation of Policies and Procedures	The documentation of business processes continues with approximately 93% of the goal met as of April 30, 2016. Completion is expected by June 30, 2016.	In Progress (On Schedule)
<b><u>Northern Virginia Community College (NVCC)</u></b>				
2015	15-01	Assign System Access Based on Least Privilege. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (Delayed)
<b><u>Virginia Museum of Fine Arts (VMFA)</u></b>				
2014	14-02	Properly Manage Local Funds	VMFA has started the process of transferring the funds. First transfer occurred on December 15, 2015.	In Progress (Delayed)
	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 (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>
	14-04	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 (Delayed)

**Virginia State University (VSU)**

2015	15-01	Improve Financial Management over Auxiliary Enterprises. <b>This is a Partial Repeat.</b>	The University has completed a financial analysis of all auxiliary fund cash balances that include conservative, moderate and aggressive scenarios. The analysis was presented to the Board of Visitors on March 10, 2016.	Completed (On Schedule)
	15-02	Continue Improving Oversight over Third-Party Service Providers. <b>This is a Partial Repeat.</b>	The University has completed addressing this audit finding. VSU and Ellucian also signed a second modified statement of work which added reporting requirements for a Service Organization Control (SOC 2) Type II report, attestation certification, and participate in any IT Security audits conducted on behalf of VSU that are related to the Application Hosting Services in the statement of work description modification 002, effective March 4, 2016. VSU has developed the SOC 2 & 3 review and certification process to ensure the vendor meet and exceed the Commonwealth's IT Security Standards (SEC 501- 09), document the final decision, manage risks, and implement the corrective actions if needed. This process will allow the agency to gain assurance over its outsourced IT operations.	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>
	15-03	Continue Addressing Weaknesses from Information Security Audits	VSU completed the work towards addressing the information security weaknesses in the three IT systems with a dedicated security team. The corrective actions included the review of the Information Security policies, system security training, and IT Continuity Planning and testing exercises. The University has completed the Corrective Action plan.	Completed (On Schedule)
	15-04	Improve Risk Management and IT Security Audit Plan Documents	VSU completed the work towards addressing the Risk Management and IT Security documentation in the three IT systems with a dedicated security team. The Business Impact Analysis reports have been completed and approved. In the email from the Commonwealth's IT Security Office dated December 28, 2015, the VSU interim Data Points for the 2015 Annual Report shows that the University has submitted the 2015 Audit Plan and Risk Assessment Plan. Both plans were reviewed and approved.	Completed (On Schedule)
	15-05	Improve Policies, Procedures, and Physical Documentation over Inventory	VSU discovered that some of the surplus documentation supporting the FY2015 physical inventory was accidentally filed in the wrong location and not provided to the APA during the audit. Other surplus documentation was not consistently provided to the Fixed Asset office. This included documentation for building renovations when assets were permanently affixed to structures and for computer refresh. To correct these issues, the Fixed Asset Office has improved communication and processes with the	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>
			Capital Outlay and Technology Services departments to ensure surplus forms are completed for these assets. Also, documentation is now scanned and maintained electronically. The University completed a review of inventory dates in FAACS to ensure all assets have current inventory dates or a viable explanation. In addition, all inventory supporting documentation was reviewed and now contains the signature of the person performing the inventory and the date.	
<b><u>Department of Accounts (DOA)</u></b>				
2015	15-01	Improve Cardinal System Security Controls	Cardinal Upgrade Project is now underway with an estimated completion date in the fourth quarter of FY2017.	In Progress (On Schedule)
	15-02 14-02	Continue to Improve Payline Security. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (On Schedule)
	15-03 14-03	Continue to Improve Risk Management and Continuity Planning Documentation. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (On Schedule)
	15-04 14-04	Continue to Improve IT Security Audit Plan. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (On Schedule)
<b><u>Department of Planning and Budget (DPB)</u></b>				
2015	15-01	Update Contingency Planning Documentation	Corrective Action taken in December 2015 - mission essential functions aligned with BIA, COOP, and DRP.	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>
2014	14-03	Improve IT Risk Management and Disaster Recovery Planning Programs	In April 2015, the agency updated its Disaster Recovery Plan (DRP) and it successfully restored files from backup in July 2015. Since April 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. Some items (notably the DRP and sensitive systems identification) have already been addressed. As of January 2016, DPB continues to work with VITA's small ISO program to identify and remediate issues identified in its risk treatment plans for its sensitive systems.	In Progress (Delayed)
2015	15-01	Improve Administrative Access Controls	The initial roll-out of the identity management application is on track for July 29, 2016. TAX contracted with an independent CPA firm to do an IV&V (Independent Validation and Verification audit) of the project and the audit had no findings.	In Progress (On Schedule)
<b><u>Department of Taxation (TAX)</u></b>				
	15-02	Continue to Strengthen Controls over Advantage Revenue Access. <b>This is a Repeat Finding.</b>	The initial roll-out of the identity management application is on track for July 29, 2016. TAX also has in progress a "companion" project to enhance the security of the Advantage Revenue application. The estimated completion date for the project to enhance Advantage Revenue security is also July 29, 2016. Work is progressing on both projects.	In Progress (On Schedule)
	14-01			
	13-02			

<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>
	15-03	Complete System Security Plans	System security plans are in the process of being developed. Drafts of the plans are due to be completed by June 30, 2016.	In Progress (On Schedule)
	15-04	Improve Database Change Management Controls	This project is currently in the Design and Development phase. Procedures have been developed. Technology has also made coding changes to ensure that employees that initiate or modify change request cannot also approve them.	In Progress (On Schedule)
	15-05	Improve Procedures for myVRS Navigator Reconciliations and Data Discrepancies	Procedures have been prepared. Reconciliations are being prepared on a monthly basis before the confirmation and are retained for subsequent review. Procedures are undergoing review and will be modified to ensure that reconciling items are documented to reflect their current status and agency responsible for resolution. Some reconciling items will be noted as permanent differences. This corrective action is on track.	In Progress (On Schedule)
2014	14-03	Improve Physical Security to Server Rooms	Corrective action plan has been completed.	Completed (On Schedule)
<b><u>Department of the Treasury (TRS)</u></b>				
2015	15-01	Improve Financial Reporting	Unclaimed Property staff has requested a meeting with the Department of Accounts to discuss the expected new GASB standard related to fiduciary funds. Staff is also in the process of drafting procedures for completing the financial statement template and related processes. Additionally, Unclaimed Property staff will work with the custodian to	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>
			receive more detailed reports where available to aid in the financial reporting process.	
	15-02	Improve Change Management Process and Controls	Treasury has already discontinued its practice of allowing IT developers who created or modified the source code from migrating the code into production. Additionally, Treasury will complete its work on a more robust, written change management procedure by July 29, 2016.	Completed (On Schedule)
	15-03	Improve and Follow Internal Controls for Risk Management Claims Processing	Treasury is currently reviewing the claims files in question. Additionally, DRM will review its policies and procedures and revise, as necessary.	In Progress (On Schedule)

**Department of Behavioral Health and Developmental Services (DBHDS)**

2015	15-01	Improve Information Technology Governance	In November 2015, the Agency established the Agency IT Advisory Committee (AITAC) whose purpose is to identify enterprise opportunities, establish standards, reduce the number of applications, ensure security compliance and improve service delivery. This committee will report, through the Agency CIO, to the Agency IT Strategic Planning Committee (AITSPC) for the purpose of coordinating IT related activities towards those goals. In December 2015, the Agency established an agency-wide Change Management forum that will coordinate operational activities to help ensure smooth, secure implementations.	Completed (On Schedule)
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<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-02	Upgrade Unsupported Technology	The Department continues to make adjustments to its IT governance structure in an effort to achieve modernization and improved security and service levels.	In Progress (On Schedule)
	15-03	Improve Risk Management Process	The Department's Information Security (IS) team will review current risk assessments to ensure that they are completed and filed in accordance with SEC501-09 by September 1, 2016.	In Progress (Delayed)
	15-04	Develop Vulnerability Assessment Process	The Department's Information Security (IS) team will develop a vulnerability assessment methodology to identify vulnerabilities and a patch management methodology to remediate vulnerabilities identified by December 31, 2016.	In Progress (On Schedule)
	15-05	Develop Baseline Configurations for Information Systems	In consultation with the Agency IT Advisory Committee (AITAC), the Department's Business Solutions Development (BSD) and Production Support (PS) teams will draft an outline categorization of the applicable hardware /software standards and types of testing that need detailing. The BSD and PS teams will then draft, based upon CO knowledge and experience, the details for each category and (when complete) that draft material will be reviewed and adjusted by the AITAC membership. After the AITAC review /modifications, the materials will be presented to the Chief Information Officer for approval and	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>
			appropriate publication within the Department.	
	15-06	Improve Information Security Officer Independence and Grant Proper Authority to Regional Information Security Officers	While the ISO reports to the Agency CIO, that reporting structure does not limit effective security assessments or recommendations. The ISO has been given, and will continue to be given, full access to communicate directly with all Department accordance with SEC501-09 by September 1, 2016 executives, including the Interim Commissioner, and allowed to present objective materials and determinations wherever and whenever needed.	In Progress (On Schedule)
	15-07	Improve Database Security. <b>This is a Repeat Finding.</b>	The Department has completed all FMS upgrades as of December 25, 2015. All corrected SQL deficiencies in FMS will be verified by April 29, 2016. The corrective action has been completed.	Completed (Delayed)
	15-08 14-02	Improve IDOLS Security. <b>This is a Repeat Finding.</b>	The IDOLS system will be retired within the next 6-9 months as the new Waiver Management System (WaMS) is stood up. The WaMS system will be operational as of July 1 and the IDOLS system will be decommissioned as an operational system and will be used solely for reporting of historical information as the transition is completed to the WaMS system. IDOLS will be retired by December 31, 2016.	In Progress (On Schedule)
	15-09	Increase Oversight over Third-Party Providers	The Department's Information Security (IS)	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>
			team will create an accurate (ongoing) list of all third party IT service providers to DBHDS. For each relevant Third Party, the appropriate control reports they are obligated to provide by state/federal statute (and by way of established contracts with the Department and/or Commonwealth) will be determined.	
	15-10 14-03	Develop and Submit an Information Technology Audit Plan. <b>This is a Repeat Finding.</b>	DBHDS is committed to completing all of the requirements of Commonwealth's Information Technology Security Audit Standard, SEC 502-02.2. DBHDS submitted an IT Audit Plan to VITA on November 9, 2015. In addition, the Governor's budget for the 2016-2018 biennium includes funding for additional resources to complete the audits listed in the audit plan.	In Progress (On Schedule)
	15-11 14-04	Improve Internal Controls over Systems Access. <b>This is a Repeat Finding.</b>	The Department's Information Security (IS) team will (on a bi-monthly basis, thus six times per year) provide a Department-wide security awareness email (in addition to the normal security awareness email campaign) that reminds all management of their responsibility to (1) ensure their staffs' access is supported by accurate and (appropriately) approved security request documentation, and (2) that requests for access <u>must be</u> based on the concept of "least required privilege." The IS team will establish a spot-check process	In Progress (Delayed)

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			whereby (on a bi-monthly basis, thus six times per year) the access privileges for two randomly selected staff from CO and each of the facilities are reviewed for completeness and accuracy (needed adjustments will be coordinated with management as needed). The IS team will establish a process whereby (on a monthly basis) an email will be distributed to all HR departments requesting a list of staff who have resigned, retired or otherwise been terminated for any reason within the past calendar month. Follow-up communications with the appropriate management will immediately occur if action to remove their access privileges has not yet been initiated.	
	15-12	Improve Controls over Payroll	The Department concurs with the audit comments as the payroll test work was completed by the DBHDS Office of Internal Audit. In addition, the Department has agreed with the responses to the findings that were given by the four facilities where payroll test work was completed. The responses will satisfy the recommendations made in this finding.	In Progress (On Schedule)
	15-13 14-06	Improve Controls over the myVRS Navigator System. <b>This is a Repeat Finding.</b>	DBHDS will ensure that VNAV snapshot reconciliations are completed in a timely manner. In addition, policies and procedures will be enhanced to adequately describe how the reconciliations of FMS and CIPPS to VNAV are to	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>
			be completed. DBHDS will also ensure that no employee has duplicate accounts in VNAV by reviewing the access levels in that system.	
	15-14	Comply with Hour Restrictions for Wage Employees	The Department concurs with the compliance finding and will continue to make every effort to ensure that no wage employee exceeds 1,508 hours worked during the time period of May 1 through April 30. This will be done by continuing to monitor the hours worked by each wage employee. The Department feels that adequate controls are in place to monitor the number of hours worked by these employees as there were only two exceptions found out of a population of more than 700 wage employees.	Completed (On Schedule)
	15-15	Improve Policies and Procedures over Fixed Assets. <b>This is a Repeat Finding.</b>	The Department concurs with the audit comment. DBHDS is committed to following all of the requirements of Department of Accounts contained in the Commonwealth Account Policies and Procedures (CAPP) manual. DBHDS will create, if necessary, and update all departmental instructions related to its accounting practices as the new state financial system (CARDINAL) is rolled-out.	In Progress (On Schedule)
	15-16	Improve Controls over Physical Inventory	DBHDS will continue to abide by the appropriate sections of the CAPP manual published by the Department of Accounts and give appropriate attention to those facilities that are in need of	In Progress (On Schedule)

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			improvement with regard to both procedural development and execution of those procedures.	
	15-17	Improve Controls over Intangible Assets	During a recent meeting with APA staff, an in-depth discussion on expenses allowed to be recorded under intangible assets raised additional questions on the type of expenses to be recorded. Based on this discussion, DBHDS is performing another review of all expenses associated with these projects to ensure they meet requirements. Fiscal Services will develop a written policy over the recording of intangibles. The departmental instruction will provide specific guidance on the tracking and recording of capitalizable intangibles.	In Progress (On Schedule)
	15-18	Improve Controls over Sale of Land	Until recently, the Department had not declared any surplus real estate, and thus there were no policies or procedures in place for such transfers and sales. DRES controls all aspects of easements, transfers and sale of land and works in conjunction with DBHDS to ascertain the amount and value of the land. DRES provides this information to DBHDS at the conclusion of any filing of easement, transfer or sale. DBHDS will develop and implement policies and procedures for updating the facility FAACS based on the information received from DRES.	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>
	15-19	Improve Process Surrounding Fixed Asset Additions	A departmental instruction will be developed and placed in effect by July 1, 2016, in order to standardize expectations on the handling of Fixed Asset addition and to stipulate the process by which each facility complies with regulations.	In Progress (On Schedule)
	15-20	Issue Management Decisions for Subrecipients	DBHDS will continue to strive to meet all Office of Management and Budget A-133 Sub-Recipient Monitoring requirements.	In Progress (On Schedule)
	15-21	Comply with the Code of Virginia Economic Interest Requirements	DBHDS Office of Procurement and Administrative Services (OAS) tracks employee compliance of the Statement of Economic Interests reporting requirement using the Secretary of the Commonwealth's electronic system. Reminder emails are sent in advance of the reporting deadline to employees as needed. DHBDS, however, will increase the frequency used to monitor the online system. Furthermore, DBHDS will increase the number of reminder emails sent through the Secretary of the Commonwealth's system to employees. Finally internal emails will be sent to stress the importance of the filing. DBHDS will develop a tool to track and record employee attendance of the biennial Conflict of Interest training. Records will be maintained for five years. DBHDS was operating under the posted guidance from DHRM whereas this training was required of	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>
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employees once.

**Department of Health (VDH)**

2015	15-01	Approve Vulnerability Scanning Procedures and Review System Vulnerability Scanning Tools	VDH Information Security Program developed and implemented additional Policy requiring vulnerability scanning and review for sensitive IT Systems. This procedure has been implemented for the most critical systems and is being phased to include other sensitive IT systems that support the agency.	Completed (On Schedule)
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	15-02	Improve Information Security Officer Independence	A Security Committee has been established and is being chaired by the Commissioner of VDH. One meeting has already been held and another is scheduled for July 14, 2016. This Committee provides the security team an opportunity to discuss items of concern with Senior Leadership and to receive feedback and guidance on moving the security program forward. Additionally, several enhancements have been made to the Information Security Portal including Access verifications and security approvals for software, etc. The Security Dashboard is in process. During the July 14, 2016 security committee meeting, the security team will present suggested metrics for the dashboard.	Completed (Delayed)
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<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-03	Improve VVESTS Web Application Security	VVESTS security is reliant on underlying system architecture, which is currently Oracle's Application Server (OAS). The existing OAS infrastructure has been sunsetted by Oracle in favor of their new WebLogic product. Hardware upgrades are planned or in progress to support the new system infrastructure. Once in place, VVESTS will be migrated and controls noted will be updated. Upgrades in progress and scheduled to be completed by March 2017.	In Progress (Delayed)
	15-04 14-15	Improve Access Management for Critical Systems. <b>This is a Repeat Finding.</b>	Specific upgrades were made and are now in place to the Information Security Portal to ensure that accesses to systems are reviewed, removed, changed, etc. in a timely manner.	Completed (On Schedule)
	15-05	Improve Access Management at Local Agencies and Divisions	The user access management process has been implemented for F&A. The monthly reminder to all offices with instructions for completing the monthly F&A access certification has been sent regularly from the Deputy Commissioner for Administration's office. The quarterly Security Portal report listing those in compliance and those not in compliance has been reviewed quarterly, with a second reminder sent to delinquent offices.	Completed (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-06	Record Accurate Time and Effort Reporting	Beta testing continued through June 30, 2016. The new process will begin July 1, 2016.	In Progress (Delayed)
	15-07	Improve Controls over Inventory Reporting	Internal policies and procedures were used as part of the year-end inventory process for FY2016.	Completed (On Schedule)
<b><u>Department of Medical Assistance Services (DMAS)</u></b>				
2015	15-01 14-02	Create Formal Documentation that Facilitates Controlling Privileges in the Medicaid Management Information System. <b>This is a Repeat Finding.</b>	The DMAS Office of Compliance and security (OCS) has reviewed MMIS access and completed transaction activity-level documentation on a spreadsheet. OCS is analyzing the spreadsheet to determine what business units need to perform their responsibilities.	In Progress (Delayed)
	15-02	Develop Oracle Conflict Matrix. <b>This is a Repeat Finding.</b>	DMAS Matrix was used in annual user access review in June 2016.	Completed (On Schedule)
	15-03	Limit Access to the 1099 Adjustment and Reporting System	Corrective Action is complete. Seven of the thirteen employees referenced in the finding had their ARS access removed on August 22, 2015. On October 23, 2015, the CARS Security Officer conferred with a Department of Accounts (DOA) General Accounting representative and obtained a detailed report of ARS access and used it when performing a comprehensive review for the CARS Security Certification. Utilizing the detailed report from DOA will continue with	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>
			every review of CARS Access Security.	
	15-04 14-04	Correct Operating Environment and Security Issues Identified by their Security Compliance Audit. <b>This is a Repeat Finding.</b>	Out of the 15 audit findings in the internal audit report, corrective action plans for four findings are outstanding.	In Progress (Delayed)
	15-05	Document myVRS Navigator Reconciliation	DMAS HR Division developed internal policies and procedures to ensure compliance with myVRS Navigator requirements.	Completed (Delayed)
	15-06	Improve Access Management for the eVA System	The OCS Information Security Manager (ISO) coordinated the identification of DMAS eVA security officers through appropriate eVA Designation forms.	Completed (On Schedule)
2014	14-01 13-02	Improve Access Reviews of the Medicaid Management Information System. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (Delayed)

**Department of Social Services (DSS)**

2015	15-01	Expand Change Management Process to include All IT Environment Production Changes	The weekly Change Advisory Board continues to review and recommend IT production changes and all CAB members are assisting in the overall culture change to ensure all IT changes are documented and tracked in the tool. The Investment Board members were informed regarding the process one more time in the February meeting and specific one on one discussions have taken place to remind those specific business owners who have not submitted any changes yet actual changes are made in the IT environment).	In Progress (On Schedule)
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<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-02	Obtain Assurance of Internal Control Effectiveness from Service Provider Agency	Work to complete corrective action related to this recommendation continues and VITA reported that progress is on schedule to meet the estimated target date.	In Progress (On Schedule)
	15-03	Improve Database Security	DIS has already implemented the required profile changes in the training environment (trnfin) and the agency implemented the same changes on March 4th in the development environment (devfin). The production environment will be changed after testing has been completed in the lower environments. Efforts will continue to complete this corrective action.	In Progress (On Schedule)
	15-04	Continue Addressing Weaknesses from the 2014 IRS Safeguarded Review	The ISRM Safeguards team is currently updating the CAP with responses and updates from the POCs responsible to implement the corrective actions. More information on this corrective action will be available in early May.	In Progress (On Schedule)
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 began during the last week of April 2016. Work on the corrective action item continues.	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>
<b><u>Department for Aging and Rehabilitative Services (DARS)</u></b>				
2014	14-01	Continue to Improve IT Governance	Change Management procedures have been submitted, an in house CM system will be developed, server reports are done quarterly and submitted to security, and renaming the SA account is being studied.	In Progress (On Schedule)
	14-02	Create Payroll Policies and Procedures and Document Pre-Certification Activities	Payroll pre-certification has been revised and reviewing and developing of Payroll policies has begun.	In Progress (On Schedule)
<b><u>Department of Game and Inland Fisheries (DGIF)</u></b>				
2014	14-02	Create Policies and Procedures for Multiple Areas in the Agency	DGIF continues to draft/adopt policies and procedures and evaluate these policies against future requirements /opportunities of CARDINAL, eVA, and internal systems' updates. 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.	In Progress (Delayed)
	14-03	Improve Controls for Fixed Asset Management	DGIF has established a set inventory schedule and updated specific policies and procedures for the fixed asset/inventory control function. 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)

<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>
			Due to competing agency priorities, the inventory schedule has been revised again; however, DGIF fully expects to achieve completion of a comprehensive physical inventory by the end of June 30, 2016.	
	14-04	Perform a Physical Inventory At Least Every Two Years	DGIF has established a set inventory schedule for the 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. Training for regional offices is being handled as part of updated inventory schedule for field visits.	
<b><u>Department of Conservation and Recreation (DCR)</u></b>				
2014 Special Review	14-12 Armics-01	Improve Controls over ARMICS Certifications to Comptroller	ARMICS review is ongoing. Report and certification will be completed by required submission date of September 30, 2016.	In Progress (Delayed)
	14-13 Armics-02	Ensure ARMICS Documentation is Accurate	ARMICS review is ongoing. Report and certification will be completed by required submission date of September 30, 2016.	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>
	14-14 Armics-03	Complete ARMICS Requirements	ARMICS review is ongoing. Report and certification will be completed by required submission date of September 30, 2016.	In Progress (Delayed)
	14-83 IT-09	Update Information Technology Policies	Corrective action plan has been completed.	Completed (Delayed)

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

2015	15-01	Implement Automated User Access System	Beginning in January 2016, ABC will have the resources available to begin to complete the final functionality for Identity Manager. ABC expects to have the application complete by June 2016.	In Progress (On Schedule)
	15-02	Improve Web Application Security	The ePay successfully implemented in March 2016. ABC passed its PCI DSS compliance audit, completed March 31, 2016. Web Redesign Phase 2 is almost complete. Phase 3 to begin in May 2016. Recruitment is still ongoing.	In Progress (On Schedule)
	15-03	Finalize Security Exception Requests for Unsupported Databases	VITA has denied ABC's request for the FINP exception unless ABC implements further controls encompassing the entire network. Financial System residing on FINP being replaced. APA is aware. ABC will accept that risk. MOVE exception request is pending with VITA currently - ABC has completed the items that were requested by VITA. MOVE will be upgraded by July 2016, and new 12C servers are in place currently awaiting the upgrade.	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>
2014	13-02	Improve Database Security	Still awaiting final VITA Exception. MOVE upgrade planned for implementation July 2016. Servers had to be ordered from and configured by VITA prior to the vendor coming on site for the software upgrade. Servers are in place.	In Progress (Delayed)
<b><u>Department of State Police (VSP)</u></b>				
2014	14-01	Improve Motor Vehicle Inspection Program Web Application Security	The MVIP resource has taken a new position in the Agency and is no longer working on the MVIP application. VSP is screening for a replacement resource. It is projected to take 3-6 months to come up to speed on the environment. Projected completion date is March 2017.	In Progress (Delayed)
	14-03 11-02 09-03	Continue to Upgrade Database System Software. <b>This is a Repeat Finding.</b>	VSP has made much progress with the Legacy Mapper applications; several MAPPER applications, TIPS and FACTS have been migrated and will be officially decommissioned later this year. The Evidence application was to enter into pilot mode in June 2016, but due to ongoing delays with VITA/NG implementing wireless infrastructure, the pilot has been delayed. Estimated start date for the pilot to begin is August 2016. The requirements for Asset Tracking have been completed, and the Agency is reviewing options for a replacement system. The Human Resource project continues to make	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>
			progress.	
	14-05	Improve Financial Management System Controls. <b>This is a Repeat Finding.</b>	Corrective action has been completed.	Completed (On Schedule)
	14-06	Improve Fixed Asset Internal Controls and Processes	The STARS Asset /Inventory system contract has been signed and the vendor has been on-site for a Kick-Off meeting with VSP staff.  In addition, other Divisions in VSP have developed their requirements as it relates to asset/inventory control and solutions are being developed to replace outdated systems currently in place.	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)
2011	11-01	Upgrade Unreliable and Unsupported Infrastructure Devices (Develop a Secretary Level Transformation Strategy for State Police and VITA)	VSP and VITA have met on three occasions since March 4, 2016 in an effort to resolve the current outstanding issues.  A joint decision brief between VITA and VSP is being drafted to seek a statutory exemption that will exempt VSP from VITA's enterprise I.T. infrastructure services.	In Progress (Delayed)

**Department of Motor Vehicles (DMV)**

2015	15-01	Continue to Improve Database and Application Baseline Security Configurations. <b>This is a Repeat Finding.</b>	Multiple databases, applications, and operating systems have had security baselines applied. Since this process has a high probability of causing a service disruption it's being handled following our SDLC process with	In Progress (Delayed)
	14-01			
	13-01			
	12-01			
	11-02			

<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>
			multiple iterations of testing.	
	15-02 14-02	Continue to Improve Physical and Environmental Security Controls. <b>This is a Repeat Finding.</b>	Access log reviews are underway, rack lock solutions are being investigated and the rack layout in the server rooms is being changed to reduce the risk of a wet fire suppression system.	In Progress (Delayed)
	15-03 14-03	Continue to Improve IT Risk and Continuity Management Program. <b>This is a Repeat Finding.</b>	DMV has undergone a series of departmental BIA's to determine sensitive processes/data that was then used to establish a sensitive system listing and 23 new Risk Assessments. DMV is also establishing processes for the reoccurring review and update of these documents. Information from this effort is feeding into a revamping of our Continuity Plan and DR plans. DR plan testing has been performed twice in the last 9 months. Another exercise is set for Fall 2016.	In Progress (Delayed)
	15-04	Improve IT Software Maintenance and Management Controls	Significant process has been made in the upgrade/removal of unsupported software in the environment. There's still a number of systems that are due to their complexity are taking longer to migrate.	In Progress (Delayed)
	15-05	Improve System Authentication Controls	A project has been established for this effort and resources are being secured. Expectation is to start the project by the end of 2016.	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>
	15-06	Improve Information Security Officer Independence	The Agency ISO will continue to report to the Deputy Commissioner/ CIO.	Completed (On Schedule)
	15-07	Improve myVRS Navigator Reconciliation Process. <b>This is a Partial Repeat Finding.</b>	Proof of reconciliation was strengthened.	Completed (On Schedule)
	15-08	Create Processes for Review and Assessment of Third Party Vendors' Controls	In FY2016, a Third Party Assurance Framework was drafted and Third Party Assurance Committee formed. APA staff was briefed on agency progress in August 2016. Third Party Provider data was submitted on FY2016 ARMICS Appendix B - Certification of Internal Control Third-Party Provider Clause.	In Progress (Delayed)
	15-09	Improve Procedures around Accounts Receivables Reporting	Progress reviewed by APA audit July 2016. ARMICS assessment created and submitted August 2016.	Completed (Delayed)
2014	14-04	Improve IT Security Audit Program Management	DMV has undergone a series of departmental BIA's to determine sensitive processes/data that was then used to establish a sensitive system listing and 23 new Risk Assessments. The audit plan was adjusted to insure all 23 systems would be audited within the 3 year cycle and is presently engaged to achieve this requirement.	Completed (Delayed)
	14-05	Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access	The SAR13 process has been fully documented after consulting with all impacted departments. Gaps that were noted are being included in an update to the process.	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	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. 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. 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>DMV has 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)
2013	13-02 12-03	Improve User Access Controls. <b>This is a Repeat Finding.</b>	A project has been established for this effort and resources are being secured. Expectation is to start the project by the end of 2016.	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>
<b><u>Virginia Port Authority (VPA)</u></b>				
2015	15-01*	Improve Internal Controls over Financial Reporting	Permanent resource for capital outlay accounting started December 2015. Average CIP balances based on cumulative expenditures are being calculated for application of the applicable borrowing rate to determine appropriate level of interest cost to include in cost basis.	In Progress (Delayed)
	15-02*	Improve Internal Controls over Major Federal Programs	Permanent resource for grant accounting started December 2015. Separate accounts exist in the general ledger to segregate federal grant activity from state grant activity. Analysis is being performed to validate the segregation of Federal vs State grant activity.	In Progress (Delayed)
<b><u>Department of Rail and Public Transportation (DRPT)</u></b>				
2014	14-01 13-01	Implement a Comprehensive Information Security Program. <b>This is a Repeat Finding.</b>	Corrective action plan has been completed.	Completed (Delayed)
<b><u>Department of Transportation (VDOT)</u></b>				
2015	15-01	Improve controls over Financial Reporting. <b>This is a Repeat Finding a Material Weakness.</b>	VDOT Fiscal has reviewed the time and resource commitments of the DOA submissions and is identifying additional review resources and reviewing procedures.	In Progress (On Schedule)
	15-02	Document Impact Funding has on Highway Infrastructure Capitalization	Meetings have been held between Fiscal and other VDOT Divisions to discuss the capitalization process changes for FY 2016 Reporting.	In Progress (On Schedule)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	15-03	Develop and Implement IT Hardening Procedures	Draft document for an IT hardening procedure for infrastructure is in progress with review to be completed by July 31, 2016.	In Progress (On Schedule)
	15-04	Improve the Sensitive System Classification Process	The sensitive system classification process is being reviewed. A new Deputy Information Security Officer (DISO) has been hired. This will be one of the main assignments to complete for the new DISO.	In Progress (On Schedule)
	15-05	Improve Access Controls to IT Hardware	Initial wave of removals have been identified and provided to security to implement (77 removals out of 207 users).	In Progress (On Schedule)
	15-06	Improve Vulnerability Scanning and Remediation Procedures	Procurement of hardware and software to perform vulnerability scans has been completed. Build plans are underway.	In Progress (On Schedule)
	15-07	Upgrade End-of-Life Technology	All replacement hardware has been procured and remediation underway for remaining 79 servers. Security Exception has been filed with VITA for these remaining assets.	In Progress (On Schedule)
	15-08	Improve the Billing Process	Procedures are in progress at this time.	In Progress (On Schedule)
	15-09	Improve the Process of Disclosing Economic Interests	Draft Guidelines have been written and are being vetted within the Agency. Finalization of guidelines delayed pending outcomes of GA actions this past session. Guidelines will be issued by July 1, 2016 to align with Code changes resulting from past GA session.	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>
	15-10	Improve Access Controls to Information Systems	VDOT Fiscal has added one more Payroll Security Officer. In addition an e-mail distribution list has been set up for statewide payroll staff in CO to receive timely notification of termination and transfer from districts.	Completed (On Schedule)
	15-11	Improve the Reconciliation to the Retirement System	Standards of Practice have been issued March 1, 2016. HR and Payroll staff has regularly scheduled meetings to discuss any issues.	Completed (On Schedule)





## Compliance Monitoring

### Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

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

As of June 30, 2016, the following agencies were not in compliance with the ARMICS process based on their 2015 ARMICS submission:

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Department of Small Business and Supplier Diversity	Exhibit 4 Filed	No	No corrective action plan or status received.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	90-day status not received.
Richard Bland College	Exhibit 4 Filed	Yes	90-day status not received.

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency is making progress in testing of significant fiscal processes. The agency has indicated this process should be completed by September 30, 2016.
Marine Resources Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Final CAP submitted. The agency has completed this process as of June 30, 2016.
Virginia Worker's Compensation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by September 30, 2016.
State Corporation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by December 31, 2016.
Longwood University	Substantial non-compliance with ARMICS process based on a QAR.	No	No corrective action plan or status received.
Division of Mines Minerals and Energy	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by August 31, 2016.
Department of Medical Assistance Services	Substantial non-compliance with ARMICS process based on a QAR.	No	Agency will submit the CAP with the September 30, 2016 certification.

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



**Compliance Monitoring**

**Certification of Agency Reconciliation to CARS Reports**

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

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in CARS. Certifications for March, April, May, June were due 04/29/2016, 05/31/2016, 06/30/2016, and 07/15/2016 respectively.

**Certifications Late or Outstanding**

*As of August 17, 2016*

<b>Agency</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>June</b>
Virginia State Bar	-	-	-	7/18/16
Department of Emergency Management	-	6/23/16	-	-
Department of Elections	7/6/16	7/6/16	-	-
Virginia Commission for the Arts	-	-	-	7/19/16
Department of General Services	-	7/6/16	-	-
Paul D. Camp Community College	-	-	-	7/25/16
Department of Game and Inland Fisheries	-	-	-	7/20/16
Department of Environmental Quality	6/22/16	-	-	-
Central State Hospital	-	-	-	7/19/16
Virginia Correctional Center for Women	-	-	-	7/18/16
Southside Virginia Training Center	-	-	-	7/19/16
Wallens Ridge Correctional Center	-	-	-	7/25/16
Hiram W. Davis Medical Center	-	-	-	7/20/16
Department of the Treasury – Trust Funds	6/20/16	-	-	-

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

\*The FY 2016 Year-End Closing Memorandum to the heads of all state agencies and institutions and all fiscal officers required that the final June Certification be received in the Comptroller's Office by 5:00 p.m. on July 15, 2016. E-mail and Fax copies were accepted on July 15<sup>th</sup> with the expectation that the original would be received by July 18, 2016.

### **Response to Inquiries**

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

However, in other instances, agencies do not respond timely or simply fail to respond. For the quarter ended June 30, 2016, 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 June 30, 2016, no agencies failed to respond timely, make corrective action and/or provide additional information

### **Trial Balance Review**

*As of August 17, 2016*

<b>Agency</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
None			

## Analysis of Appropriation, Allotments and Expenditures, and Cash Balances

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

DOA contacts agencies in writing about credit cash balances and appropriations versus expenditure anomalies. For the quarter ended June 30, 2016, no agency failed to respond timely, make corrective action and/or provide additional information.

## Credit Cash, Excess Expenditures, and Expenditure Credits

*As of August 15, 2016*

None	Agency	April	May	June
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## Disbursement Processing

During the quarter ended June 30, 2016, DOA did not receive any agency requests to delete payments that were awaiting disbursement from the vendor payment file. The requests to delete vendor payments would have included duplicate payments, payments for returned items, payments with incorrect vendor information and payments of incorrect amounts.

With the Wave 2 implementation of Cardinal on February 1, 2016, all agencies may unpost, delete or modify, and post vouchers without assistance from DOA.



## *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. Four decentralized agency review reports were finalized for distribution during this quarter.

## **Compliant Agencies**

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Wytheville Community College  
Virginia Employment Commission

### **Agencies Requiring Corrective Action**

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Northern Virginia Community College  
Virginia Department of Emergency  
Management

### **Corrective Actions Needed**

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Travel Reimbursement  
Travel Reimbursement and Documentation



## Prompt Payment Compliance

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

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

### Statewide Prompt Payment Performance Statistics

	Quarter Ended June 30, 2016		Fiscal Year 2016 To-Date		Comparative Quarter Ended June 30, 2015	
	Late	Total	Late	Total	Late	Total
<b>Number of Payments</b>	6,948	628,311	27,546	2,274,572	5,405	617,237
<b>Dollars (in thousands) \$</b>	60,037	\$1,814,659	\$196,507	\$7,611,531	\$ 39,215	1,896,183
<b>Interest Paid on Late Payments</b>				\$57,305		
<b>Current Quarter Percentage of Payments in Compliance</b>				98.9%		
<b>Fiscal Year-to-Date Percentage of Payments in Compliance</b>				98.8%		
<b>Comparative Fiscal Year 2015 Percentage of Payments in Compliance</b>						99.1%



### Prompt Payment Performance by Secretarial Area

Quarter Ended June 30, 2016

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.4%	98.8%
Agriculture and Forestry	99.5%	98.9%
Commerce and Trade	97.7%	85.5%
Education*	99.0%	97.5%
Executive Offices	98.3%	99.4%
Finance	99.5%	99.0%
Health and Human Resources	98.6%	90.7%
Independent Agencies	99.0%	97.0%
Judicial	99.8%	99.9%
Legislative	99.8%	99.5%
Natural Resources	96.3%	96.1%
Public Safety and Homeland Security	98.9%	97.0%
Technology	99.9%	99.9%
Transportation*	99.5%	96.1%
Veterans and Defense Affairs	96.8%	96.2%
<b>Statewide</b>	<b>98.9%</b>	<b>96.7%</b>

### Prompt Payment Performance by Secretarial Area

Fiscal Year 2016

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.6%	98.9%
Agriculture and Forestry	99.6%	99.0%
Commerce and Trade	97.7%	95.5%
Education*	98.8%	97.5%
Executive Offices	99.0%	99.3%
Finance	99.5%	98.2%
Health and Human Resources	98.5%	97.2%
Independent Agencies	99.3%	98.7%
Judicial	99.8%	99.9%
Legislative	99.8%	99.3%
Natural Resources	97.6%	92.3%
Public Safety and Homeland Security	98.8%	97.2%
Technology	99.9%	99.9%
Transportation*	99.2%	96.6%
Veterans and Defense Affairs	97.6%	95.7%
<b>Statewide</b>	<b>98.8%</b>	<b>97.4%</b>

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



For the quarter ended June 30, 2016, the following agencies that processed 50 or more vendor payments during the quarter were

below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate  
Agencies Below 95 Percent**  
*Quarter Ended June 30, 2016*

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
<b>Education</b>			
Gunston Hall	8	55	85.5%
Richard Bland College	119	725	83.6%
<b>Executive Offices</b>			
Secretary of the Commonwealth	6	71	91.5%
<b>Health and Human Resources</b>			
Department of Behavioral Health and Development Services	46	852	94.6%
Department of Medical Assistance Services	70	841	91.7%
Grants to Localities	28	301	90.7%
<b>Natural Resources</b>			
Department of Conservation and Recreation	498	9,450	94.7%
<b>Public Safety and Homeland Security</b>			
Department of Criminal Justice Services	36	395	90.9%
Department of Emergency Management	49	666	92.6%

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>
<b>Education</b>			
Gunston Hall	22	253	91.3%
Paul D. Camp Community College	83	1,528	94.6%
Richard Bland College	202	2,440	91.7%
<b>Health and Human Resources</b>			
Department of Medical Assistance Services	304	3,657	91.7%

## 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 reimbursements.

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

### Statewide E-Commerce Performance Statistics

	Quarter Ended June 30, 2016			Comparative Quarter Ended June 30, 2015
	E-Commerce	Total	Percent	Percent
Number of Payments	2,338,414	2,607,349	89.7%	88.4%
Payment Amounts	\$ 9,881,243,602	\$ 10,903,934,827	90.6%	94.6%
	Fiscal Year 2016 To-Date			Comparative Fiscal Year 2015
	E-Commerce	Total	Percent	Percent
Number of Payments	8,955,761	10,056,268	89.1%	87.5%
Payment Amounts	\$ 40,578,587,810	\$ 44,288,727,888	91.6%	93.0%

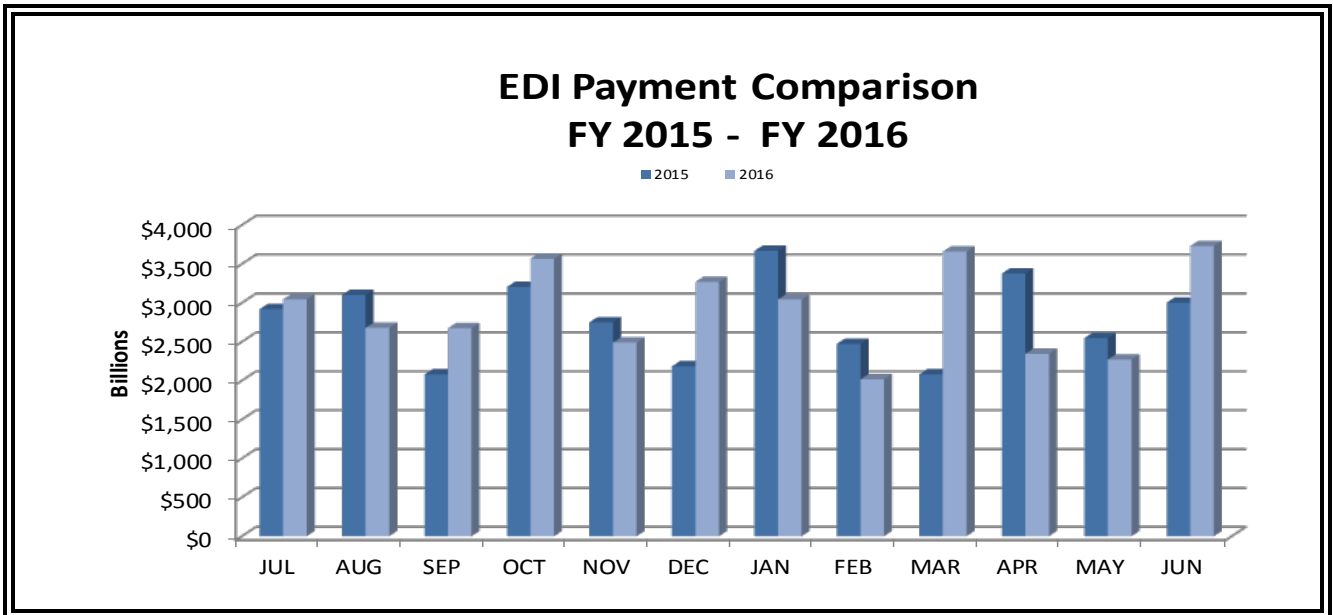
**Financial Electronic Data Interchange (EDI)**

The dollar volume of Financial EDI payments for the fourth quarter of FY 2016 was under \$579 million (7 percent) less than the same quarter last year. The number of trading partner accounts increased by 12 percent from June 2015. 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**

<b>Financial EDI Activity</b>	<b>Quarter Ended June 30, 2016</b>	<b>Fiscal Year 2016 To-Date</b>	<b>Comparative Fiscal Year 2015 To-Date</b>
Number of Payments	93,604	311,577	281,841
Amount of Payments	\$ 8,345,893,950	\$ 34,780,545,811	\$ 33,381,456,919
Number of Invoices Paid	210,332	784,414	803,722
Estimated Number of Checks avoided	210,195	599,565	452,881
Number of Trading Partner Accounts as of 06/29/16		168,294	150,848



## Travel EDI

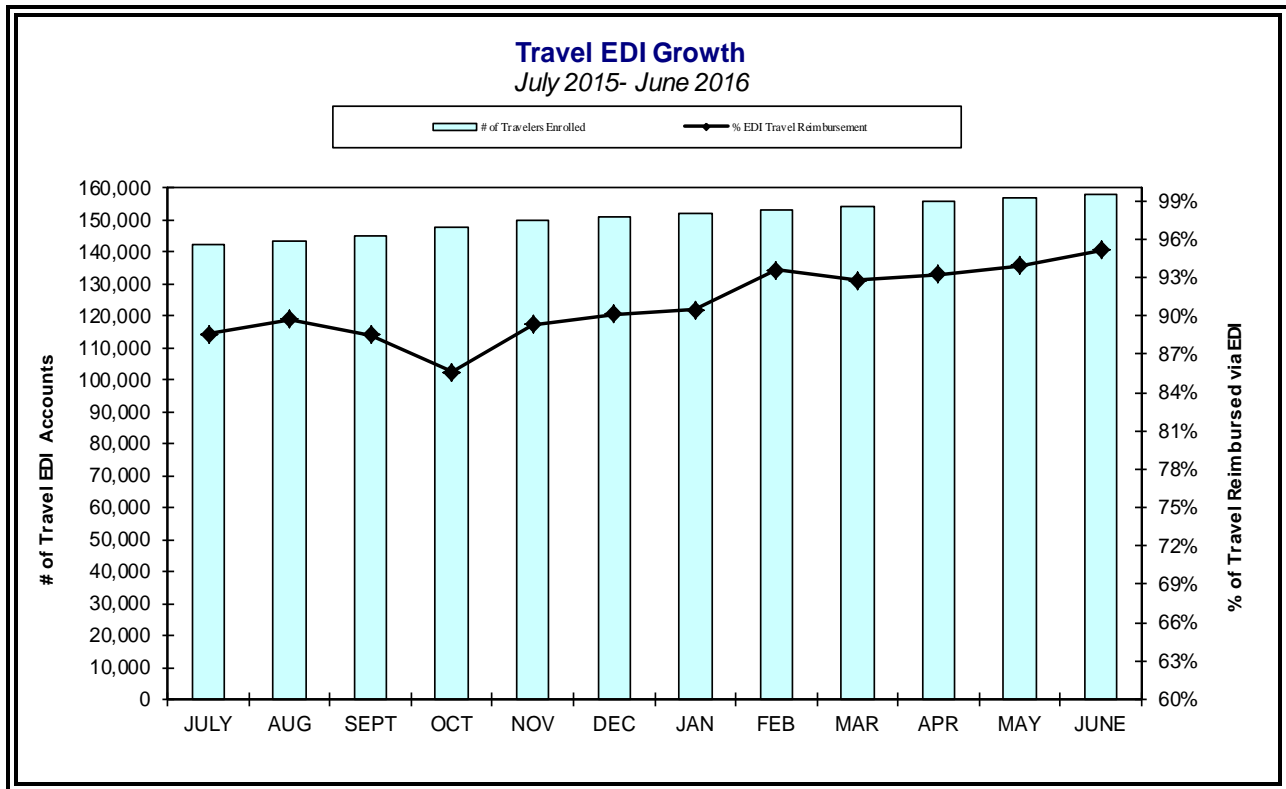
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. Per Chapter 806, 2013, Virginia Acts of Assembly §4-5.04 e.5. *State employees traveling on official business of state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

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

effort to identify areas where EDI can be expanded.

In accordance with §4-5.04 f. of the Appropriation Act, the Comptroller charges agencies for each travel reimbursement check issued in lieu of Travel EDI. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether. For FY 2016, the fee is \$5 per travel reimbursement check.

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



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

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

**Travel Reimbursement  
Travel EDI Performance by Secretarial Area**  
*Quarter Ended June 30, 2016*

<b>Secretarial Area</b>	<b>Employee Percent</b>	<b>Non-Employee Percent</b>	<b>Reimbursement Checks Issued</b>
Administration	82.2%	-	31
Agriculture and Forestry	95.4%	-	38
Commerce and Trade	98.0%	-	26
Education (1)	90.3%	-	636
Executive Offices	97.3%	-	11
Finance (2)	94.2%	-	30
Health and Human Resources	96.6%	-	256
Independent Agencies	97.6%	-	35
Judicial	93.7%	-	256
Legislative	98.4%	-	8
Natural Resources	93.6%	-	105
Public Safety	90.6%	-	530
Technology	98.7%	-	2
Transportation (1)(2)	98.5%	-	59
Veterans Affairs and Homeland Security	92.8%	-	27

<b>Statewide for Quarter</b>	<b>94.1%</b>	<b>-</b>	<b>2,050</b>
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*Fiscal Year 2016 To-Date*

<b>Statewide</b>	<b>95.0%</b>	<b>18.3%</b>	<b>10,997</b>
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*Comparative  
Fiscal Year 2015 To-Date*

<b>Statewide</b>	<b>95.8%</b>	<b>28.2%</b>	<b>13,501</b>
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(1) Statistics do not include agencies and institutions decentralized for vendor payment processing.  
(2) Statistics include both travel and non-travel payments.

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

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

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

<b>Agency</b>	<b>Percent</b>	<b>Reimbursement Checks Issued</b>
<b>Education</b>		
Virginia Military Institute	64.8%	69
Norfolk State University	78.5%	62
Christopher Newport University	81.0%	88
<b>Public Safety</b>		
Department of Military Affairs	55.1%	106
Department of Emergency Management	69.6%	77
Corrections-Employee Relations and Training	81.3%	27
Department of Juvenile Justice	80.7%	89

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**

<u>Agency</u>	<u>Percent</u>	<u>Reimbursement Checks Issued</u>
None		



The following table lists agencies that have accumulated more than \$200 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**

<u>Agency</u>	<u>Percent</u>	<u>Year-to-date Charges</u>
None		



### *Direct Deposit*

During the fourth quarter of FY 2016, 518,872 checks were avoided using direct deposit. Effective August 1, 2008, direct deposit was mandated for all new hires. Agencies may mandate direct deposit for all

eligible employees at their discretion. All agencies have attained a salaried direct deposit performance rate of at least 98% and will be reported only if performance drops below that rate during the quarter.

### **Direct Deposit Performance by Secretarial Area**

*Quarter Ended June 30, 2016*

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	99.8%	100.0%
Agriculture and Forestry	99.7%	97.6%
Commerce and Trade	99.9%	100.0%
Education	99.3%	98.5%
Executive Offices	99.8%	100.0%
Finance	99.6%	100.0%
Health and Human Resources	99.5%	99.2%
Independent Agencies	99.6%	100.0%
Judicial	99.9%	91.9%
Legislative	99.9%	100.0%
Natural Resources	99.7%	98.1%
Public Safety and Homeland Security	99.4%	99.2%
Technology	100.0%	100.0%
Transportation	99.9%	99.6%
Veterans and Defense Affairs	99.0%	98.5%
<b>Statewide</b>	<b>99.5%</b>	<b>98.6%</b>
<i>Comparative</i>		
<i>Quarter Ended June 30, 2015</i>		
<b>Statewide</b>	<b>99.7%</b>	<b>98.4%</b>

## Statewide Salaried Direct Deposit Performance

*Quarter Ended June 30, 2016*

<b>Salaried Direct Deposit Participation</b>	<b>99.5%</b>
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### Salaried Direct Deposit Below 98 Percent

Agency	Percent	Number of Employees
None		

## Statewide Wage Direct Deposit Performance

*Quarter Ended June 30, 2016*

<b>Wage Direct Deposit Participation</b>	<b>98.6%</b>
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### Wage Direct Deposit Below 90 Percent

Agency	Percent	Number of Employees
<b>Education</b>		
Norfolk State University	86.1%	366
<b>Judicial</b>		
General District Courts	87.0%	169

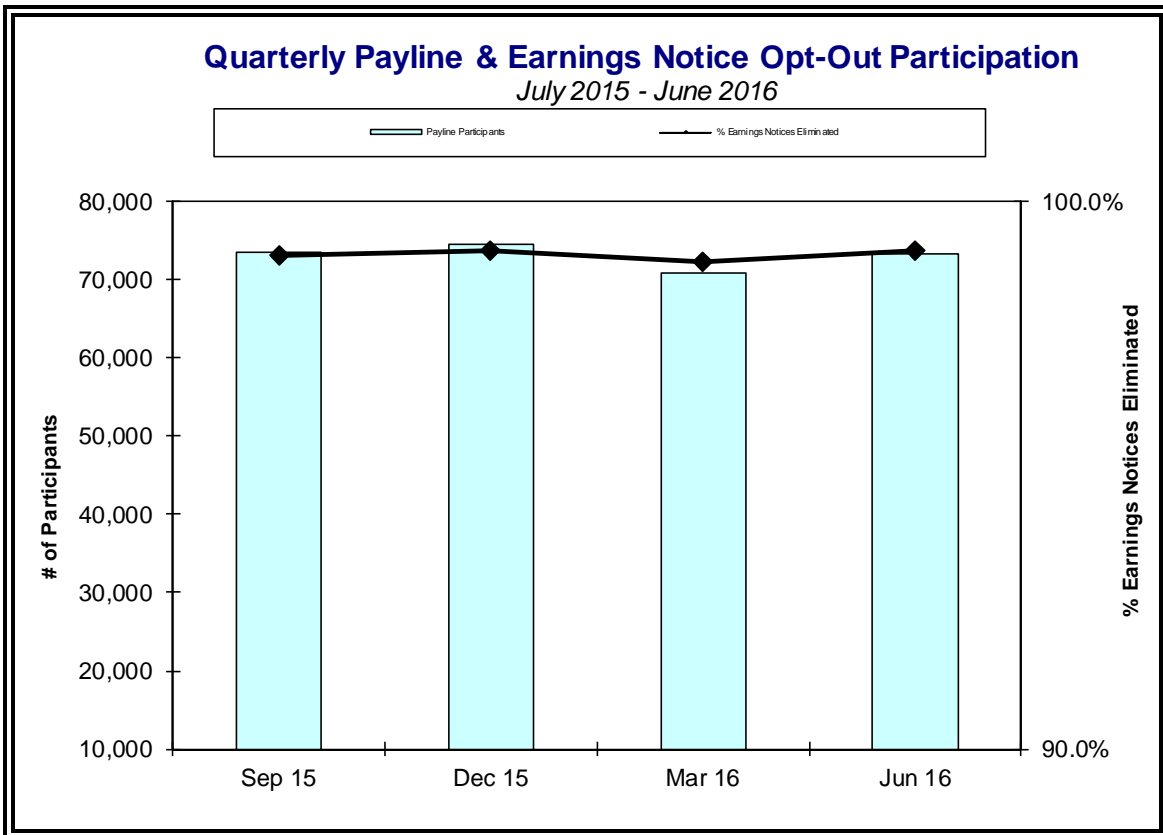


## Payroll Earnings Notices

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 17,284,195 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 June 30, 2016*

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	87.2%	100.0%
Agriculture and Forestry	86.4%	88.7%
Commerce and Trade	97.2%	100.0%
Education	67.2%	100.0%
Executive Offices	94.0%	100.0%
Finance	98.6%	100.0%
Health and Human Resources	94.4%	100.0%
Independent Agencies	95.5%	100.0%
Judicial	87.0%	93.7%
Legislative	68.7%	75.9%
Natural Resources	75.0%	99.0%
Public Safety and Homeland Security	91.9%	100.0%
Technology	96.2%	100.0%
Transportation	95.5%	100.0%
Veterans and Defense Affairs	73.5%	75.2%
<b>Statewide</b>	<b>84.6%</b>	<b>99.1%</b>
<i>Comparative</i>		
<i>Quarter Ended June 30, 2015</i>		
<b>Statewide</b>	<b>87.9%</b>	<b>99.0%</b>

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

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

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

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

Most agencies elected a global opt-out in response to the January 1, 2009, mandate. As of June 30, 2016, the following agencies have not met the established goal of 90% for eliminating earnings notice print.

### Earnings Notice Elimination

<b>Agency</b>	<b>Percent Earnings Notices Eliminated QE 6/30/2016</b>	<b>Percent Earnings Notices Eliminated QE 3/31/2016</b>
<b>Agriculture and Forestry</b>		
Department of Agriculture and Consumer Services	89.3%	100.0%
Department of Forestry	87.4%	79.7%
<b>Judicial</b>		
Circuit Courts	78.7%	77.4%
General District Courts	88.7%	90.4%
<b>Natural Resources</b>		
Marine Resources Commission	79.7%	69.3%
<b>Veterans and Defense Affairs</b>		
Virginia Veterans Care Center	28.7%	30.5%



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

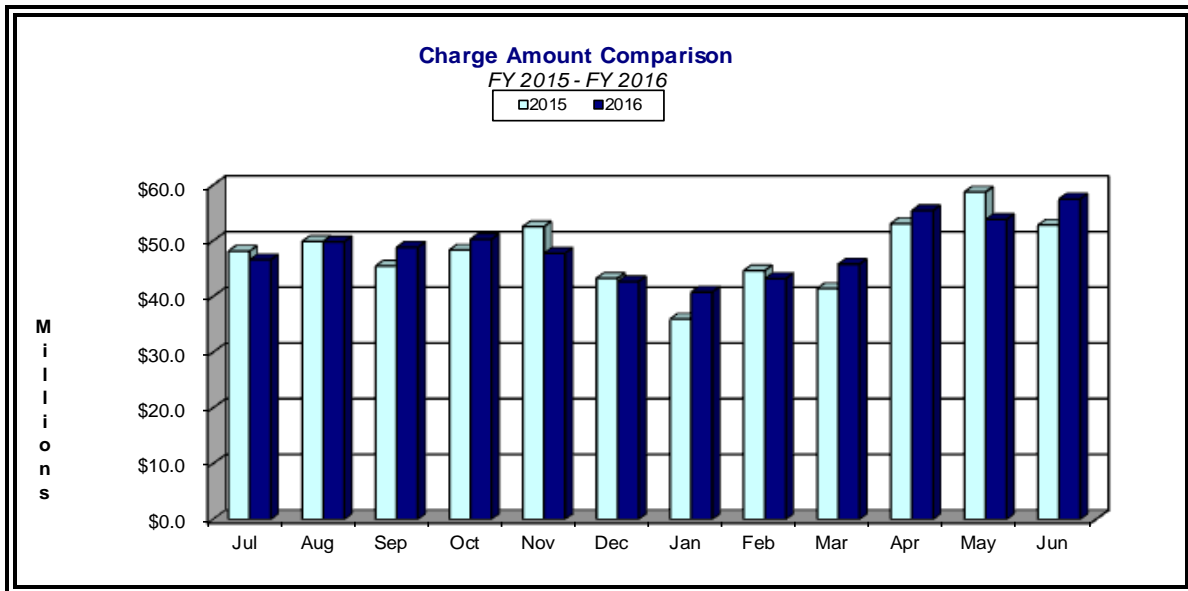
Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than \$50,000. Use of the purchasing charge cards decreases the number of checks issued and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

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

The total amount charged on SPCC, Gold and ePayables cards during the fourth quarter of FY 2016 increased by \$8.2 million or 1 percent from the same quarter last year.

**Small Purchase Charge Card Program**

Charge Card Activity	Quarter Ended June 30, 2016	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Amount of Charges	\$ 166,830,646	\$ 582,742,400	\$ 574,511,394
Estimated Number of Checks Avoided	223,765	803,828	787,778
Total Number of Participating Agencies		194	195
Total Number of Cards Outstanding		14,762	14,734



## *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](mailto:cca@doa.virginia.gov). The Department of Accounts appreciates agencies' efforts to make this initiative a statewide success.

### **Statewide SPCC Performance**

*Quarter Ended June 30, 2016*

Percentage Utilization for Eligible Transactions

**84%**



## SPCC Utilization by Secretarial Area

Quarter Ended June 30, 2016

Secretarial Area	Payments in Compliance <sup>(1)</sup>	Non-Compliant Transactions <sup>(2)</sup>
Administration	90%	409
Agriculture and Forestry	97%	117
Commerce and Trade	89%	194
Education*	93%	3,086
Executive Offices	98%	23
Finance	98%	75
Health and Human Resources**	93%	2,422
Independent Agencies	86%	449
Judicial	7%	19,101
Legislative	98%	25
Natural Resources	96%	468
Public Safety and Homeland Security	94%	2,252
Technology	94%	16
Transportation*	89%	2,562
Veterans and Defense Affairs	97%	71
<b>Statewide</b>	<b>84%</b>	<b>31,270</b>

\* 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**

<b>Agency</b>	<b>Payments in Compliance</b>	<b>Non-Compliant Transactions</b>
<b>Commerce and Trade</b>		
Virginia Employment Commission	62%	146
<b>Education</b>		
Norfolk State University	68%	553
<b>Health and Human Resources</b>		
Department for the Blind and Vision Impaired	62%	1,072
<b>Independent Agencies</b>		
State Corporation Commission	63%	213
<b>Judicial</b>		
Board of Bar Examiners	0%	40
Circuit Courts	0%	3,784
Combined District Courts	0%	1,524
General District Courts	0%	6,163
Juvenile and Domestic Relations District Courts	0%	7,178
Magistrate System	0%	142
Virginia Criminal Sentencing Commission	0%	30
<b>Public Safety and Homeland Security</b>		
Virginia Correctional Enterprises	65%	846



### *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 7<sup>th</sup> of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) business days is reported. For the month of April, this represents the bill date of April 15, 2016, with the payment due no later than May 7th.

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

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

<u>Agency</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
<b><u>Purchase Card Program:</u></b>			
<b>Commerce and Trade</b>			
Department of Mines, Minerals and Energy			X
<b>Education</b>			
John Tyler Community College			X
Richard Bland College	X	X	
University of Virginia Medical Center	X		
<b>Finance</b>			
Department of Taxation			X
<b>Health and Human Resources</b>			
Department for Aging and Rehabilitative Services			X
Department of Medical Assistance Services	X		
Department of Social Services			X
Southeastern Virginia Training Center		X	
<b>Independent Agencies</b>			
Virginia Retirement System		X	
<b>Transportation</b>			
Department of Transportation		X	
<b><u>Airline Travel Card Program:</u></b>			
<b>Veterans and Defense Affairs</b>			
Department of Veterans Services	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 June 30, 2016, and the total amounts past due.

## Travel Charge Card Program

*As of June 30, 2016*

<u>Agency</u>	<u>Total Delinquent Accounts</u>	<u>Amounts 60 Days Past Due</u>	<u>Amounts 90-120 Days Past Due</u>	<u>Amounts &gt;150 Days Past Due</u>
<b>Education</b>				
Department of Education, Central Office Operations	1	13	0	0
Norfolk State University	3	312	0	2,110
Old Dominion University	1	0	685	0
University of Virginia Medical Center	1	900	0	0
Virginia Commonwealth University	1	438	0	0
Virginia Military Institute	1	36	0	0
Virginia Polytechnic Institute and State University	1	701	403	0
<b>Executive Offices</b>				
Attorney General and Department of Law	1	0	190	392



## Payroll Controls

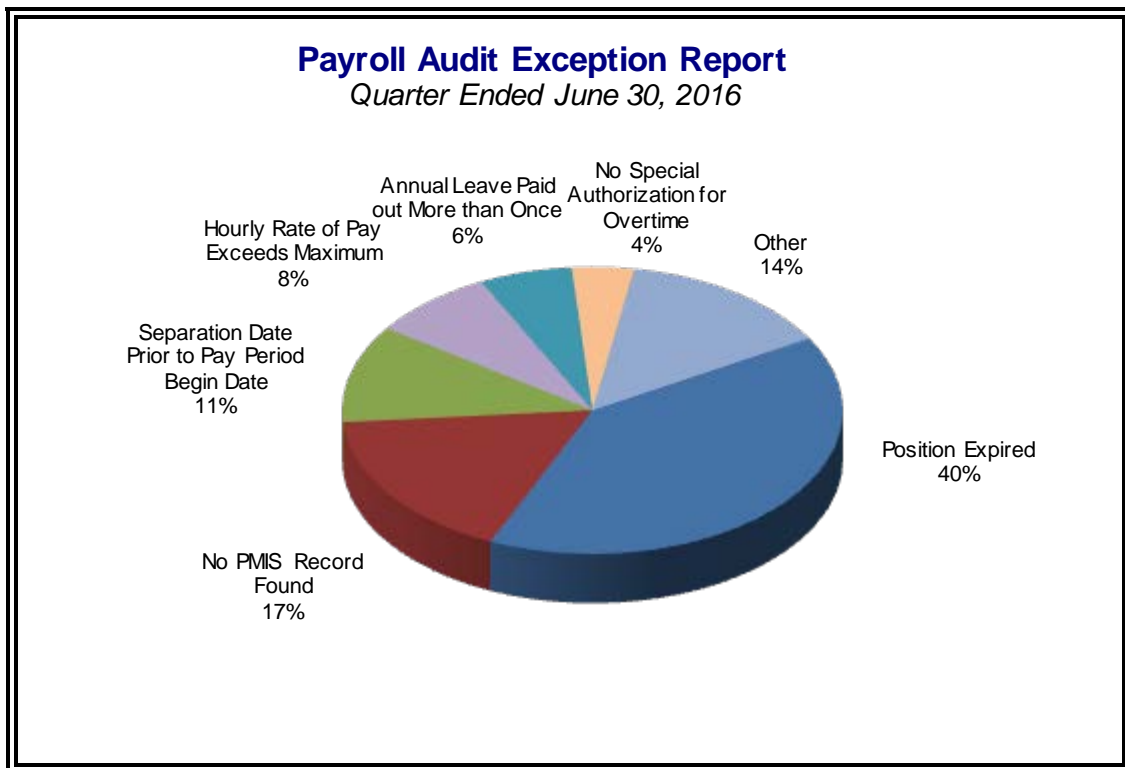
### *CIPPS/PMIS Payroll Audit*

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 403,196 salaried pay transactions and 132,216 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 3,305 new exceptions noted statewide during the quarter, with an overall exception rate of 0.02%.

The statewide salaried payroll exception rate was 0.08% and the wage payroll exception rate was 0.04%. During this quarter, 6

employee paychecks were reduced to recover \$2,969.19 in overpayments.

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



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

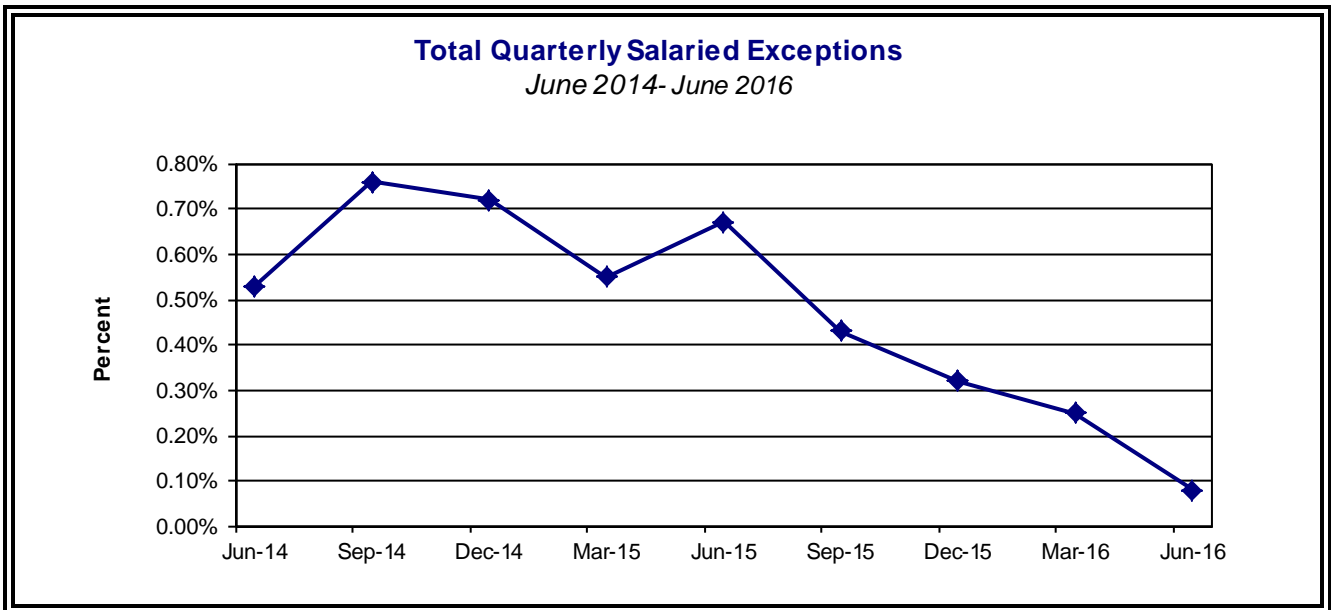
of payroll exceptions to salaried or wage payments exceeds three times the statewide average for the quarter.

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

*Quarter Ended June 30, 2016*

<u>Agency</u>	<u># of Salaried Exceptions</u>	<u>Exceptions as a % of Salaried Payments</u>
Sitter-Barfoot Veterans Care Center	11	0.66%
<b>Salaried Payroll Exceptions for the Quarter</b>		<b>0.08%</b>

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



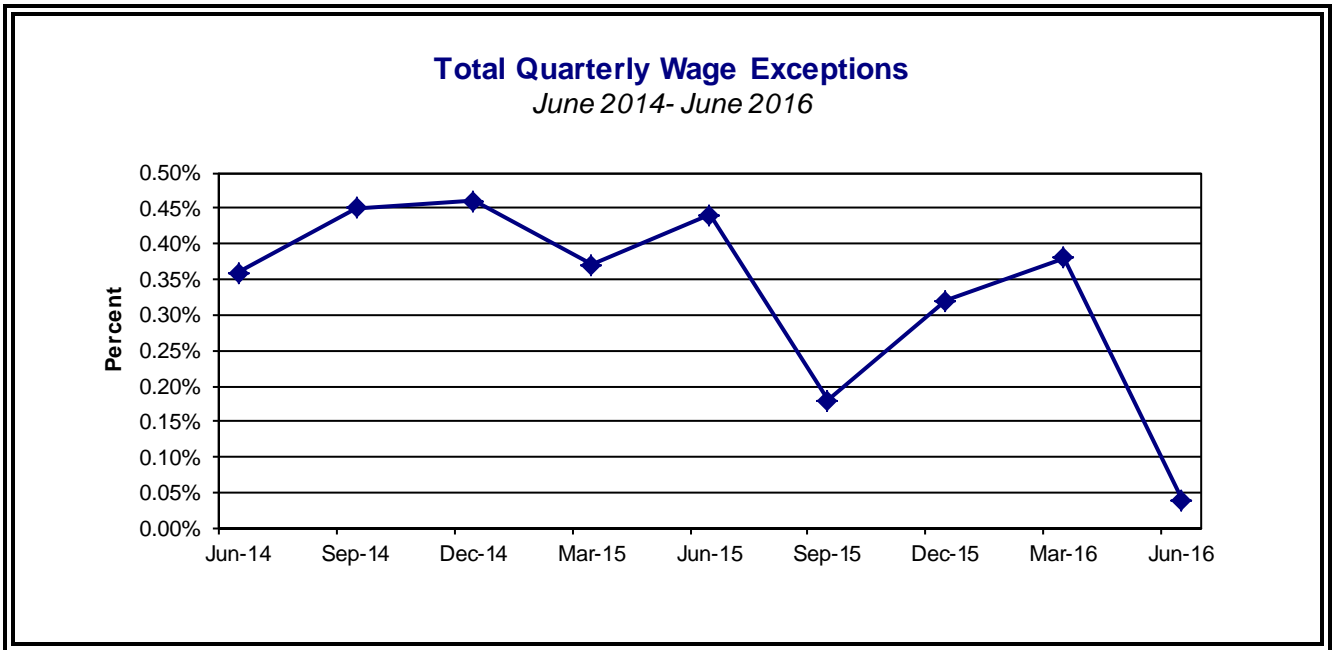


**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Wage Payments**  
*Quarter Ended June 30, 2016*

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
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<b>Wage Payroll Exceptions for the Quarter</b>	<b>0.04%</b>
--	--------------

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



***CIPPS/PMIS Exceptions***

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

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

<u>Agency</u>	<u>Unresolved Exceptions</u>
None	



## *Payroll Certification*

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

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

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

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

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

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

### Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
<b>Education</b>				
John Tyler Community College	\$40,000			
<b>Health and Human Resources</b>				
Central State Hospital	\$23,694			

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 June 30, 2016**

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

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



## FINANCIAL MANAGEMENT ACTIVITY

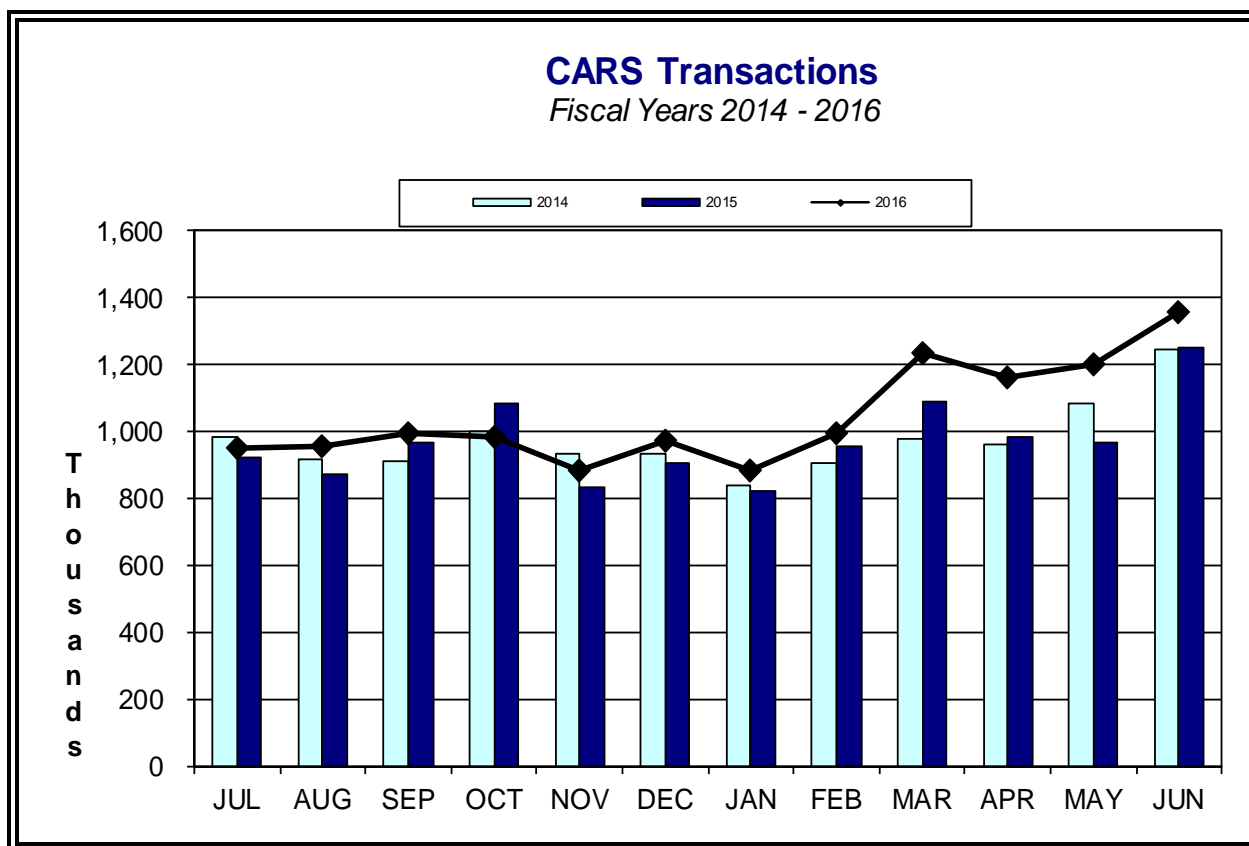
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

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

### Commonwealth Accounting and Reporting System (CARS)

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

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

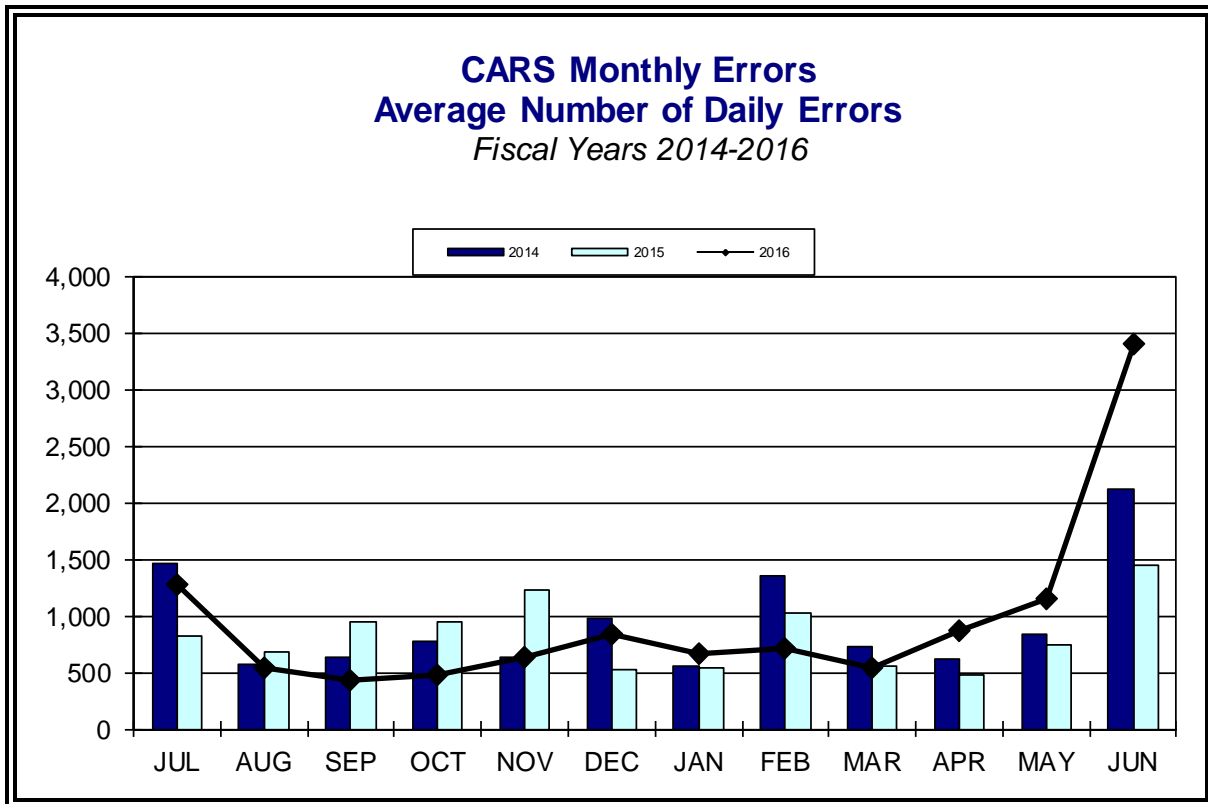


### *CARS Edits*

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

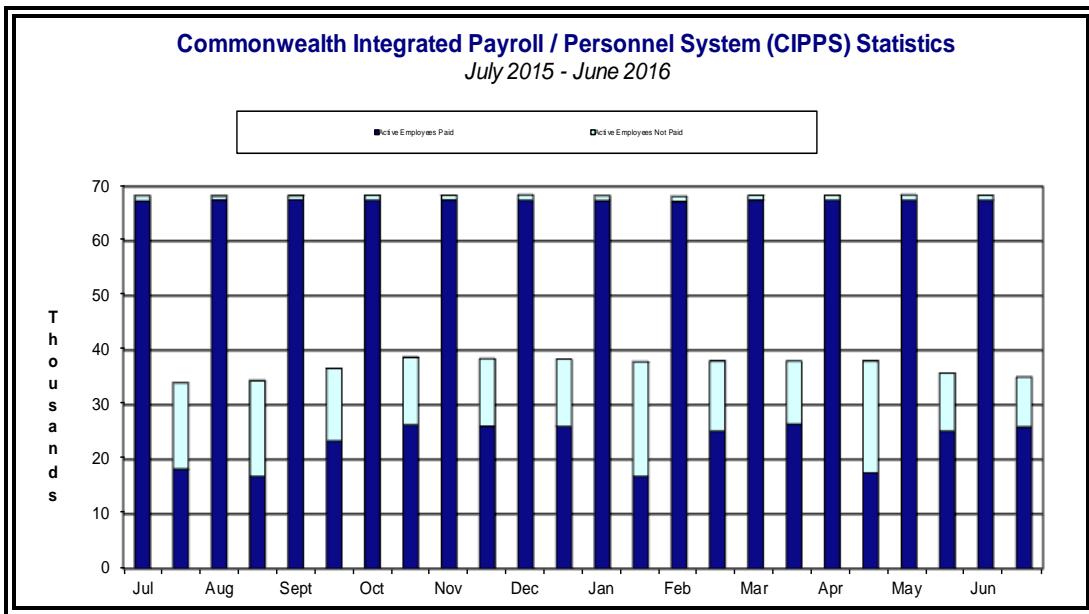
- Available Negative Cash
- Expenditures Exceeds Allotments
- Current Document-SFX Invalid



**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 104,783 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 90,373 employees were paid each month, of which 67,479 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**

<b>Benefit</b>	<b>As of 6/30/2016</b>	<b>Comparative</b>	
		<b>As of 6/30/2015</b>	<b>As of 6/30/2014</b>
<b>Health Care**</b>			
COVA Care	76,180	77,489	79,098
COVA Health Aware	5,024	4,193	3,636
Kaiser	2,023	2,093	2,112
Tricare	62	55	62
<b>Optional Retirement Plans**</b>			
Fidelity Investments	624	603	581
Political Appointee - ORP	111	109	79
TIAA/CREF	1,545	1,561	1,535
<b>Deferred Compensation**</b>			
Commonwealth of Virginia 457 D/C Plan	38,875	41,008	43,804
Hybrid 457 Voluntary D/C Plan	1,354	522	N/A
<b>Flexible Reimbursement**</b>			
Dependent Care	965	934	964
Medical Care	9,635	9,545	10,040

\*\* 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.

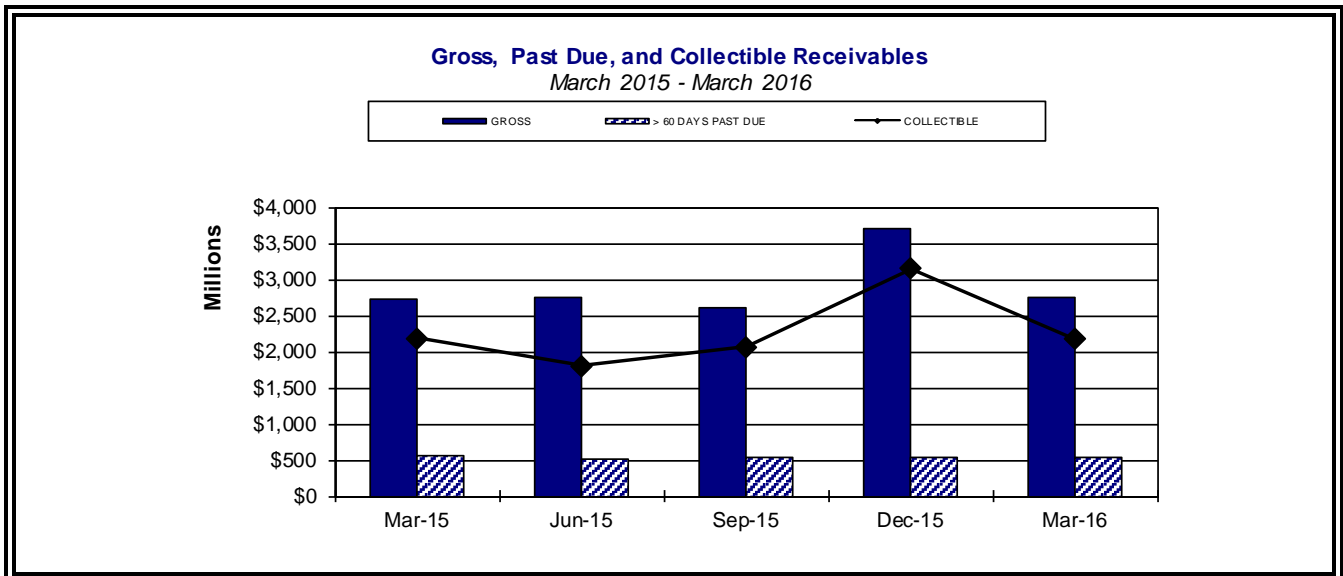
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

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

billion at March 31, 2016, with \$2.17 billion considered collectible. Receivables over 60 days past due as of March 31, 2016, totaled \$545.3 million. Of that amount, \$19.3 million was placed with private collection agencies, \$33.0 million was placed with the Division of Debt Collection and \$493.0 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 March 31, 2016, agencies expected to collect \$2.17 billion (79 percent) of the \$2.74 billion adjusted gross receivables. About 1 percent is due to the General Fund, primarily for benefit recoveries and sales of permits.

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

### Collectible Receivables by Fund

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

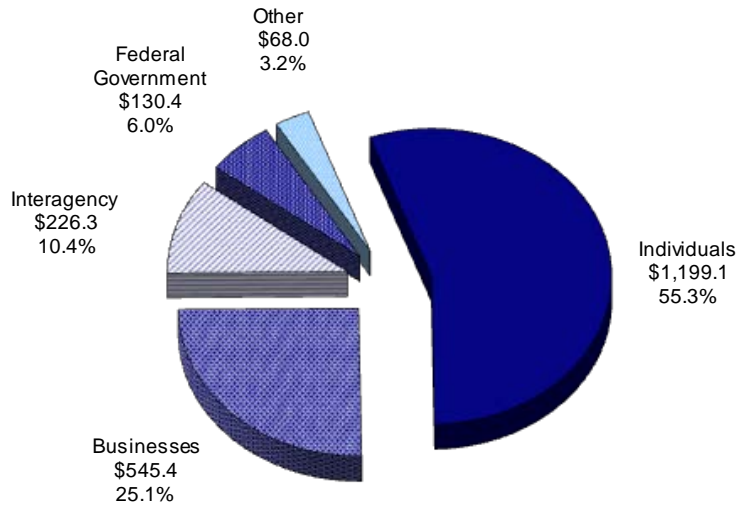
*As of March 31, 2016*

Fund	Source	Amount	Percent	
<b>General Fund</b> 1%	Medicaid - Current Recoveries	\$ 13,955,956	55%	
	Social Services	3,424,864	14%	
	State Police Permits	2,456,894	10%	
	Corrections	1,066,846	4%	
	Labor and Industry Inspections	565,340	2%	
	Other	2,302,111	9%	
	Subtotal	23,772,011	94%	
	Interagency Receivables	1,609,960	6%	
	<b>Total General Fund Collectible</b>		<b>\$ 25,381,971</b>	<b>100%</b>
	<b>Nongeneral Funds</b> 99%	Medicaid - Dedicated Penalty Fees	\$ 60,101,963	3%
Medicaid - Federal Reimbursements		13,323,813	1%	
Unemployment Taxes *		356,225,822	17%	
Transportation		75,843,815	3%	
Child Support Enforcement		226,287,938	11%	
Federal Government		51,684,601	2%	
DBHDS Patient Services		19,039,602	1%	
Hospital		683,639,376	32%	
Enterprise		85,345,903	4%	
Higher Education		322,581,917	14%	
Other		25,062,522	1%	
Subtotal		1,919,137,272	89%	
Interagency Receivables		224,700,067	11%	
<b>Total Nongeneral Fund Collectible</b>		<b>\$ 2,143,837,339</b>	<b>100%</b>	
<b>All Funds</b>	<b>Grand Total</b>		<b>\$ 2,169,219,310 100%</b>	

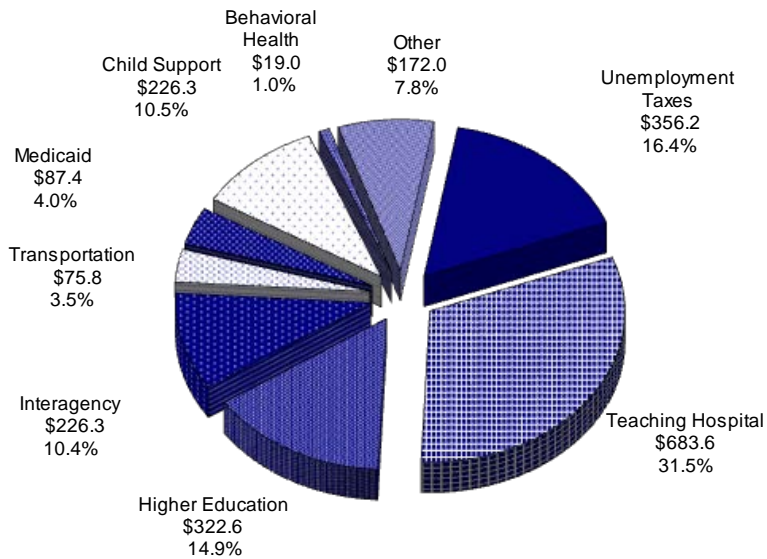
\*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

## Summary of Receivables by Source

**Sources of Collectible Receivables by Debtor**  
(dollars in millions)  
As of March 31, 2016



**Sources of Collectible Receivables by Type**  
(dollars in millions)  
As of March 31, 2016



Not counting Taxation and the Courts, ten agencies account for 85 percent of the Commonwealth's adjusted gross and 83

percent of the adjusted collectible accounts receivable balances.

**Accounts Receivable Summary**  
*Not Including Circuit Courts, District Courts, or Department of Taxation*  
*As of March 31, 2016*

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	\$ 757,490,281	\$ 27,150,704	\$ 730,339,577
Department of Social Services	638,793,260	398,115,598	240,677,662
Virginia Employment Commission	399,864,233	39,106,834	360,757,399
Department of Medical Assistance Services	126,640,191	39,258,459	87,381,732
Virginia Polytechnic Institute and State University	92,858,179	1,826,780	91,031,399
Department of Transportation	74,491,556	2,905,402	71,586,154
Virginia Lottery	73,016,070	-	73,016,070
Virginia Commonwealth University	62,533,361	5,940,782	56,592,579
University of Virginia - Academic Division	46,029,601	993,009	45,036,592
Virginia Information Technologies Agency	45,486,528	-	45,486,528
<b>Total</b>	<b>\$ 2,317,203,260</b>	<b>\$ 515,297,568</b>	<b>\$ 1,801,905,692</b>
All Other Agencies	423,359,296	56,045,678	367,313,618
<b>Grand Total</b>	<b>\$ 2,740,562,556</b>	<b>\$ 571,343,246</b>	<b>\$ 2,169,219,310</b>

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

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

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

These additional collection tools recovered \$32.4 million during the quarter ended March 31, 2016. The Division of Debt Collection contributed \$1.9 million. Private collection agencies collected \$3.4 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$27.1 million.

Private collection agencies returned \$13.1 million of accounts to agencies, and the Division of Debt Collection discharged \$3.1 million of accounts and returned \$669,799 of accounts to agencies.

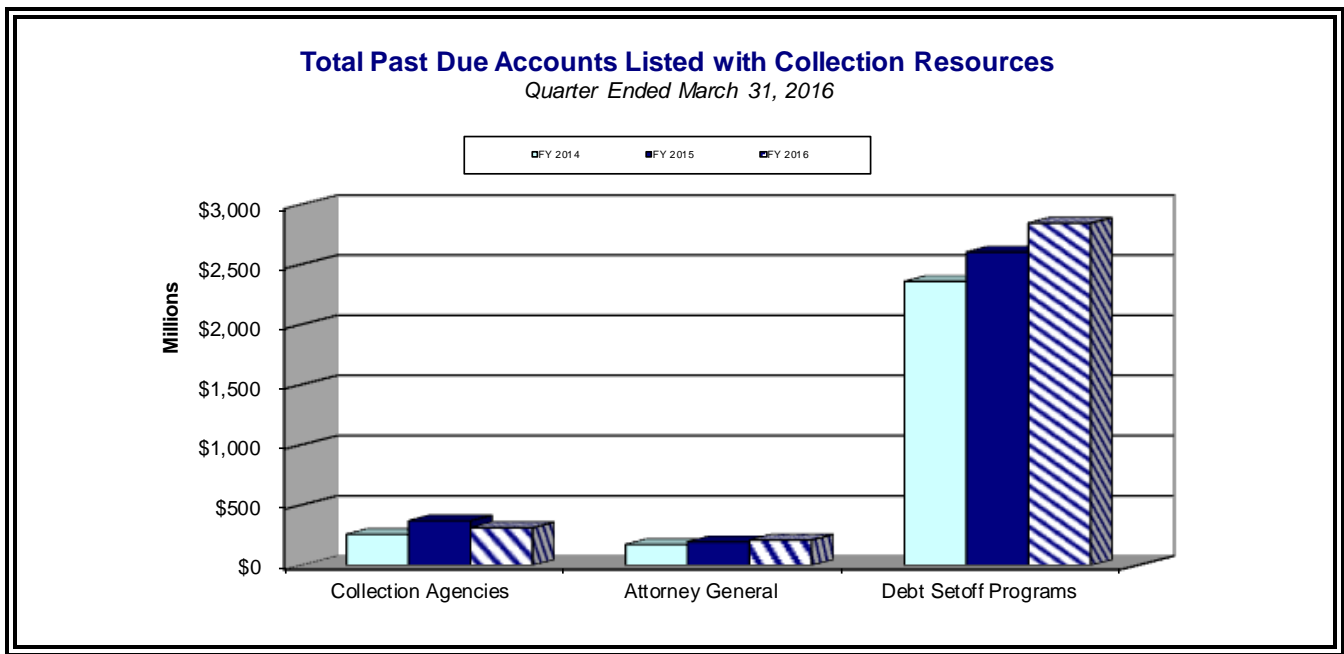
## Collectible Receivables Over 60 Days Past Due

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

*As of March 31, 2016*

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 230,382,796	\$ 9,323	\$ 55,493	\$ 230,317,980
University of Virginia Medical Center	100,779,752	-	-	100,779,752
Virginia Employment Commission	54,871,882	10,408,890	16,389,807	28,073,185
Department of Medical Assistance Services	39,067,431	42,991	164,825	38,859,615
Department of Behavioral Health and Developmental Services	23,477,425	-	-	23,477,425
Virginia Commonwealth University	10,022,457	197,296	304,794	9,520,367
Department of Transportation	9,948,298	552,468	6,829,116	2,566,714
George Mason University	8,041,141	1,072,705	702,432	6,266,004
Virginia Community College System	6,587,730	982,986	-	5,604,744
University of Virginia - Academic Division	6,284,119	58,411	44,247	6,181,461
<b>TOTAL</b>	<b>\$ 489,463,031</b>	<b>\$ 13,325,070</b>	<b>\$ 24,490,714</b>	<b>\$ 451,647,247</b>
All Other Agencies	55,861,081	5,964,701	8,556,687	41,339,693
<b>TOTAL OVER 60 DAYS</b>	<b>\$ 545,324,112</b>	<b>\$ 19,289,771</b>	<b>\$ 33,047,401</b>	<b>\$ 492,986,940</b>
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	2,824,169,474	293,295,495	178,427,103	2,352,446,876
<b>TOTAL COLLECTION EFFORTS</b>	<b>\$ 3,369,493,586</b>	<b>\$ 312,585,266</b>	<b>\$ 211,474,504</b>	<b>\$ 2,845,433,816</b>

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



**Comptroller's Debt Setoff (CDS) Program**

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

withheld, in full or in part, to satisfy the debt owed to the State. CDS collected \$1.9 million for the fourth quarter with a total of \$9.2 million collected through FY 2016. Please note the amount reported is before any refunds.

**Receivable Trend Data**

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

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

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

Agency	Percent 3/31/16	Comparative	
		Percent 12/31/15	Percent 9/30/15
Department of Behavioral Health and Developmental Services	45%	44%	43%
Department of Social Services	36%	37%	36%
Department of Medical Assistance Services	31%	31%	34%
George Mason University	21%	15%	4%
Virginia Community College System	18%	4%	18%
Virginia Commonwealth University	16%	3%	7%
Virginia Employment Commission	14%	39%	41%
University of Virginia - Academic Division	14%	2%	8%
Department of Transportation	13%	19%	34%
University of Virginia Medical Center	13%	14%	13%
<b>Statewide Average - All Agencies</b>	<b>20%</b>	<b>14%</b>	<b>21%</b>

Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible accounts receivable balances. In total, these ten agencies are responsible for 83 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 102 percent indicates that for every dollar billed during the quarter ended March 31, 2016, the state collected one dollar and two cents. This rate is one percent higher than last year and four percent higher than two years ago.

### Collections as a Percentage of Billings

Agency	Percent 3/31/16	Comparative	
		Percent 3/31/15	Percent 3/31/14
University of Virginia - Academic Division	280%	252%	342%
Virginia Commonwealth University	227%	325%	314%
Virginia Polytechnic Institute and State University	219%	205%	206%
Virginia Lottery	101%	101%	92%
Department of Social Services	100%	96%	95%
Virginia Information Technologies Agency	98%	97%	104%
Department of Transportation	98%	111%	102%
Department of Medical Assistance Services	51%	54%	73%
Virginia Employment Commission	28%	23%	22%
University of Virginia Medical Center	26%	26%	26%
<b>Statewide Average - All Agencies</b>	<b>102%</b>	<b>101%</b>	<b>98%</b>



## Commonwealth Receivables Analysis

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

### ***Department of Medical Assistance Services (DMAS)***

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

DMAS' collectible accounts receivable of \$87.4 million at March 31, 2016, is a \$4.4 million increase over the \$83.0 million reported at March 31, 2015. Over the same period, total past due receivables of \$43.4 million have decreased by \$7.0 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 \$730.3 million at March 31, 2016, were a \$103.3 million increase from the \$627.0 million reported the previous year. Past due receivables increased by \$41.9 million to \$272.6 million at March 31, 2016.

### ***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 \$360.8 million at March 31, 2016, a decrease of \$88.7 million from the previous year. Total past due receivables were \$62.4 million, a \$3.5 million decrease over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

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

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

VITA reported collectible receivables at March 31, 2016, of \$45.5 million, which is a decrease of \$678,010 reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2016, \$679,578 was over 60 days past due, a decrease of \$906,463 from the previous year.

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

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

At March 31, 2016, the State Lottery reported net receivables of \$73.0 million, a \$176,964 increase from the previous year. Billings increased by \$10.6 million and collections increased by \$10.4 million during the March 31, 2016 quarter when compared to the March 31, 2015 quarter. At March 31, 2016, the State Lottery had \$167,254 that was over 60 days past due. The total amount owed is covered by surety bonds.

### ***Department of Education (DOE)***

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

At March 31, 2016, DOE did not have any receivables due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

### ***Virginia Polytechnic Institute and State University (VPISU)***

VPISU is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At March 31, 2016, the University reported net collectible receivables of \$91.0 million, a decrease of \$8.1 million over the prior year. At the same time, total past due receivables of \$8.8 million decreased by \$2.4 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2016, VPISU had \$5.2 million of accounts over 60 days past due. \$214,154 was placed with the Attorney General's Division of Debt Collection, another \$756,395 was placed with private collection agencies, and \$4.2 million was subject to additional in-house efforts.

### ***Department of Behavioral Health and Developmental Services (DBHDS)***

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

At March 31, 2016, the Department reported collectible receivables of \$19.0 million, a \$1.4 million decrease over the previous year. \$34.0 million was past due, with \$23.5 million being over 60 days past due. Total past due receivables increased by \$10.5 million over the year, and accounts over 60 days past due increased by \$6.8 million. At March 31, 2016, the Department had a total of \$10.9 million of accounts placed with the Attorney General and \$1.3 million listed in Taxation's Debt Setoff Programs.

### ***Department of Transportation (VDOT)***

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

At March 31, 2016, VDOT reported \$71.6 million of collectible receivables, a decrease of \$18.5 million from the prior year. VDOT also reported \$19.9 million total past due and \$9.9 million being over 60 days past due. Past due receivables decreased by \$18.6 million over the year, while receivables over 60 days past due decreased by \$26.7 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 \$10.1 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

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

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

At March 31, 2016, DSS reported gross receivables of \$638.8 million, an allowance for doubtful accounts of \$398.1 million and collectible receivables of \$240.7 million. Past due receivables totaled \$234.0 million, of which \$230.4 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$594.1 million (93 percent) of the gross receivables, \$367.8 million (92 percent) of the allowance for doubtful accounts and \$226.3 million (94 percent) of the collectible receivables.

From March 31, 2015 to March 31, 2016, gross receivables increased by \$25.5 million and collectible receivables increased by \$5.3 million. Total past due receivables increased by \$12.1 million and receivables over 60 days past due increased by \$12.0 million.

***Department of Rail and Public Transportation (DRPT)***

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

At March 31, 2016, DRPT had gross and net receivables of \$21.0 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$1.2 million of past due receivables at March 31, 2016.

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

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

At March 31, 2016, VCU had \$56.6 million of collectible receivables, a \$13.2 million increase from March 31, 2015. Total past due accounts were \$12.6 million, a \$3.4 million increase from March 31, 2015. Accounts over 60 days past due (\$10.0 million) increased by \$1.2 million from the prior year. Billings increased by \$61.0 million to \$140.5 million and collections increased by \$61.0 million to \$319.5 million for the March 31, 2016 quarter, when compared to the March 31, 2015 quarter.

The following table is prepared to present the March 31, 2016, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$2.87 billion past due accounts receivable at March 31, 2016. Another 18 agencies accounted for 27 percent (\$767.8 million), leaving 60 other agencies to comprise the last one percent at \$41.7 million.

Taxation and the Circuit and District Courts accounted for 72 percent (\$2.06 billion) of the

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

As of March 31, 2016

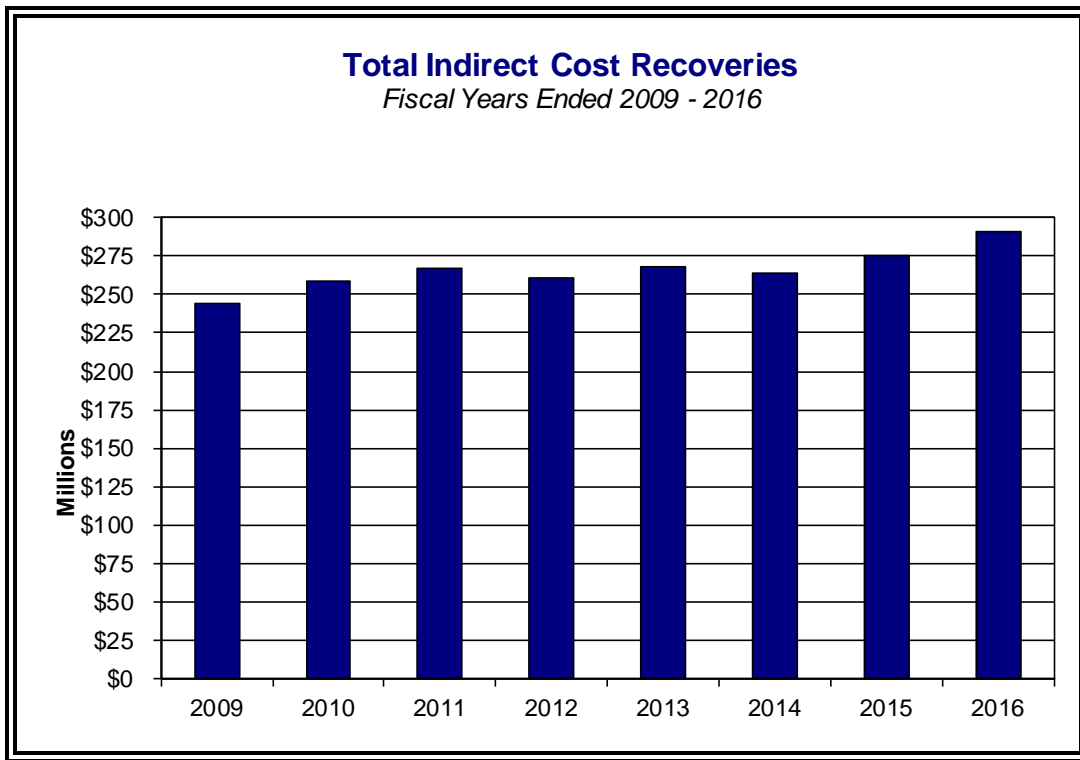
Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 1,698,545,588	\$ 209,604,471	\$ 146,926,657	\$ 1,342,014,460
Localities' Circuit and District Courts	365,316,667	35,421,651	63,648,365	266,246,651
<b>Total - Taxation Assessments and Court Fines and Fees</b>	<b>\$ 2,063,862,255</b>	<b>\$ 245,026,122</b>	<b>\$ 210,575,022</b>	<b>\$ 1,608,261,111</b>
<b>All Other Large Dollar Agencies:</b>				
University of Virginia Medical Center	272,556,631	236,749,205	25,144,721	10,662,705
Department of Social Services	234,017,284	11,201,997	11,175,768	211,639,519
Virginia Employment Commission	62,431,565	12,639,725	8,060,190	41,731,650
Department of Medical Assistance Services	43,405,291	12,245,708	7,571,420	23,588,163
Department of Behavioral Health and Developmental Services	33,957,609	24,908,459	27,264	9,021,886
Department of Transportation	19,901,366	10,836,896	2,607,460	6,457,010
University of Virginia - Academic Division	14,264,822	11,906,375	1,800,675	557,772
Virginia Community College System	12,640,086	11,318,867	1,188,227	132,992
Virginia Commonwealth University	12,623,286	6,410,954	1,907,071	4,305,261
George Mason University	10,544,265	8,626,769	1,340,998	576,498
Virginia Polytechnic Institute and State University	8,824,157	7,651,575	607,148	565,434
Department of Health	8,355,383	8,039,692	179,791	135,900
Old Dominion University	7,396,867	6,152,234	1,009,812	234,821
Virginia Port Authority	7,074,644	7,057,399	9,694	7,551
Virginia Workers' Compensation Commission	5,590,349	1,377,764	1,664,210	2,548,375
Department of General Services	5,036,783	1,624,369	718,463	2,693,951
Department of Motor Vehicles	4,710,725	3,083,020	130,562	1,497,143
Norfolk State University	4,468,266	4,144,610	38,503	285,153
<b>Total - Largest Dollar Volume Agencies</b>	<b>\$ 767,799,379</b>	<b>\$ 385,975,618</b>	<b>\$ 65,181,977</b>	<b>\$ 316,641,784</b>
All Other Agencies	41,720,699	24,826,660	4,560,595	12,333,444
<b>Grand Total Past Due Receivables</b>	<b>\$ 2,873,382,333</b>	<b>\$ 655,828,400</b>	<b>\$ 280,317,594</b>	<b>\$ 1,937,236,339</b>



**Indirect Costs**

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

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



**Indirect Cost Recoveries from Grants and Contracts**  
*Fiscal Year 2016*

<b>Fund</b>	<b>Year-to-Date</b>		
	<b>Higher Ed</b>	<b>Non-Higher Ed</b>	<b>Total</b>
<b>Nongeneral:</b>			
Agency / Institution (1)	\$ 174,865,276	\$ 96,883,726	\$ 271,749,002
Statewide	16,947,289	641,417	17,588,706
Agency / Institution ARRA	409,787	-	409,787
Statewide ARRA	3,165	-	3,165
<b>Total Nongeneral</b>	<b>\$ 192,225,517</b>	<b>\$ 97,525,143</b>	<b>\$ 289,750,660</b>
<b>General:</b>			
Agency (Cash Transfers)	-	-	-
Statewide	-	1,105,773	1,105,773
Statewide (Cash Transfers)	-	-	-
<b>Total General</b>	<b>\$ -</b>	<b>\$ 1,105,773</b>	<b>\$ 1,105,773</b>
<b>Total All Funds</b>	<b>\$ 192,225,517</b>	<b>\$ 98,630,916</b>	<b>\$ 290,856,433</b>

- (1) The Department of Social Services records all federal monies received in CARS. However, they do not separately classify such receipts between direct and indirect. Included in the agency non-general fund category is \$58,312,012 representing the Department of Social Services' estimate of indirect cost recoveries received.



**Loans and Advances**

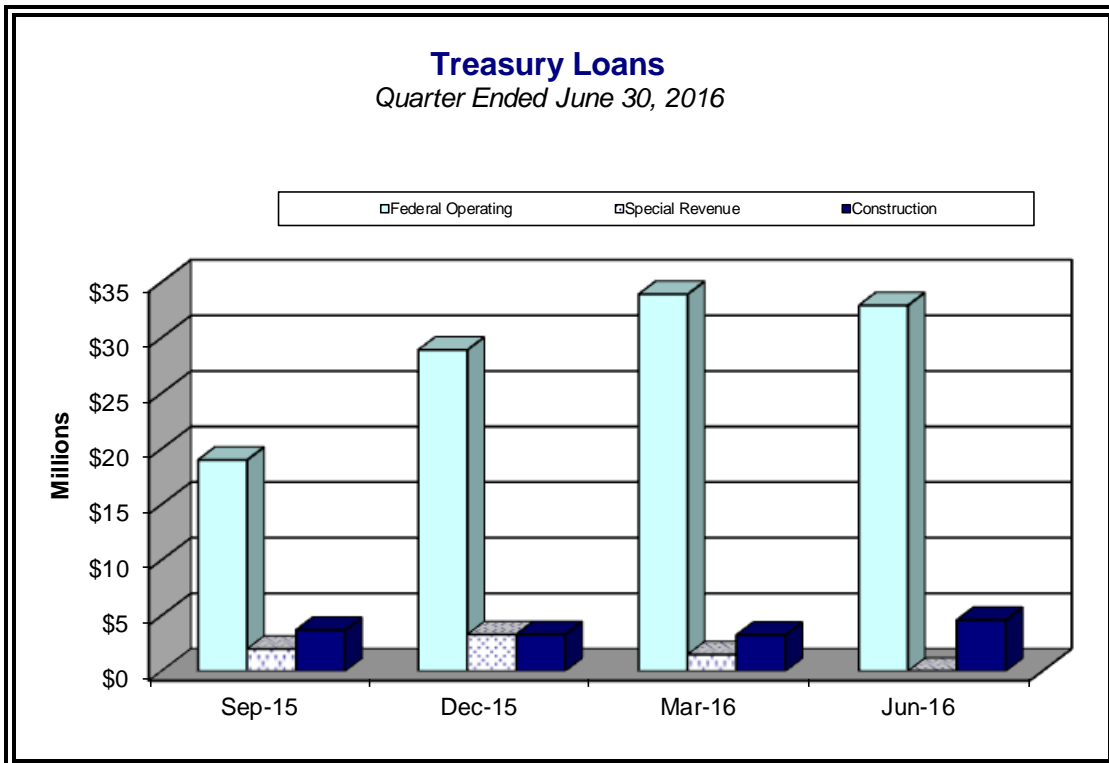
Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement, typically federal or special revenues. They are loans of a temporary nature, approved on the basis of the following conditions:

- **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 June 30, 2016 was \$37.6 million.





Significant New Loans / Drawdowns	New Balance
<b>Department of Military Affairs (DMA)</b>	
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
<b>Department of Accounts (DOA)</b>	
Drawdown on a \$6.1 million loan used for costs associated with the Cardinal System.	\$ 1,746,000.00
<b>College of William and Mary (CWM)</b>	
Drawdown on a \$4 million loan for renovation costs of an Auxiliary Facility.	\$ 2,004,877.00
<b>Virginia College Building Authority (VCBA)</b>	
Drawdown on a \$60 million loan used to provide cash to reimburse institutions of higher education for expenditures made on authorized projects under the 21st Century Program.	\$ 14,914,018.00

Significant Loan Repayments	Prior Balance
<b>Department of Military Affairs (DMA)</b>	
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.	\$ 6,000,000.00
<b>Department of Accounts (DOA)</b>	
Repayment on \$6.1 million loan for costs associated with the Cardinal System.	\$ 6,095,297.00
<b>Virginia College Building Authority (VCBA)</b>	
Repayment on \$60 million loan used to provide cash to reimburse institutions of higher education for expenditures made on authorized projects under the 21st Century Program.	\$ 14,914,018.00

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. The total of all deficit loans/appropriations as of June 30, 2016 was \$1.4 million.
- **Working Capital Advances**, which provide operating funds for non-general

fund projects when revenues to be used for repayment will not be generated within the twelve months required for anticipation loans. The total of all outstanding working capital advances as of June 30, 2016 was \$78.7 million.

- **Lines of Credit**, which provide funding for recurring shortfalls of operating cash and are authorized in §3-2.03 of the Appropriation Act. The total of all outstanding lines of credit as of June 30, 2016 was \$68.9 million.

