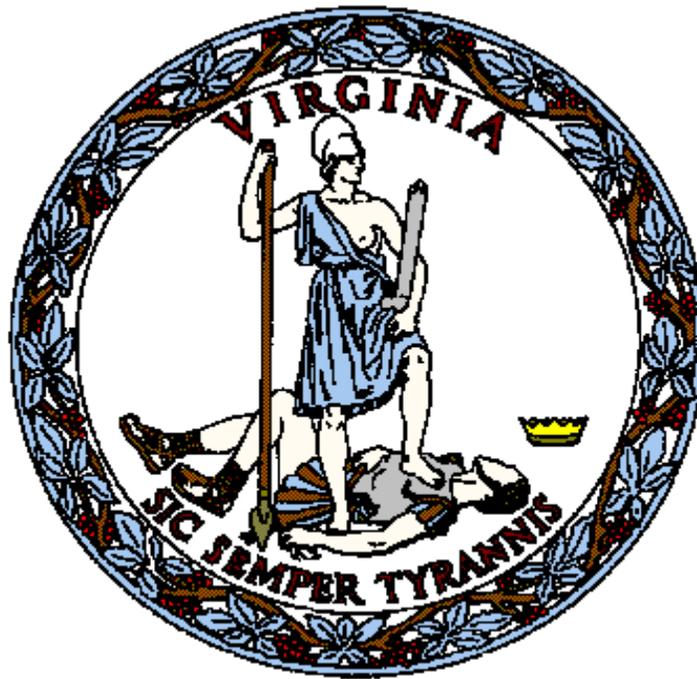


**REPORT ON
STATEWIDE FINANCIAL MANAGEMENT
AND COMPLIANCE
FOR THE QUARTER ENDED MARCH 31, 2016**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

Prepared and Published by
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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 March 31, 2016, and comparative FY 2015 data. Some information in the report is for the quarter ended December 31, 2015, which is the most current data available.

David A. Von Moll, CPA, CGFM
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

SPECIAL REPORT

2015 Information Returns Reporting

The federal government requires State and local governments and their subdivisions to report certain payments to the Internal Revenue Service (IRS) at calendar year-end. Generally, payments made for \$600 or more during a calendar year to individuals, sole proprietors, medical and legal corporations, partnerships, trusts, and estates are considered reportable.

Studies show that information returns increase tax collections by increasing the likelihood that taxable income will be properly reported.

States have special information returns reporting requirements unique to their

governmental functions. These include reporting payments for state unemployment compensation, taxable grants, reforestation payments, state tax refunds, and lottery winnings.

In February 2016, a Statewide Information Returns compliance survey was conducted for the 2015 tax year. Based on the survey, 123 tax reporting entities (representing 249 agencies and institutions) filed 3.7 million information returns totaling \$12.3 billion. The Commonwealth filed 99.33 percent of the information returns with the IRS using electronic media.

Information Returns *Filed for Calendar Year 2015*

Number of Information Returns Filed	Number of Tax Reporting Entities
No Returns	4
1 to 50 Returns	72
51 to 250 Returns	17
Over 250 Returns	30
Total Reporting Entities	123

The agencies and institutions of the Commonwealth filed the following types of information returns for the tax year ended December 31, 2015. When the number of information returns filed for 2015 is compared with 2014, percent changes by category range from a negative 31.0 percent for Forms 1099-K, *Payment Card and Third Party Network Transactions*, to a positive 86.5 percent for Forms 1099-B, *Proceeds from Broker and Barter Exchange Transactions*. The decrease in number of

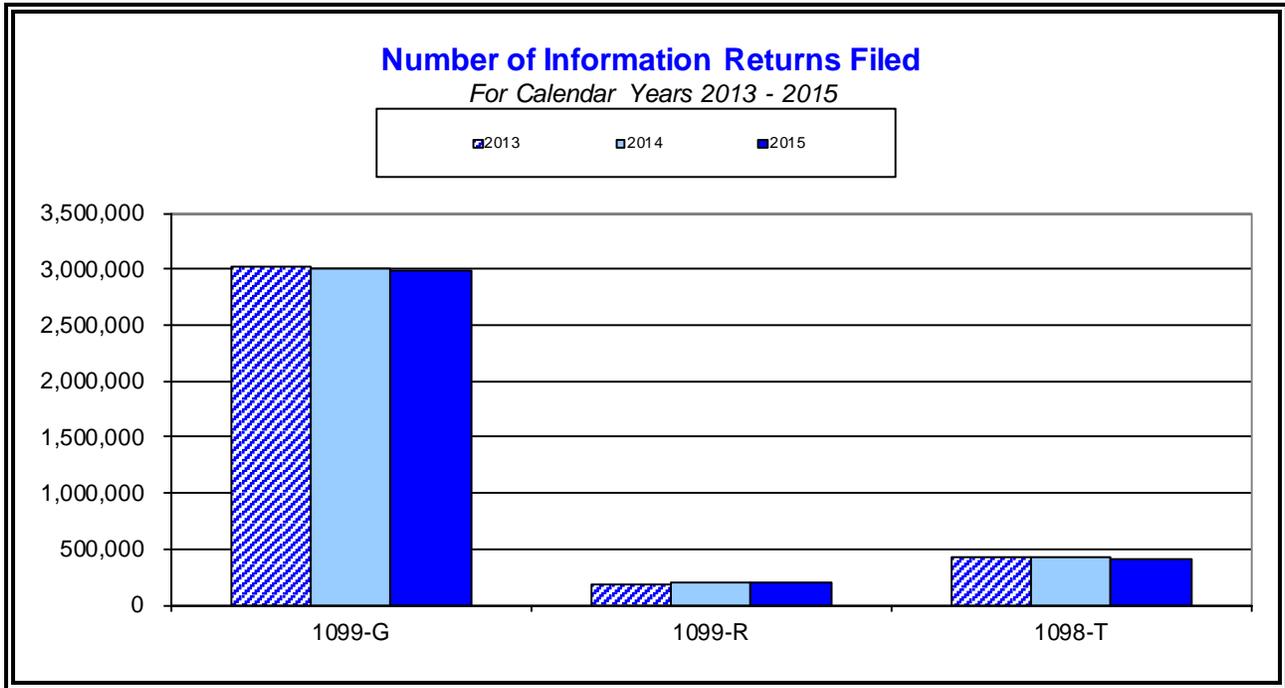
Forms 1099-K is due primarily to Virginia State University contracting with an outside vendor in 2015 to provide student card services. As a part of the agreement the vendor filed 1099-K forms. The increase in Forms 1099-B is due to the Department of Treasury processing more stock sales in 2015 to generate funds to transfer to the Literary Fund and also as a part of the data clean-up prior to converting their database to a new application.

2015 Information Returns Reporting Results
By Major Filing Category

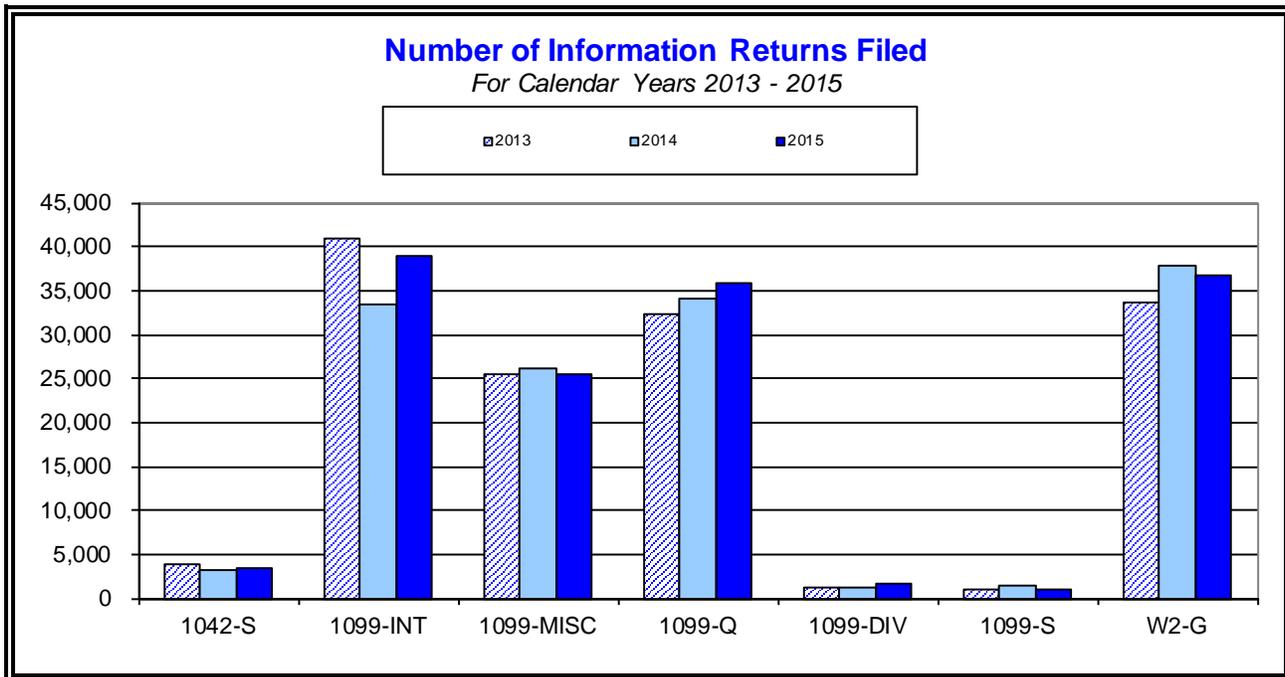
Form Type (1)	Dollars Reported in 2015	Number of Payees in 2015	Electronic Media	Paper Media	% Change in Number of Filings from 2014
1099-G, Certain Government Payments	\$ 2,604,397,418	2,978,420	2,978,386	34	-0.7%
1099-R, Distributions from Pensions, Annuities, Retirement, or Profit Sharing Plans, IRAs, Insurance Contracts, etc.	4,237,385,552	206,643	206,556	87	3.4%
1098-T, Tuition Statement	3,349,660,042	415,009	391,225	23,784	-2.8%
1099-MISC, Miscellaneous Income (2)	1,504,829,108	25,569	24,698	871	-2.3%
W-2G, Certain Gambling Winnings	189,354,286	36,806	36,806	-	-2.9%
1099-Q, Payments from Qualified Education Programs	366,509,612	35,815	35,815	-	5.3%
1099-S, Proceeds from Real Estate Transactions	41,777,391	1,007	1,007	-	-26.1%
1042-S, Foreign Person's U.S. Income Subject to Withholding	19,993,221	3,376	3,171	205	7.6%
1099-INT, Interest Income	4,511,929	38,957	38,957	-	16.9%
1099-K, Payment Card and Third Party Network Transactions	5,366,302	109	87	22	-31.0%
1099-B, Proceeds from Broker and Barter Exchange Transactions by Unclaimed Property Div. of the Treasury Department	6,910,931	744	744	-	86.5%
1099-DIV, Dividends and Distributions	807,032	1,709	1,709	-	53.8%
Total	\$ 12,331,502,824	3,744,164	3,719,161	25,003	-0.6%

- (1) Does not include Medicaid payments to third party providers made by the DMAS fiscal agent.
(2) Does not include payments reported on the Form 1098-E, Student Loan Interest, because the processing of these Returns are contracted out by most higher education institutions.

Following is a comparison of the number of returns filed in the past three years in various categories.



Note: This chart does not include comparison information for Forms 1042-S, 1099-INT, 1099-MISC, 1099-Q, 1099-DIV, 1099-S, or the W2-G which are shown on the chart below.



Note: This chart does not include comparison information for Forms 1099-G, 1099-R and 1098-T which are shown in the chart at the top of this page. Less than 1,000 Forms 1099-K and 1099-B were filed. These forms are not shown above.

Discrepancy Notices

During 2015, eight control agencies reported receiving IRS CP2100 or B Notices. These notices stated that the agencies had filed information returns using (1) an incorrect taxpayer identification number or (2) taxpayer identification numbers that did not match a taxpayer record in either the IRS or Social

Security Administration's databases. All agencies receiving notices complied. The IRS has waived proposed penalties for six of the agencies notified. Two control agencies reported paying penalties totaling \$5,300 for incorrect TIN matching or using incorrect identification numbers.

Agency Training

DOA's on-line 1099 training was accessed by 100 participants from 74 agencies/higher education institutions. Some agencies/higher education institutions requested additional training. The most frequently mentioned

areas of interest were: (1) Cardinal processing, and (2) basic information returns reporting requirements, including forms and regulations.

The chart below lists the reporting entities that filed more than 500 information returns for calendar year 2015.

**Reporting Entities Filing More Than
500 Information Returns for 2015**

Reporting Entity	Number of Agencies	Number of Returns	Dollars	Automated System (s)
Department of Taxation	1	2,860,667	\$ 2,068,307,578	In-House System
Virginia Retirement System	1	206,622	4,310,787,354	TFP Software
Virginia Community College System (VCCS) (1)	24	171,113	356,321,209	PeopleSoft Oracle Enterprise Software
Virginia Employment Commission	1	155,043	412,415,890	AMS
Virginia Commonwealth University	1	43,457	529,182,105	Banner Finance
George Mason University	1	41,143	484,980,994	Ellucian Banner
Virginia Lottery	1	38,190	226,746,335	JD Edwards
Virginia Polytechnic Institute and State University	1	37,910	524,144,281	Banner
Virginia College Savings Plan	1	35,850	369,699,376	1099-Etc.
University of Virginia	3	29,898	633,347,954	Thomas Reuters International Tax Navigator
Old Dominion University	1	25,631	191,687,412	Banner and Form Fusion
James Madison University	1	24,647	272,587,779	Yearli Software - Greatland Corporation
Radford University	1	12,125	104,279,673	1099 Etc.
The College of William and Mary in Virginia	3	11,001	197,676,508	Banner
Virginia State University	1	7,636	91,343,687	1099 Express Enterprise 2015
Norfolk State University	1	6,986	55,878,289	Colleague Financials
Christopher Newport University	1	6,441	87,947,740	Evisions
University of Mary Washington	1	5,887	57,416,312	Banner
Longwood University	1	5,887	59,039,600	Banner
Department of the Treasury	1	3,014	11,801,101	In-House System
Department of Transportation	1	2,999	621,323,359	Cardinal
Supreme Court	1	2,878	108,205,171	IDSS Oracle Database
Virginia Military Institute	1	1,996	45,408,661	Ellucian
Virginia Department of Forestry	1	1,103	3,167,040	Advanced Micro Solutions 1099 Etc.
Department for Aging and Rehabilitative Services	5	1,066	20,054,860	FRATE
Total	56	3,739,190	\$ 11,843,750,268	

(1) The number of returns filed by VCCS includes 171,042 Forms 1098-T filed on behalf of the 23 community colleges.

SPECIAL REPORT

2015 Year-End Payroll Processing

At the end of calendar year 2015, DOA working with 205 state agencies and institutions, verified and printed 120,198 W-2s. This was a slight decrease from the number of W-2s printed in 2014.

	CY 2015	CY 2014
W-2s Printed	120,198	121,696
W-2Cs Printed	39	194
Agencies Making Adjustments	47	56
Employee Records Requiring Year-End Adjustments	154	136

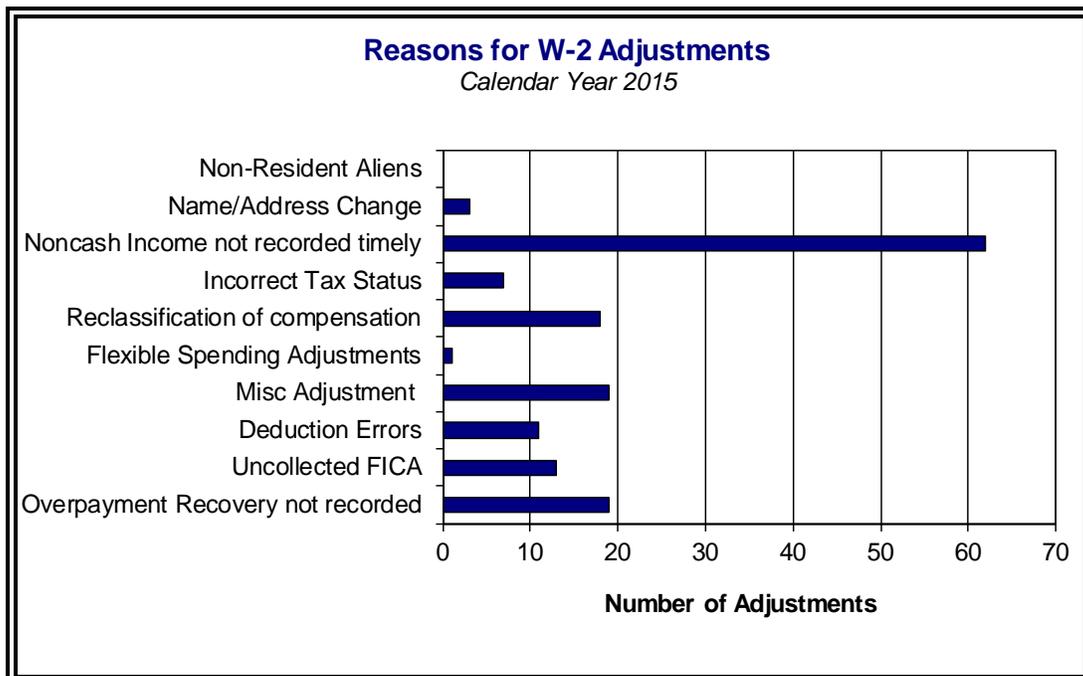
*# of W-2C's printed as of the date of this report.

The elimination of reconciliation and certification requirements at the end of the fourth quarter freed staff time for earlier attention to W-2 processing. In addition, many agencies improved the timeliness of payroll updates during the year.

As a result, required processing deadlines continue to be met without difficulty. Submissions of certified year-end reports continue to follow the same trend as last year.

Agencies adjusted 154 employee records. Late notification of non-cash awards resulting in additional taxable income accounted for forty percent of all correcting entries. Twelve percent of all adjustments were attributable to overpayment recoveries that were not recorded in the payroll system.

W-2s are printed at the Department of Treasury using self-mailers. Upon return from Treasury, agencies are notified that the W-2s are ready for pickup. CIPPS W-2s were available in Payline by January 13 for 192 agencies. W2s for the remaining 13 agencies were in Payline by January 20. All paper copies were picked up by January 21st for subsequent delivery to employees



COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch Agencies

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

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

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

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

Audit Reports – Quarter Ended March 31, 2016

The APA issued 15 reports covering 25 State Agencies for the Executive Branch. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
Department of Human Resource Management	2	2	4	YES
Agriculture and Forestry				
None				
Commerce and Trade				
Virginia Employment Commission	3	7	10	YES
Virginia Tourism Authority	0	0	0	N/A

	New Findings	Repeat Findings	Total Findings	CAW Received
Education				
The College of William and Mary in Virginia ⁽¹⁾	3	1	4	YES
Richard Bland College	3	3	6	NO
Virginia Institute of Marine Science	0	0	0	N/A
Department of Education and Direct Aid to Public Education	3	2	5	YES
Virginia Commonwealth University	2	0	2	YES
Virginia State University	3	2	5	YES
Executive Offices				
Attorney General and Department of Law ⁽²⁾	0	0	0	N/A
Finance⁽³⁾				
Department of Accounts	1	3	4	YES
Department of Planning and Budget	1	0	1	YES
Department of Taxation	4	1	5	YES
Department of the Treasury ⁽⁴⁾	3	0	3	YES
Health and Human Resources⁽⁵⁾				
Department of Behavioral Health and Developmental Services	15	6	21	YES
Department of Health	6	1	7	YES
Department of Medical Assistance Services	3	3	6	YES
Department of Social Services	4	0	4	YES
Virginia Foundation for Healthy Youth	0	0	0	N/A
Natural Resources				
None				
Public Safety and Homeland Security				
None				
Technology				
Innovation and Entrepreneurship Investment Authority ⁽⁶⁾	0	0	0	N/A
Transportation⁽⁷⁾				
Department of Motor Vehicles ⁽⁷⁾	5	4	9	NO
Department of Transportation ⁽⁷⁾	10	1	11	YES
Veterans and Defense Affairs				
None				

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

(2) The Attorney General and Department of Law audit included the Division of Debt Collection.

(3) The Secretary of Finance audit included the Department of Accounts, Department of Planning and Budget, Department of Taxation, and the Department of Treasury.

(4) The Department of the Treasury audit included Treasury Board operations.

(5) The Agencies of the Secretary of Health and Human Resources audit included the Department of Behavioral Health and Developmental Services, Department of Health, Department of Medical Assistance Services, and the Department of Social Services.

(6) The Innovation and Entrepreneurship Investment Authority audit included the Center for Innovative Technology, a Blended Component Unit.

(7) The Agencies of the Secretary of Transportation audit included the Department of Transportation and the Department of Motor Vehicles.



Audit Findings - Quarter Ended March 31, 2016

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

Administration

Department of Human Resource Management

1. Improve IT Risk Management and Disaster Recovery Planning
2. Improve Security Awareness and Training
3. Improve System Security for the Time, Attendance, and Leave System. **This is a Repeat Finding.**
4. Improve Controls over the Personnel Management Information System. **This is a Repeat Finding.**

Commerce and Trade

Virginia Employment Commission

1. Continue to Effectively Allocate Resources to Reduce IT Security Risk. **This is a Repeat Finding.**
2. Obtain Approval to Use End-of-Life Operating Systems
3. Continue Improving Oversight over IT Risk Assessments and Security Audits. **This is a Repeat Finding.**
4. Continue to Improve Physical and Environmental Security. **This is a Repeat Finding.**
5. Document Separation of Duty Conflicts for Mission Critical Systems. **This is a Repeat Finding.**
6. Maintain Oversight over Third-Party Service Providers. **This is a Repeat Finding.**
7. Improve Database Security
8. Strengthen Process for Monitoring Automated Reports Supporting Timesheet Approvals
9. Confirm VABS is Calculating Maximum Benefit Amount Consistently for All Claimants. **This is a Repeat Finding.**
10. Withhold Child Support Obligations from Benefit Adjustment Payments. **This is a Repeat Finding.**

Education

The College of William and Mary in Virginia

1. Improve Access Controls to Information Systems
2. Improve the Reconciliation of Retirement Contributions. **This is a Repeat Finding.**
3. Improve Controls over Retirement Census Data
4. Improve Database Security

Richard Bland College

1. Improve Controls over Financial Reporting. **This is a Repeat Finding.**
2. Improve Controls to Information Systems
3. Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding.**
4. Improve Controls over Expenditure Vouchers
5. Improve Controls over Small Purchase Charge Cards
6. Continue to Improve Information Security Program. **This is a Repeat Finding.**

Department of Education and Direct Aid

1. Ensure Employees Complete Statement of Economic Interest Training
2. Retain Documentation of myVRS Navigator to PMIS Reconciliations
3. Continue to Improve Information Security Policies and Procedures. **This is a repeat finding.**
4. Continue to Improve IT Risk Management. **This is a repeat finding.**
5. Improve Information Security Awareness Training Program

Virginia Commonwealth University

1. Improve Mobile Device Security
2. Improve Database Security

Virginia State University

1. Improve Financial Management over Auxiliary Enterprises. **This is a Partial Repeat.**
2. Continue Improving Oversight over Third-Party Service Providers. **This is a Partial Repeat.**
3. Continue Addressing Weaknesses from Information Security Audits
4. Improve Risk Management and IT Security Audit Plan Documents
5. Improve Policies, Procedures, and Physical Documentation over Inventory

Finance

Department of Accounts

1. Improve Cardinal System Security Controls
2. Continue to Improve Payline Security. **This is a Repeat Finding.**
3. Continue to Improve Risk Management and Continuity Planning Documentation. **This is a Repeat Finding.**
4. Continue to Improve IT Security Audit Plan. **This is a Repeat Finding.**

Department of Planning and Budget

1. Update Contingency Planning Documentation

Department of Taxation

1. Improve Administrative Access Controls
2. Continue to Strengthen Controls over Advantage Revenue Access. **This is a Repeat Finding.**
3. Complete System Security Plans
4. Improve Database Change Management Controls
5. Improve Procedures for myVRS Navigator Reconciliations and Data Discrepancies

Department of Treasury

1. Improve Financial Reporting
2. Improve Change Management Process and Controls
3. Improve and Follow Internal Controls for Risk Management Claims Processing

Health and Human Resources

Department of Behavioral Health and Developmental Services

1. Improve Information Technology Governance
2. Upgrade Unsupported Technology
3. Improve Risk Management Process
4. Develop Vulnerability Assessment Process
5. Develop Baseline Configurations for Information Systems
6. Improve Information Security Officer Independence and Grant Proper Authority to Regional Information Security Officers
7. Improve Database Security. **This is a Repeat Finding.**
8. Improve IDOLS Security. **This is a Repeat Finding.**
9. Increase Oversight over Third-Party Providers
10. Develop and Submit an Information Technology Audit Plan. **This is a Repeat Finding.**
11. Improve Internal Controls over Systems Access. **This is a Repeat Finding.**
12. Improve Controls over Payroll
13. Improve Controls over the myVRS Navigator System. **This is a Repeat Finding.**
14. Comply with Hour Restrictions for Wage Employees
15. Improve Policies and Procedures over Fixed Assets. **This is a Repeat Finding.**
16. Improve Controls over Physical Inventory
17. Improve Controls over Intangible Assets
18. Improve Controls over Sale of Land
19. Improve Process Surrounding Fixed Asset Additions
20. Issue Management Decisions for Subrecipients
21. Comply with the Code of Virginia Economic Interest Requirements

Department of Health

1. Approve Vulnerability Scanning Procedures and Review System Vulnerability Scanning Tools
2. Improve Information Security Officer Independence
3. Improve VVESTS Web Application Security
4. Improve Access Management for Critical Systems. **This is a Repeat Finding.**

5. Improve Access Management at Local Agencies and Divisions
6. Record Accurate Time and Effort Reporting
7. Improve Controls over Inventory Reporting

Department of Medical Assistance Services

1. Create Formal Documentation that Facilitates Controlling Privileges in the Medicaid Management Information System. **This is a Repeat Finding.**
2. Develop Oracle Conflict Matrix. **This is a Repeat Finding.**
3. Limit Access to the 1099 Adjustment and Reporting System
4. Correct Operating Environment and Security Issues Identified by their Security Compliance Audit. **This is a Repeat Finding.**
5. Document myVRS Navigator Reconciliations
6. Improve Access Management for the eVA System

Department of Social Services

1. Expand Change Management Process to include All IT Environment Production Changes
2. Obtain Assurance of Internal Control Effectiveness from Service Provider Agency
3. Improve Database Security
4. Continue Addressing Weaknesses from the 2014 IRS Safeguarded Review

Transportation

Department of Motor Vehicles

1. Continue to Improve Database and Application Baseline Security Configurations. **This is a Repeat Finding.**
2. Continue to Improve Physical and Environmental Security Controls. **This is a Repeat Finding.**
3. Continue to Improve IT Risk and Continuity Management Program. **This is a Repeat Finding.**
4. Improve IT Software Maintenance and Management Controls
5. Improve System Authentication Controls
6. Improve Information Security Officer Independence
7. Improve myVRS Navigator Reconciliation Process. **This is a Partial Repeat Finding.**
8. Create Processes for Review and Assessment of Third Party Vendors' Controls
9. Improve Procedures around Accounts Receivables Reporting

Department of Transportation

1. Improve controls over Financial Reporting. **This is a Repeat Finding and a Material Weakness.**
2. Document Impact Funding has on Highway Infrastructure Capitalization
3. Develop and Implement IT Hardening Procedures
4. Improve the Sensitive System Classification Process
5. Improve Access Controls to IT Hardware
6. Improve Vulnerability Scanning and Remediation Procedures

7. Upgrade End-of-Life Technology
8. Improve the Billing Process
9. Improve the Process of Disclosing Economic Interests
10. Improve Access Controls to Information Systems
11. Improve the Reconciliation to the Retirement System



Additional Recommendations – Quarter Ended March 31, 2016

The APA issued one Risk Alert:

Agencies of the Secretary of Transportation for the year ended June 30, 2015

Special Reports – Quarter Ended Quarter Ended March 31, 2016

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

Report to the Joint Legislative Audit and Review Commission for the quarter October 1, 2015 through December 31, 2015

Review of Compliance with the Federal Payments in Lieu of Taxes (PILT) Act for the period October 1, 2014 through September 30, 2015

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

Commonwealth of Virginia Single Audit Report for the year ended June 30, 2015

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2015

Review of Capital Project Cash Flow Requirements – Fiscal Year 2015

Other Audit Reports Received – Quarter Ended March 31, 2016

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

Clean Water State Revolving Fund Cluster Federal Program, administered by the Department of Environmental Quality for the year ended June 30, 2015

Fort Monroe Authority for the year ended June 30, 2015

George Mason University Intercollegiate Athletics Programs for the year ended June 30, 2015

Internal Control Report on Local Government Investment Pool, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority for the year ended June 30, 2015

James Madison University Intercollegiate Athletics Programs for the year ended June 30, 2015

Longwood University Intercollegiate Athletics Programs for the year ended June 30, 2015

Norfolk State University Intercollegiate Athletics Programs for the year ended June 30, 2015

Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2015

Radford University Intercollegiate Athletics Programs for the year ended June 30, 2015

Rappahannock River Basin Commission for the year ended June 30, 2015

The College of William and Mary of Virginia Intercollegiate Athletics Programs for the year ended June 30, 2015

Tidewater Community College Reaccreditation Review for the year ended June 30, 2015

University of Virginia Intercollegiate Athletics Programs for the year ended June 30, 2015

Virginia Commonwealth University Intercollegiate Athletics Programs for the year ended June 30, 2015

Virginia Military Institute Intercollegiate Athletics Programs for the year ended June 30, 2015

Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2015

Wireless E-911 Services Board for the years ended June 30, 2013 and June 30, 2014

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

Indigent Defense Commission for the period July 1, 2012 through June 30, 2015

Virginia Retirement System for the year ended June 30, 2015



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Department of General Services	1	0	0	0
Department of Human Resource Management	2	0	0	0
Agriculture and Forestry				
Department of Agriculture and Consumer Services	0	2	0	0
Commerce and Trade				
Virginia Employment Commission	0	3	0	0
Virginia Small Business Financing Authority	0	1	0	0
Education				
Department of Education and Direct Aid to Public Education	0	1	0	0
Frontier Culture Museum of Virginia	0	0	1	0
George Mason University	0	1	1	0
Longwood University	1	0	0	0
New College Institute	1	1	0	0
Norfolk State University	1	1	3	0
Richard Bland College	3	0	0	0
The College of William and Mary	0	3	1	0
University of Mary Washington	0	1	1	0
University of Virginia	5	0	1	0
University of Virginia Medical Center	1	0	0	0
Virginia Community College System Central Office	1	0	0	0
Blue Ridge Community College	0	0	5	0
Dabney S. Lancaster Community College	0	0	1	0
Eastern Shore Community College	0	0	1	0
Germanna Community College	1	0	4	0
J. Sargeant Reynolds Community College	0	0	7	0
Lord Fairfax Community College	0	0	3	0
New River Community College	0	0	5	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Northern Virginia Community College	0	1	5	0
Piedmont Community College	0	0	4	0
Rappahannock Community College	0	0	1	0
Southside Virginia Community College	0	0	1	0
Southwest Virginia Community College	0	0	4	0
Thomas Nelson Community College	0	0	5	0
Virginia Western Community College	0	0	2	0
Virginia Museum of Fine Arts	3	0	0	0
Virginia State University	0	0	3	0
Executive Offices				
None	0	0	0	0
Finance				
Department of Accounts	0	3	0	0
Department of Planning and Budget	0	1	0	0
Department of Taxation	2	0	0	0
Health and Human Resources				
Department of Behavioral Health and Developmental Services	0	4	0	2
Department of Health	1	0	0	0
Department of Medical Assistance Services	2	1	0	0
Department of Social Services	0	1	0	0
Department for Aging and Rehabilitative Services	2	0	0	0
Natural Resources				
Department of Game and Inland Fisheries	0	3	0	0
Department of Conservation and Recreation	4	0	0	0
Public Safety				
Department of Alcoholic Beverage Control	3	1	0	0
Department of State Police	4	2	1	0
Transportation				
Department of Motor Vehicles	1	7	0	0
Virginia Port Authority	2	0	0	0
Department of Rail and Public Transportation	0	1	0	0
Veterans and Defense Affairs				
Department of Veterans Services	0	0	6	0
TOTALS	41	39	66	2



Status of Prior Audit Findings

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

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

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of General Services (DGS)</u>				
2015	15-01*	Improve Internal Controls over Lease Reporting	The agency has not provided a management response to the audit findings to date.	In Progress (On Schedule)
<u>Department of Human Resource Management (DHRM)</u>				
2014	14-01	Improve System Security for the Time, Attendance, and Leave System	The VITA information technology shared security center will provide an information technology security audit, information security officer, and vulnerability scanning services centrally. These services are available to agencies that opt to participate in the shared security center. DHRM has already been identified as one of VITA high priority agency for these services. DHRM is waiting on VITA implementation of those services.	In Progress (On Schedule)
	14-02	Improve Controls over the Personnel Management Information System	The PMIS Migration project is on schedule to be completed before June 30, 2016. Migration of application code is in progress. Environment setup is in progress.	In Progress (On Schedule)

****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>
<u>Department of Agriculture and Consumer Affairs (VDACS)</u>				
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)
<u>Virginia Employment Commission (VEC)</u>				
2014	14-01	Allocate Adequate Resources to Reduce IT Security Risk. This is a Material Weakness.	The ISO has developed a strategy for the IT security program and the VEC will continue to seek additional resources for the development and implementation of the security program. Current resources are being dedicated to reducing IT security risk and will continue to be dedicated to the task for the foreseeable future. The estimated completion date is December 31, 2016.	In Progress (Delayed)
	14-03	Maintain Oversight Over the Information Security Program	The completion of some risks assessments and security plans for sensitive IT systems are funded by the recent additional federal funds. The entire information security program for VEC is being worked on, but not everything can be completed at once due to the dependencies of these documents within one another. The overhaul of the entire program is expected to take 2–3 years to complete.	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>
			The IT security audit plan will be submitted every year as required by SEC 501-09.	
			IT security audits will be completed once every three years for all IT systems classified as sensitive. The estimated completion date is December 31, 2017.	
	14-04	Upgrade Unsupported and Vulnerable Operating Systems	The VEC has a limited number of machines with end-of-life systems that still exist in the network and the remaining machines are scheduled for replacement.	In Progress (Delayed)
			On January 12, 2016 the agency received a 60 day exception for our use of end-of-life servers. The agency was given this exception to come up with a project plan to replace or decommission the servers. The agency has submitted decommission tickets on the two servers and expects them to be decommissioned soon. The estimated completion date is July 31, 2016.	

Virginia Small Business Financing Authority (DSBSD)

2014	14-01*	Improve Controls over Financial Reporting Process	The VSBFA has been delayed in submitting its financial statements due to personnel changes. The financials will be completed soon and then the detailed instructions and reporting policy will be drafted and submitted.	In Progress (Delayed)
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**DOA did not receive an updated Corrective Action Workplan status by the time period required.*

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department of Education and Direct Aid to Public Education (DOE)</u>				
2014	14-04	Improve IT Risk Management Documentation	Corrective action is underway, and progress is being made. As part of the reclassification of VDOE IT Systems, the agency is working through the most recent Commonwealth BIA template and with Commonwealth Security; this will provide a solid baseline for system inventory, definition and Risk Assessments.	In Progress (Delayed)
<u>Frontier Culture Museum of Virginia (FCMV)</u>				
2015	15-01	Strengthen Internal Controls over Fiscal Operations	The Museum has hired an additional full-time fiscal technician to assist with proper segregation of duties, address internal control oversight and assist with daily cash deposits to the bank. New fiscal tech started July 18, 2014 and then resigned June 12, 2015. Another fiscal technician was hired on August 31, 2015. From June 12, 2015 to August 30, 2015 the museum was without additional help in the finance department.	Completed (On Schedule)
<u>George Mason University (GMU)</u>				
2014	14-01	Document myVRS Navigator Reconciliation to Support Virginia Retirement System (VRS) Snapshot Confirmation	Corrective action plan has been completed.	Completed (On Schedule)
	14-02	Improve Policies and Processes for Granting and Restricting Elevated Workstation Privileges	Revised policy submitted for approval on March 10, 2016.	In Progress (Delayed)
<u>Longwood University (LU)</u>				
2014	14-01*	Improve Information Security Management and Prioritization	The University's ITS department has reviewed the findings and is taking a	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>
			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.	
<u>New College Institute (NCI)</u>				
2014	14-01	Improve Internal Controls over Fixed Assets	Current year assets have been implemented into the new system and reconciled. Continued progress towards prior year assets has begun and will continue.	In Progress (On Schedule)
	14-02	Improve Information Security Management and Prioritization	Changes have been implemented to address some concerns. The Disaster Recovery plan was developed and the request for additional IT equipment will be requested in the next biennium for purchase, thus changing the completion date. Plans have been developed and will continue to be implemented and reviewed.	In Progress (Delayed)
<u>Norfolk State University (NSU)</u>				
2015	15-01	Improve Controls for Deactivating System Access. This is a Repeat Finding.	Supervisors and Managers were trained in November 2015 to focus on their responsibilities in the clearance process. HR has begun submitting monthly separation reports to the Office of Information Technology (OIT) on the 2nd Monday of each month as a back-up system for the electronic clearance process. OIT has completed testing of the updated clearance process system and workflow, and did not	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>
			identify any issues. HR is currently in phase 3 of the roll out of a new clearance process which includes mandatory training and testing on the system for all administrators, approvers and reviewers. This training and testing session was held mid-February 2016. The new clearance process is designed to ensure that systems access for all employees who are leaving the University are removed in a timely manner in order to maintain compliance.	
	15-02	Improve IT Server Maintenance Management Controls	The University is continuing the project to update the IT system that is running on outdated software. OIT is working with departments and has employed contract resources to expedite the remediation of the remaining outdated software.	In Progress (On Schedule)
	15-03	Improve IT Asset Surplus and Sanitization Controls	At this time the University has implemented the corrective action initially reported. The surplus policy has been updated and posted on the NSU Policy Library. The Inventory Change form has been updated to require certification tags and signature from OIT personnel before an asset is transferred or removed by the warehouse staff. Communication of the update form has been disseminated to all faculty and staff through an email campus announcement.	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>
	15-04	Properly Reflect Enrollment Changes in the National Student Loan Data System	The corrective action plan that was set in place is complete. The new plan started with the enrollment updates to the National Student Clearinghouse file that was sent on October 15, 2015. The individuals that were withdrawn prior to that date are showing on their National Student Clearinghouse record.	Completed (On Schedule)
	15-05	Promptly Remit Unclaimed Federal Student Aid Funds	The transactions to resolve the exceptions noted is complete. Procedures have been written and implemented to ensure all outstanding checks are researched timely and federal student aid funds are returned within the 240-day requirement when not cashed by the student.	Completed (On Schedule)
<u>Richard Bland College (RBC)</u>				
2014	14-02*	Improve the Financial Reporting Process	Director-Financial Operations will partner with College of William and Mary (College) to implement and follow the procedures already Furthermore, the Chief Operation's Office will require the College's checklist process be used for each year-end task submission made by the Director-Financial Operations. RBC will improve the setup of their trial balance reports in Banner, run these reports regularly, and reconcile them to account balances in Banner to ensure accuracy. RBC will collaborate on the financial reporting process throughout the year and will establish bi-annual meetings to review all questions and/or best practices.	In Progress (On Schedule)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-03*	Continue to Improve Information Security Program	The CIO will execute a team re-design to improve the quality of the resources needed to address the FOIAE recommendation. The CIO will continue to address the weaknesses discussed in the provided FOIAE recommendation.	In Progress (On Schedule)
	14-05*	Improve the myVRS Navigator Reconciliation Process	Director-Finance Operations and Director-Human Resources and Compliance will develop procedures in concert with the APA Payroll Service Bureau. RBC is procuring the services of the Payroll Service Bureau effective August 1, 2015. RBC will outline the appropriate individuals responsible for performing this function.	In Progress (On Schedule)

The College of William and Mary in Virginia (CWM)

2014	14-03	Improve the Employee Termination Process	The policy is still with compliance for review. The single clearance form was created and has been in use since December 2015. The agency continues to work with IT to develop an electronic ticket process for supervisors and employees.	In Progress (Delayed)
	14-04	Improve Controls over Timesheet Approval	Programming for automated identification of and notification to supervisors for whom administrative approval of timesheets were required during the period has been completed and is being rolled out for close as of the next pay period, respectively. The agency is now developing solutions to minimize or eliminate the manual tracking necessary for following up on responses	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>
			from supervisors after they are notified and for identifying those supervisors who do not respond.	
	14-05	Improve the myVRS Navigator Reconciliation Process	Corrective action has been completed.	Completed (On Schedule)
	14-06	Comply with the Department of Human Resources Management Policy for Wage Employees	HR is currently monitoring the 1500 hour report and advising departments of employees approaching the limit. In May 2016, CWM will begin distributing quarterly reports to departments. A policy has been drafted and is currently under review for approval.	In Progress (Delayed)
<u>University of Mary Washington (UMW)</u>				
2014	14-03	Improve the myVRS Navigator Reconciliation Process	UMW is continuing the review of the VNAV reconciliation process to ensure documentation of the monthly reconciliation is maintained along with updated final procedures. The revised completion date is June 30, 2016 instead of March 31, 2015.	In Progress (Delayed)
	14-04	Improve IT Change Management Program	Corrective action has been completed.	Completed (On Schedule)
<u>University of Virginia (UVA/AD)</u>				
2015	15-01	Improve Virtual Private Network Security Controls	A review and changes to full-tunneling will be conducted in FY16 for the ITS-Enterprise Application Team.	In Progress (On Schedule)
	15-02	Improve Controls for Granting and Restricting Elevated Workstation Privileges	The University is in the planning stages of the pilot project for removing administrative rights for EA workstations, which includes HR, Finance and SIS support teams and centrally managed University HR workstations. The pilot project should be completed by Summer 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>
	15-03	Improve myVRS Navigator Reconciliation and Confirmation	Corrective action plan has been completed.	Completed (On Schedule)
	15-04	Improve System Activity Monitoring Controls	The University concurs, has funded, and is implementing a Security Enhancement Project (SEP), which will address these findings.	In Progress (On Schedule)
	15-05	Improve Sole Source Procurement Documentation	PSDS' internal sole source approval form has been updated and is being completed and retained as documentation effective December 15, 2015. As of December 15, 2015, PSDS Sole Source Policy #135 has been amended to reflect that sole source maintenance transactions require the same essential documentation as other sole source transactions. FP&C's review of the HECOM is currently in progress.	In Progress (On Schedule)
	15-06	Improve Equipment Inventory Process	The Comptroller's Office completed its internal review, and met with a number of key departments to solicit constructive feedback on the inventory processes. The University identified several steps to improve the process.	In Progress (On Schedule)
<u>University of Virginia (UVAH)</u>				
2015	15-01	Improve myVRS Navigator Reconciliation and Confirmation. This is a Repeat Finding.	Process improvements have been implemented, and reconciliation issues have been resolved. Process improvement review is ongoing.	In Progress (On Schedule)
<u>Virginia Community College System (VCCS-CO)</u>				
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	In Progress (On Schedule)

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			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.	
<u>Blue Ridge College System (BRCC)</u>				
2015	15-01	Properly Perform Return to Title IV Calculations	Semester dates have been established by the BRCC Information Technology department. The dates established for 2013-2014 and 2014-2015 are correct. In the future, Financial Aid Office personnel will confirm the accuracy of all semester dates before calculations are performed.	Completed (On Schedule)
	15-02	Promptly Return Title IV Funds	Blue Ridge Community College has implemented a process that uses a much simpler report that will prevent future delays.	Completed (On Schedule)
	15-03	Perform and Document Monthly Reconciliations of Direct Loans	An unexpected leave of absence of key personnel caused a gap in the timing of the completion of the reconciliations. The Financial Aid unit has now implemented a program of personnel cross training for added continuity in the event of employee absence. Upon hiring of the Assistant Director, all reconciliations were completed.	Completed (On Schedule)
	15-04	Improve Compliance over Enrollment Reporting	The VCCS Director of Financial Aid has agreed to work with VCCS Information Technology personnel to correct the report data.	Completed (On Schedule)
	15-05	Improve Reporting to the Common Origination and Disbursements System (COD)	The reporting process has been changed to report the actual disbursement date to COD.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Dabney S. Lancaster Community College (DSLCC)</u>				
2015	15-01	Improve Notification of Awards to Students	Effective Summer 2014, DSLCC added detailed Student Information System navigation instructions to the Direct Loan Disbursement Announcement emails so that students are able to login and verify their loan amounts. The date of the loan disbursement is also included in the email. The emails are sent out prior to disbursing the loans.	Completed (On Schedule)
<u>Eastern Shore Community College (ESCC)</u>				
2015	15-01	Properly Perform Return to Title IV Calculations	The Financial Aid Coordinator will meet with the Human Resource Officer during every financial aid set-up period to ensure that the holiday schedule is properly populated into the PeopleSoft financial aid module.	Completed (On Schedule)
<u>Germanna Community College (GCC)</u>				
2015	15-01	Assign System Access Based on Least Privilege	The security grid was completed on September 18, 2015. All user roles have been reviewed and updated accordingly. Where appropriate, compensating controls have been implemented and documented on the security grid.	Completed (On Schedule)
	15-02	Deactivate User Access Promptly Upon Employee Separation	The electronic notification process has been implemented. Human Resources, when processing a term, has a "check out" button which sends an electronic notification to Application Security. The College has also implemented the "Silk Road" software for "on-boarding" and "off-boarding".	Completed (On Schedule)
	15-03	Continue to Improve Documentation of Policies and Procedures	The documentation of business processes continues, with monthly tracking to monitor progress to ensure	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>
			completion by June 30, 2016.	
	15-04	Establish Allowance for Doubtful Accounts Procedures	For FY 2015 and future years, the calculation of the estimated percentage of receivables that will potentially be uncollectable was updated and completed as of July 31, 2015.	Completed (On Schedule)
	15-05	Improve Controls Related to Approvals	A written policy for approvals of entries has been created and reviewed with appropriate personnel and was completed April 6, 2015.	Completed (On Schedule)
<u>J. Sargeant Reynolds Community College (JSRCC)</u>				
2015	15-01	Deactivate User Access Promptly Upon Employee Separation	Procedures involving the departure of employees are complete and documented in Reynolds Policy 3-16 as of November 1, 2015.	Completed (On Schedule)
	15-02	Improve Review over Accrued Payroll Schedule	Procedures involving the review were implemented by July 31, 2015.	Completed (On Schedule)
	15-03	Promptly Return Title IV Funds	An R2T4 specialist, who is responsible for the R2T4 process was hired in April 2014. The specialist will also perform the calculations and make necessary adjustments to financial aid.	Completed (On Schedule)
	15-04	Perform and Document Monthly Reconciliations of Direct Loans	As of October 2014, the Office of Financial Aid began retaining copies of the SAS Direct Loan reconciliation reports and instituted a signature process to ensure that the reconciliations have been completed and that the appropriate documentation is maintained.	Completed (On Schedule)

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	15-05	Improve Reporting to the Common Origination and Disbursements System (COD)	JSRCC made a change in the Pell Payment setup for Financial Aid Year 2015. As of July 2014, all disbursement records for 2014-2015 now report actual disbursement dates, which is now being transmitted to COD.	Completed (On Schedule)
	15-06	Improve Notification of Awards to Students	JSRCC has now established an automated process to run award notices weekly. In addition to this action, the Financial Aid Office will run reports to both verify and ensure that all students have received an award notice.	Completed (On Schedule)
	15-07	Improve Procedures over Cost of Attendance Calculations	As of May 2014, JSRCC has resolved this issue by correcting the inaccurate FA Term field resulting in a reliable FA Term report.	Completed (On Schedule)

Lord Fairfax Community College (LFCC)

2015	15-01	Assign System Access Based on Least Privilege	The Finance Director performed a review of employee system access and access was removed for some employees based upon the review under the guidance of the "least privileges" standard.	Completed (On Schedule)
	15-02	Deactivate User Access Promptly Upon Employee Separation	LFCC is deactivating user access promptly upon employee separation through the RedCarpet Human Resource System notification. A sample of separated employees was tested and all access was deactivated for these employees in a timely manner.	Completed (On Schedule)
	15-03	Improve Allowance for Doubtful Accounts Procedures	An analysis of doubtful accounts was completed and documented. The applicable percentages were applied starting with the submission of the December 31, 2015 quarterly accounts receivable report.	Completed (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>New River Community College (NRCC)</u>				
2015	15-01	Promptly Return Title IV Funds	A newly created Return to Title IV Workflow Checklist is now used to track each step in the process to ensure return of funds within 45 days. The Human Resources and Business Operations Manager and Student Accounts Specialist monitors steps in the process by entering due dates in their Outlook Calendar to ensure the prompt return of Title IV funds.	Completed (On Schedule)
	15-02	Improve Reporting to the Common Origination and Disbursements System (COD)	NRCC's Financial Aid Office has made a change to the disbursement process so that PeopleSoft disbursement records report actual disbursement dates which are then transmitted to COD.	Completed (On Schedule)
	15-03	Improve Notification of Awards to Students	The Financial Aid Office now sends Loan Notifications to students once approval has been received from Common Origination and Disbursement (COD) to ensure compliance with the required timeframe instead of waiting until the Business Office finalizes disbursement. This also ensures delays for inclement weather will be significantly shortened.	Completed (On Schedule)
	15-04	Reconcile Federal Funds Accounts	Procedures have been implemented to improve the documentation and reconciliation processes and to ensure that all transactions are promptly recorded in the College's accounting system to prevent deposit corrections and incorrect program codes.	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>
	15-05	Promptly Disburse Title IV Funds	The Human Resources and Business Operations Manager draw down funds as requested by the Student Accounts Specialist. The corrective action has been completed.	Completed (On Schedule)
<u>Northern Virginia Community College (NVCC)</u>				
2015	15-01	Assign System Access Based on Least Privilege. This is a Repeat Finding.	<p>The College Controller performed a review of AIS and SIS access rights. Changes to eliminate access to roles that seemed excessive were submitted to IT Security for adjustments early February 2016.</p> <p>With regard to access roles within AIS, many of the roles removed were subsequently returned to the users so they could perform their job functions. While the roles may permit a user to enter and post a transaction, with the entry role, a user could not review the batch or voucher online before posting it. This occurred in both the accounts payable and general ledger modules.</p> <p>The College Controller is now reviewing other access roles that will permit employees to perform their job roles. Current policies and procedures stipulate that the user who created an entry or voucher cannot approve or post the transaction. This compensating control will be relied upon until a system solution is implemented.</p>	In Progress (Delayed)
	15-02	Deactivate User Access Promptly Upon Employee Separation. This is a Repeat Finding.	Corrective action was implemented. Upon detailed review of the PAR 105-094 Personnel Action Request form, it was determined that sufficient information was included on the existing form and that no modifications were	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>
			necessary to notify IT Security of the necessary access changes.	
	15-03	Improve Documentation of Adjustments	The process to accurately document and retain leave balances was implemented in June 2015.	Completed (On Schedule)
	15-04	Improve Controls over Outside Service Organizations	The finance department is now requesting SOC-1 Type 2 reports from service providers dealing with financial information. In addition, the finance department includes a requirement in their statement of needs that appropriate vendors provide these reports as part of future contracts.	Completed (On Schedule)
	15-05	Improve Administration of X Batch Checks	NVCC enhanced policies and procedures covering X batch processing and the process changes and included them into the Accounts Payable procedures manual. Procedures were updated in February 2016.	Completed (On Schedule)
	15-06	Improve myVRS Navigator Reconciliation Process	The procedures to improve the myVRS Navigator Reconciliation Process were completed as of June 2015.	Completed (On Schedule)
<u>Piedmont Virginia Community College (PVCC)</u>				
2015	15-01	Deactivate User Access Promptly Upon Employee Separation	PVCC uses an exit process, checklist and the KACE tracking system to ensure that all terminated (and separated) employees are deactivated within 5 days of the termination date. This was complete as of July 2015.	Completed (On Schedule)
	15-02	Improve Preparation and Review Process for Accrued Payroll Schedule	PVCC has acquired a full understanding of the instructions and will make sure the calculations are	Completed (On Schedule)

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			accurate in the future. In addition, a review will be performed to ensure that the accrued payroll calculations are appropriate. The plan was implemented in July 2015.	
	15-03	Improve Procedures for Employee Separation	Policies and procedures have been updated with regard to employee terminations that clarify deactivating employees not under contract and no longer receiving pay from the college. The plan was completed in January 2015.	Completed (On Schedule)
	15-04	Improve Controls over AJE Approvals	The College updated the security roles in AIS and SIS in January 2015 to allow for segregation of duties.	Completed (On Schedule)
<u>Rappahannock Community College (RCC)</u>				
2015	15-01	Assign System Access Based on Least Privilege	The Business Office staff review of AIS access was completed prior to June 30, 2015. All General Ledger Journal Entry access security changes were made by September 30, 2015.	Completed (On Schedule)
<u>Southside Virginia Community College (SVCC)</u>				
2015	15-01	Reconcile Federal Funds Accounts	Procedures have been implemented to improve the documentation process.	Completed (On Schedule)
<u>Southwest Virginia Community College (SWVCC)</u>				
2015	15-01	Properly Perform Return to Title IV Calculations	In July 2014, Southwest Virginia Community College changed their process. The Information Technology Specialist now enters the academic calendar and the holiday schedule including break days for Financial Aid.	Completed (On Schedule)
	15-02	Improve Compliance over Enrollment Reporting	SWCC implemented a policy for submitting timely graduate data to NSLDS as of April 18, 2014. This policy was created to ensure timely reporting to	Completed (On Schedule)

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			NSLDS and ensure compliance with respective federal reporting guidelines.	
	15-03	Improve Reporting to the Common Origination and Disbursements System (COD)	On July 1, 2014, the College formed a Shared Services Agreement with Virginia Highlands Community College to share the financial aid officer position. Management and the Financial Aid Office have made great progress in reporting procedures to complete this corrective action.	Completed (On Schedule)
	15-04	Improve Internal Control Environment	Cross-training has been conducted and will continue on an ongoing basis.	Completed (On Schedule)
<u>Thomas Nelson Community College (TNCC)</u>				
2015	15-01	Deactivate User Access Promptly Upon Employee Separation	TNCC's eVA Security Officer has worked in collaboration with the Human Resources and Finance offices to enhance the process for employee termination and employees transferred to other departments within the college. The process has been completed as of June 16, 2015.	Completed (On Schedule)
	15-02	Improve myVRS Navigator Reconciliation and Snapshot Confirmation Process	A standard operating procedure was developed to document the process and completed as of November 1, 2015.	Completed (On Schedule)
	15-03	Improve Compliance over Enrollment Reporting	TNCC's Financial Aid Office worked with the staff that is responsible for uploading the Clearinghouse file to ensure that all Financial Aid graduates are reported.	Completed (On Schedule)
	15-04	Improve Notification of Awards to Students	TNCC has implemented a weekly financial aid notification to all students receiving financial aid. TNCC will be developing a	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>
			mail merge process to notify student loan borrowers of their pending disbursements within the federally prescribed time period.	
	15-05	Properly Perform Drawdowns of Federal Student Aid Funds	A plan was developed and implemented in March 2014 with the creation and subsequent hiring of a full-time financial aid accountant.	Completed (On Schedule)
<u>Virginia Western Community College (VWCC)</u>				
2015	15-01	Perform and Document Monthly Reconciliations of Direct Loans	VWCC's Financial Aid Office is fully staffed, and implemented a new procedure for COD reconciliation on October 1, 2014, which called for reconciliation following each disbursement and at minimum once per month. The Financial Aid Coordinator will sign off electronically on the reconciliation monthly.	Completed (On Schedule)
	15-02	Improve Internal Control Environment	VWCC's Financial Aid Office has updated the Policy and Procedure Manual to include more detailed procedures for Return to Title IV and updating COD. As of January 2015, the Office began training a staff member on Return to Title IV policies and procedures, so that back up is available for Return to Title IV calculations.	Completed (On Schedule)
<u>Virginia Museum of Fine Arts (VMFA)</u>				
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 (On Schedule)
	14-03	Update Fine Arts Policies and Procedures	This initiative will be phased in over the next several months. Updated procedures will cover not only areas addressed in the audit but entire museum.	In Progress (On Schedule)

<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 (On Schedule)
<u>Virginia State University (VSU)</u>				
2014	14-03	Improve IT Procurement Process	Corrective action has been completed.	Completed (On Schedule)
	14-06	Improve Policy over the Proper Use of Travel Cards	Corrective action has been completed.	Completed (On Schedule)
	14-07	Improve User Access Review Process	Corrective action has been completed.	Completed (On Schedule)
<u>Department of Accounts (DOA)</u>				
2014	14-02	Improve Payline Web Application and SQL Server Database Security	The database security corrective action is completed. The Payline web security improvement is implemented in the new server environment and will be in production by mid-April 2016.	In Progress (Delayed)
	14-03	Improve Risk Management and Continuity Planning Documentation	The Continuity Plan is currently being updated with active engagement from the Director level.	In Progress (Delayed)
	14-04	Improve IT Security Audit Plan	DOA is in process of contracting with outside audit firm to conduct security audits of DOA sensitive systems.	In Progress (Delayed)
<u>Department of Planning and Budget (DPB)</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	In Progress (Delayed)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
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annual self-assessments. Some items (notably the DRP and sensitive systems identification) have already been addressed. As of April 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.

Department of Taxation (TAX)

2014	14-01 13-02	Improve Internal Controls over Advantage Revenue Access. This is a Partial Repeat Finding.	Corrective action is on schedule for the estimated completion date. The initial roll-out of the identity management application is on track for May 25, 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 June 30, 2016. TAX has contracted with an independent CPA firm to do an IV&V (Independent Validation and Verification) of the projects. The IV&V will be complete by April 14, 2016.	In Progress (On Schedule)
	14-03	Improve Physical Security to Server Rooms	Corrective action is on schedule for the estimated completion date. 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)

Department of Behavioral Health and Developmental Services (DBHDS)

2014	14-01	Improve Database Security. This is a Repeat Finding.	Corrective action has been completed.	Completed (Delayed)
	14-02	Improve IDOLS Security	Items have been submitted in the IT Budget	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>
			Request package for consideration by DPB. The IS and PS teams will present a plan to the Chief Information Officer for review, approval and initial implementation by December 31, 2016.	
	14-03	Develop and Submit an Information Technology Audit Plan	VITA did not accept the plan as all IT systems at DBHDS had not been entered into CETR. They now have been entered. A new plan was submitted. DBHDS has also committed a one-time amount of \$50,000 to begin the audits of IT systems.	In Progress (Delayed)
	14-04	Improve Controls over Systems Access. This is a Repeat Finding.	Regional Information Security Officers are now an integral part of the account management process. Improvements in process have been made. DBHDS is currently recruiting for an Identity Management Specialist to shepherd this process and has requested funding to implement an access management system.	In Progress (Delayed)
	14-05	Improve Controls over Hours Worked by Wage Employees	Corrective action has been completed.	Completed (Delayed)
	14-06	Improve Controls over the VNAV System	Procedures were created at DBHDS facilities and notice was given to have Snapshot reconciliations done timely. The importance of segregation of duties was highlighted and HR departments in the DBHDS facilities know that snapshot reconciliations are to be done by that unit.	In Progress (Delayed)
<u>Department of Health (VDH)</u>				
2014	14-15	Improve Access Management to Information Systems	VDH has a significant project with Impact Makers to provide an agency BIA and Risk Assessment	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>
			associated with the agency IT systems, controls, and mission essential functions.	
<u>Department of Medical Assistance Services (DMAS)</u>				
2014	14-01 13-02	Improve Access Reviews of the Medicaid Management Information System. This is a Repeat Finding.	<p>The DMAS Office of Compliance and security (OCS) has started a manual review of MMIS users with the associated privileges. OCS will have DMAS supervisors review DMAS staff with a target completion date of May 31, 2016. Supervisors will be trained during this process.</p> <p>In the long term, DMAS plans to purchase a COTS product to more efficiently document MMIS privileges and automate the distribution of listings of users and associated privileges to system owners and managers; however, the purchase has been delayed due to the ongoing work toward developing the Medicaid Enterprise System (MES) RFP (MMIS replacement). In order to integrate a COTS product into the future MES environment, a COTS purchase may not occur until the end of 2017.</p>	In Progress (Delayed)
	14-02	Create Formal Document that Facilitates Controlling Privileges in the Medicaid Management Information System	<p>The DMAS Office of Compliance and security (OCS) has started a manual review of MMIS users with the associated privileges.</p> <p>OCS will review MMIS access and complete transaction activity-level documentation on a spreadsheet, analyze</p>	In Progress (On Schedule)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
<u>Department for Aging and Rehabilitative Services (DARS)</u>				
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)
<u>Department of Game and Inland Fisheries (DGIF)</u>				
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 our fixed asset/inventory control function. As a result of DGIF HQ move in May 2015, Federal Audit commencing in June 2015, and CARDINAL Transition, a revised inventory schedule was	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>
			adopted in August 2015.	
			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 our fixed asset/inventory control function. As a result of DGIF HQ move in May 2015, Federal Audit commencing in June 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August 2015.	In Progress (Delayed)
			DGIF has provided training to Fixed Asset Coordinator and other staff within the Planning and Finance Division already to support the inventory function. Training for regional offices is being handled as part of updated inventory schedule for field visits.	
<u>Department of Conservation and Recreation (DCR)</u>				
2014 Special Review	14-12 Armics-01	Improve Controls over ARMICS Certifications to Comptroller	ARMICS review is in progress and on track to be completed by June 30, 2016.	In Progress (On Schedule)
	14-13 Armics-02	Ensure ARMICS Documentation is Accurate	ARMICS review is in progress and on track to be completed by June 30, 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>
	14-14 Armics-03	Complete ARMICS Requirements	ARMICS review is in progress and on track to be completed by June 30, 2016.	In Progress (On Schedule)
	14-83 IT-09	Update Information Technology Policies	DCR IT policies are awaiting final review and approval before being submitted for the Director's signature.	In Progress (On Schedule)
<u>Department of Alcoholic Beverage Control (ABC)</u>				
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	<p>There are procedures in place for management to query the log if any malicious activity is suspected. ABC is in the process of developing formal logging and monitoring policies and procedures to outline roles and responsibilities for the periodic reviews of log activity. The policy will identify high risk areas to monitor and review, including code changes and privileged user accounts. The policy will be completed as part of Phase II of the Web Project to ensure new enhancements are incorporated.</p> <p>ABC understands that the agency is no longer PCI compliant with respect to the website. ABC is in the process of implementing a separate</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			ePay application that will remove the website and online ordering from PCI scope. ABC is in the process of providing staff training so that they possess the necessary technical skills to maintain and manage ABC's website. In addition, ABC is in the process of recruiting for an IT Compliance Project Manager and a Sitecore Administrator.	
	15-03	Finalize Security Exception Requests for Unsupported Databases	ABC had an IT Audit Contractor come in January 2016 to evaluate ABC's progress towards meeting VITA's requests to provide the exception.	In Progress (On Schedule)
2014	13-02	Improve Database Security	ABC purchased Breach Insurance in April 2014. MOVE upgrade will be complete by February 2016 and is currently working on an RFP for PeopleSoft Financials. Exception has been submitted to VITA and Mike Watson requested additional mitigating controls be implemented. ABC is working with VITA to implement those solutions. Once implemented, the risk exception will be in place.	In Progress (Delayed)

<u>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>
Department of State Police (VSP)				
2011	11-01	Upgrade Unreliable and Unsupported Infrastructure Devices (Develop a Secretary Level Transformation Strategy for State Police and VITA)	VSP and VITA are actively working to find an Enterprise solution that addresses all VSP's security requirements as well as Commonwealth Security requirements. Governor's proposed budget did not include funding for transformation or separation. As a result, there is no clear path to resolution for this finding.	In Progress (Delayed)
2014	14-01	Improve Motor Vehicle Inspection Program Web Application Security	Competing high priority projects and limited knowledgeable resources has slowed VSP's progress addressing these issues. VSP has acquired a support resource for MVIP. The resource will review and address MVIP related issues.	In Progress (On Schedule)
	14-03 11-02 09-03	Continue to Upgrade Database System Software. This is a Repeat Finding.	VSP has selected a candidate and is in the hiring process for the FTE position to develop the OEBS Human Resources module. VSP has identified and is researching a possible package solution for Asset Tracking. VSP has hired a new HR resource and the HR replacement project has begun.	In Progress (Delayed)
	14-05	Improve Financial Management System Controls. This is a Repeat Finding.	The Cardinal Project has created new roles / responsibilities which further separate user capabilities within the application. The project will also implement an automated payment process and vendor	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
			<p>management process which further reduces risk of unauthorized and fraudulent transactions. Determination of role assignment for the Cardinal Project was implemented February 1, 2016.</p> <p>The Cardinal Project will put in place an automated approval process for Payables and General Ledger information elements in the database which cannot be changed by business users.</p>	
	14-06	Improve Fixed Asset Internal Controls and Processes	<p>The Communications Division is in the process of replacing its current Asset Management inventory system which will increase control as well as accountability regarding assets within the STARS Network. Department management will, within existing cost constraints, consider the integration of this system once implemented and operational.</p> <p>The Information Technologies and Property and Finance Divisions are planning to meet with the Communications Division in the near future to discuss further agency wide solutions.</p> <p>As part of the Cardinal Project the receiving and storing of FAACS accounting data will be facilitated in Cardinal.</p>	In Progress (On Schedule)

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-08	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)
	14-09	Improve and Adhere to Record Retention Schedules	Corrective action has been completed.	Completed (On Schedule)
<u>Department of Motor Vehicles (DMV)*</u>				
2013	13-01* 12-01 11-02	Improve Database Management System Security. This is a Repeat Finding.	DMV is in the process of doing a DLCI Schema Data extraction/import scripting and documenting and scripting a data validation process.	In Progress (Delayed)
	13-02* 12-03	Improve User Access Controls. This is a Repeat Finding.	Review documents have been sent out and received back with signatures and corrections. SSG is currently working through the corrections to be made and the documents sent back for signature for acceptance of corrections. Pending completion of the review, the documentation will be organized and delivered to the IT Security Office.	In Progress (Delayed)

****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>
2014	14-01*	Develop Database and Application Baseline Security Configurations	DMV is in the process of evaluating the best solution for this based on the latest information from Oracle. DMV deleted the effected accounts from the effected database. DMV will remediate the header information on the affected server. DMV will develop and implement security configurations for affected database. DMV will develop and implement appropriate configurations for the affected application. DMV will evaluate the need for requested configurations for other systems, based on risk and sensitivity. DMV will develop and implement appropriate configurations for other systems based on risk and sensitivity. DMV will apply configurations after to affected systems to ensure that security requirements are met.	In Progress (On Schedule)
	14-02*	Improve Physical and Environmental Security Controls	<p>Policy/Procedure has been developed, approved, and published. It was submitted to the APA and no questions have been received from the APA regarding it.</p> <p>DMV will develop clear procedures for procedures for locking rack doors, communicating procedures to personnel, inspecting the server rooms quarterly for compliance, preparing reports based on these inspections and providing copies of the report to CIO, Deputy CIO, AITR and others as appropriate.</p>	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>
			<p>DMV appointed a committee composed of facilities personnel and IT personnel to investigate the situation of using a water-based fire suppression system without proper controls to protect the IT systems from water damage. The DVM prepared a report including commendations, provided copies of the report to the CIO, Deputy CIO, AITR and others as appropriate. The DMV will be selected and implemented a solution or Quarterly, DMV will review access rights to CIPPS and PMIS to ensure they accept the risk.</p> <p>DMV will review the options with regard to identifying and designating a dedicated resource to ensure adequate physical and environmental controls are implemented over sensitive systems and data.</p>	
	14-03*	Improve IT Risk and Continuity Management Program	<p>DMV will implement consistent risk and continuity policies and procedures for sensitive systems.</p> <p>DMV will reconcile and correct MEF functions to BIA & COOP.</p> <p>DMV will ensure BIA is revised to include the RTOs for the MEF's.</p> <p>DMV will reconcile and correct the inconsistencies between the RTO's in the Agency COOP and the IT COOP.</p>	In Progress (Delayed)

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

<u>Latest Audit Year</u>	<u>Finding Number</u>	<u>Title of the APA Audit Finding</u>	<u>Current Status as Reported by Agency</u>	<u>Status Summary</u>
	14-04*	Improve IT Security Audit Program Management	DMV has not started to address this audit finding.	In Progress (Delayed)
	14-05*	Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access	<p>DMV will ensure timely modification or removal of access when employees are separated from employment at DMV as well as ensure timely modification of access as employee roles and responsibilities change with the DMV Human Resource Office.</p> <p>Quarterly, DMV will review access rights to CIPPS and PMIS to ensure they are appropriate based on the employee roles and responsibilities. DMV requests that the APA communicate with DHRM regarding a better way to access PMIS information on a routine basis rather than having to request a special report be run. It would be helpful if it was available on the Agency Repository in HurMan. This would give DMV the ability to review the report on an ongoing basis to ensure timely removal of employees who no longer should have access.</p> <p>Effective January 15, 2015, the agency's System Access Request was revised to include CIPPS and PMIS as an additional reminder to the Security Administrator.</p>	In Progress (Delayed)
	14-06*	Improve Retirement Contribution Snapshot Certification Process	Two employees, primary and back-up, have received all the training currently available by VRS related to MyVRS. When VRS provides additional	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>
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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.

We have been informed that this issue affects all state agencies, and that APA will issue a Risk Alert to all agencies about this issue.

Virginia Port Authority (VPA)

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 (On Schedule)
	15-02	Improve Internal Controls over Major Federal Programs	Permanent resource for grant accounting started December 2015. Separate accounts exist in the	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>
			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.	
<u>Department of Rail and Public Transportation (DRPT)</u>				
2014	14-01 13-01	Implement a Comprehensive Information Security Program. This is a Repeat Finding.	DRPT started Phase III.	In Progress (Delayed)
<u>Department of Veterans Services (DVS)</u>				
2015	15-01	Strengthen Detailed Standard Operating Procedures for Reconciling Financial Related Systems	Written procedures have been completed and include all details the APA indicated were lacking. All finance staff will follow the new procedures going forward.	Completed (On Schedule)
	15-02	Ensure a Supervisor Approves Each Time and Attendance Record	The Time and Attendance Policy has been updated to include the APA's suggestions. Additionally, in-services have been conducted with each manager to review the policy change.	Completed (On Schedule)
	15-03	Improve Controls over the Virginia Retirement System Reconciliation Process	DVS has developed a Monthly Snapshot Confirmation Checklist and Pre-reconciliation and VNAV Snapshot Certification Reconciliation Procedures that all HR staff will follow.	Completed (On Schedule)
	15-04	Apply Access Management Policies to Internal Systems	DVS has created a new DVS System Access form and has provided each DVS Business Application/System Owner instructions on how to process and store each add, modify, and delete request for each DVS application. Although a process was already in place for these actions to be performed, this	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>
			document will serve to ensure consistency and improved tracking of all system access requests.	
	15-05	Improve Oversight of Third-Party Providers	DVS has received the 2015 SOC reports for the critical DVS applications. DVS will request them annually from each vendor going forward. Although DVS performs security scans and audit checks to these applications, beyond what the SOC Type 2 reports provide, receiving these documents will assist DVS with validating the information that DVS already obtains via internal application audits and security scans.	Completed (On Schedule)
	15-06	Improve Information Security Awareness Training Program to Meet Required Standards	DVS now has a reports console from the Knowledge Center Domain that will generate KC training reports on staff for DVS courses. In addition, DVS is creating a bundle of required DHRM courses to be completed annually which includes an Information Security Awareness Training Program that meets required standards. Once these courses are taken, staff automatically receives credit through the KC.	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 March 31, 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 June 30, 2016.

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

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

Agency Name	Reason for Non-Compliance	Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	90-day status not received.
Marine Resources Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency is working on the agency-level and transaction-level assessments and testing. The agency has indicated this process should be completed by June 30, 2016.
Virginia Museum of Natural History	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has completed ARMICS for FY2014. Every effort is being made to complete FY2015 and FY2016 testing prior to certification for FY2016.
Virginia Retirement System	Substantial non-compliance with the ARMICS process based on a QAR.	No	No corrective action plan or status received.
Virginia Worker's Compensation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency has stated that corrective action will be completed by September 30, 2016.

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



Compliance Monitoring

Certification of Agency Reconciliation to CARS Reports

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

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in CARS. Certifications for December, January, and February were due 01/29/2016, 02/29/2016, and 04/06/2016 respectively.

Certifications Late or Outstanding

As of May 9, 2016

Agency	Dec	Jan	Feb
Department of Emergency Management	3/03/16	3/31/16	-
Department of Elections	-	O/S	O/S
Department of Environmental Quality	-	-	O/S
Virginia Museum of Natural History	-	-	O/S

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

Response to Inquiries

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

However, in other instances, agencies do not respond timely or simply fail to respond. For the quarter ended March 31, 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 March 31, 2016, no agencies failed to respond timely, make corrective action and/or provide additional information

Trial Balance Review

As of March 31, 2016

Agency	Jan	Feb	Mar
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 March 31, 2016, no agency failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of March 31, 2016

None	Agency	Jan	Feb	March
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Disbursement Processing

During the quarter ended March 31, 2016, DOA deleted, at the submitting agency's request, 35 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments for returned items, payments with incorrect vendor information and payments of incorrect amounts. These types of transactions may point to areas where improved agency internal accounting controls should be evaluated.

Eight separate agencies requested deletes during the quarter. For the quarter, ended March 31, 2016, no agency requested more than four vendor payment deletions

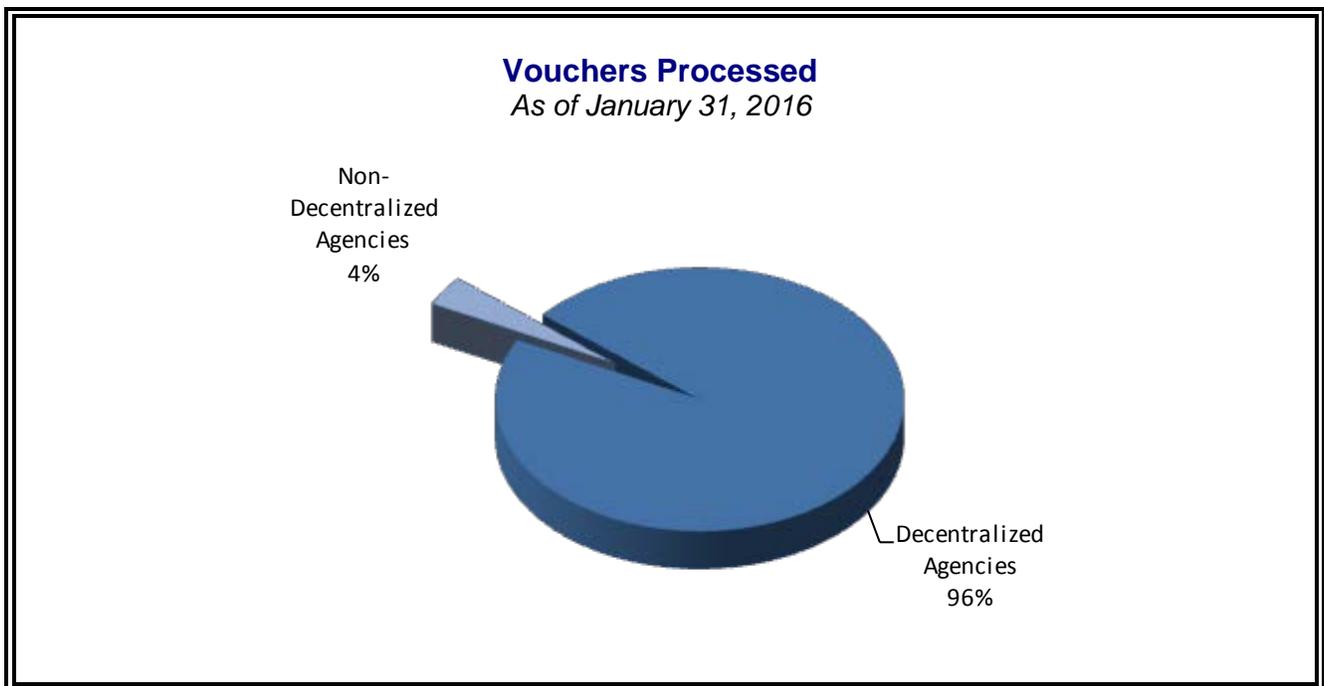


Paperwork Decentralization

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

The overall quality of the State pre-audit program is monitored through the use of

quality control reviews conducted by DOA staff. Results of these reviews are provided to the agency with corrective action recommendations. The great majority of problems encountered involve documentation inconsistencies, which should be easily corrected. Travel vouchers continue to be the primary source of all problems found. With the Wave 2 implementation of Cardinal on February 1, 2016, all agencies became decentralized.



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

Decentralized Agencies

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

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

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

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

Agencies are evaluated for compliance with the following sections of the Commonwealth Accounting Policies and Procedures CAPP Manual:

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

Agencies are generally selected each quarter using a systematic risk evaluation of all decentralized agencies. The completed decentralized agency review reports were not finalized for distribution during this quarter.

Compliant Agencies

None

Agencies Requiring Corrective Action

Corrective Actions Needed

N/A



Non-Decentralized Agencies

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

For the month of January, DOA reviewed all non-decentralized agencies. A total of 86 non-travel disbursement batches and 34 travel disbursement batches were reviewed, disclosing no exceptions that needed to be resolved prior to releasing the transactions for payment. With the Wave 2 implementation of Cardinal on February 1, 2016, all agencies became decentralized.



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 March 31, 2016		Fiscal Year 2016 To-Date		Comparative Quarter Ended March 31, 2015	
	Late	Total	Late	Total	Late	Total
Number of Payments	8,676	513,806	20,598	1,646,261	7,212	525,507
Dollars (in thousands)	\$ 49,105	\$2,088,744	\$136,470	\$5,796,872	\$ 32,191	1,526,388
Interest Paid on Late Payments				\$116,407		
Current Quarter Percentage of Payments in Compliance				98.3%		
Fiscal Year-to-Date Percentage of Payments in Compliance				98.7%		
Comparative Fiscal Year 2015 Percentage of Payments in Compliance				99.1%		



Prompt Payment Performance by Secretarial Area

Quarter Ended March 31, 2016

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.5%	99.0%
Agriculture and Forestry	99.5%	99.6%
Commerce and Trade	97.0%	98.7%
Education*	98.7%	97.8%
Executive Offices	99.1%	98.8%
Finance	99.5%	97.6%
Health and Human Resources	96.6%	98.3%
Independent Agencies	98.9%	97.8%
Judicial	99.3%	99.6%
Legislative	99.9%	99.6%
Natural Resources	96.8%	83.5%
Public Safety and Homeland Security	99.0%	97.6%
Technology	99.9%	99.9%
Transportation*	98.8%	96.6%
Veterans and Defense Affairs	97.5%	93.1%
Statewide	98.3%	97.6%

Prompt Payment Performance by Secretarial Area

Fiscal Year 2016

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	99.7%	99.0%
Agriculture and Forestry	99.6%	99.1%
Commerce and Trade	97.7%	98.7%
Education*	98.8%	97.5%
Executive Offices	99.2%	99.3%
Finance	99.8%	98.0%
Health and Human Resources	98.4%	98.4%
Independent Agencies	99.4%	99.2%
Judicial	99.8%	99.9%
Legislative	99.8%	99.3%
Natural Resources	98.2%	91.1%
Public Safety and Homeland Security	98.7%	97.2%
Technology	99.9%	99.9%
Transportation*	99.1%	96.8%
Veterans and Defense Affairs	97.8%	95.4%
Statewide	98.7%	97.6%

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

For the quarter ended March 31, 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 March 31, 2016

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Administration			
Department of Elections	17	109	84.4%
Compensation Board	4	50	92.0%
Commerce and Trade			
Virginia Employment Commission	88	1,128	92.2%
Education			
Cooperative Extension/Agricultural Research Service	10	161	93.8%
Gunston Hall	9	52	82.7%
Richard Bland College	36	559	93.6%
Health and Human Resources			
Department for the Blind and Vision Impaired	385	4,853	92.1%
Department of Medical Assistance Services	57	865	93.4%
DBHDS Grants to Localities	9	90	90.0%
Eastern State Hospital	74	1,295	94.3%

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

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

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

<u>Agency</u>	<u>Late Payments</u>	<u>Total Payments</u>	<u>Payments in Compliance</u>
Education			
Paul D Camp Community College	76	1,164	93.5%
Health and Human Resources			
Department of Medical Assistance Services	234	2,816	91.7%
Eastern State Hospital	286	4,702	93.9%
Administration			
Department of Elections	20	373	94.6%
Commerce and Trade			
Virginia Employment Commission	201	3,814	94.7%

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 reimbursement.

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

Statewide E-Commerce Performance Statistics

	Quarter Ended March 31, 2016			Comparative Quarter Ended March 31, 2015
	E-Commerce	Total	Percent	Percent
	Number of Payments	2,258,731	2,514,721	89.8%
Payment Amounts	\$ 10,564,548,274	\$ 11,861,117,907	89.1%	92.4%
	Fiscal Year 2016 To-Date			Comparative Fiscal Year 2015
	E-Commerce	Total	Percent	Percent
	Number of Payments	6,617,347	7,448,919	88.8%
Payment Amounts	\$ 30,697,344,208	\$ 33,384,793,061	92.0%	92.4%

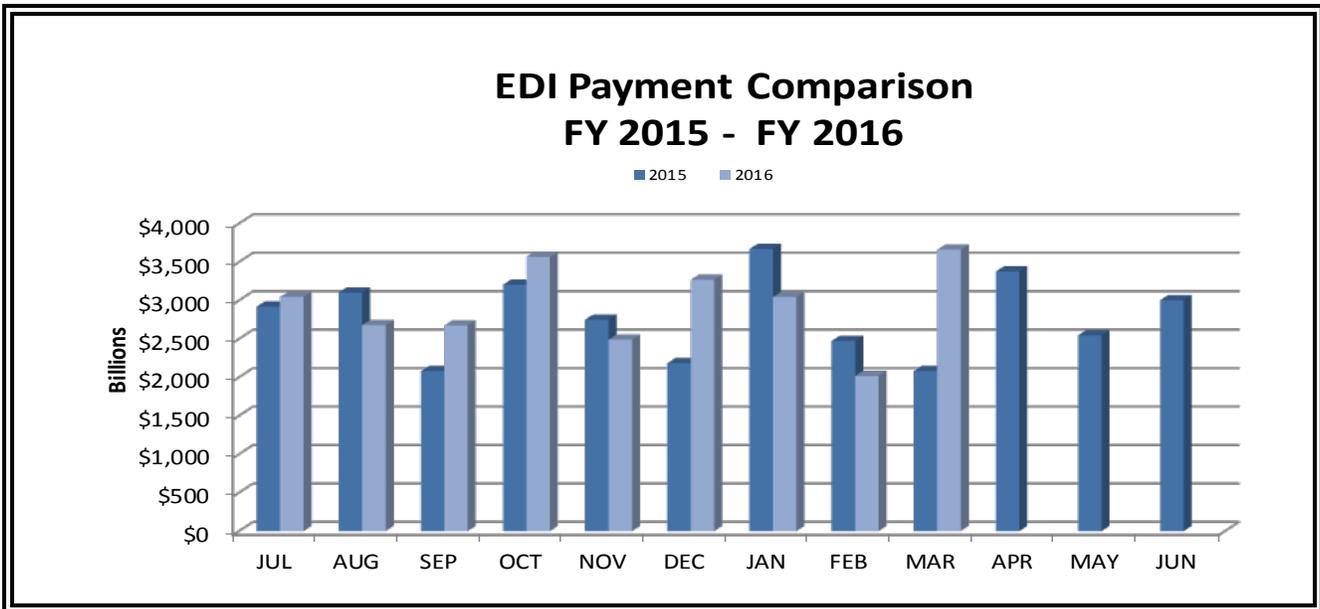
Financial Electronic Data Interchange (EDI)

The dollar volume of Financial EDI payments for the third quarter of FY 2016 was over \$496 million (6 percent) more than the same quarter last year. The number of trading partner accounts increased by 12 percent from March 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

Financial EDI Activity	Quarter Ended March 31, 2016	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Number of Payments	72,717	217,973	200,244
Amount of Payments	\$ 8,716,932,459	\$ 26,434,651,861	\$ 24,456,068,769
Number of Invoices Paid	190,153	574,082	575,577
Estimated Number of Checks Voided	160,213	389,370	323,160
Number of Trading Partner Accounts as of 12/31/15		164,522	147,050



Travel EDI

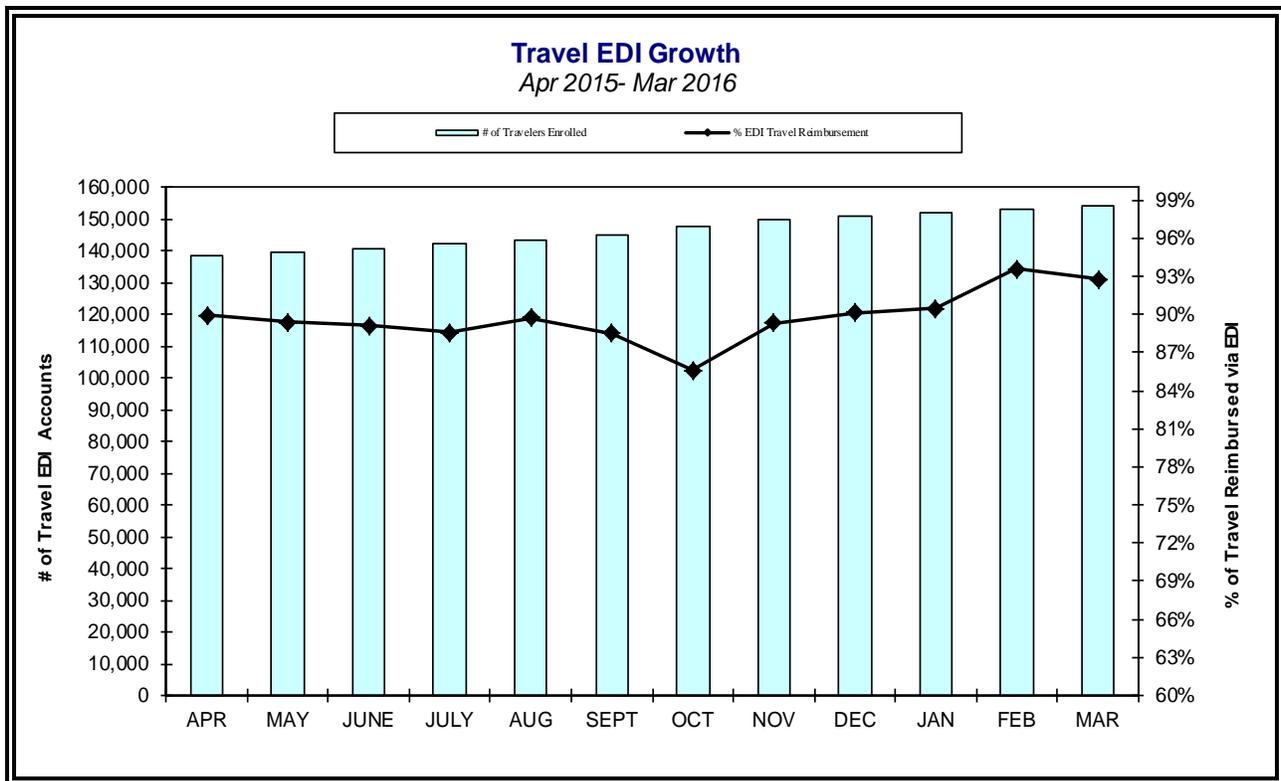
Expansion of the Travel EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. Per Chapter 806, 2013, Virginia Acts of Assembly §4-5.04 e.5. *State employees traveling on official business of state 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 March 31, 2016

Secretarial Area	Employee Percent	Non-Employee Percent	Reimbursement Checks Issued
Administration	81.3%	0.0%	21
Agriculture and Forestry	96.3%	11.1%	31
Commerce and Trade	97.5%	40.0%	33
Education (1)	90.4%	41.5%	462
Executive Offices	98.5%	0.0%	6
Finance (2)	95.3%	-	20
Health and Human Resources	96.3%	19.4%	280
Independent Agencies	97.8%	0.0%	33
Judicial	93.5%	6.6%	325
Legislative	96.0%	0.0%	23
Natural Resources	93.4%	50.0%	82
Public Safety	89.7%	6.7%	432
Technology	98.7%	-	1
Transportation (1)(2)	98.6%	-	40
Veterans Affairs and Homeland Security	84.1%	65.5%	62

Statewide for Quarter	93.9%	26.5%	1,851
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Fiscal Year 2016 To-Date

Statewide	95.4%	24.1%	8,947
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*Comparative
Fiscal Year 2015 To-Date*

Statewide	95.7%	28.2%	9,823
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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**

Agency	Percent	Reimbursement Checks Issued
Education		
Virginia Military Institute	52.0%	48
Norfolk State University	66.7%	54
Health and Human Resource		
Southwestern Virginia Training Center	78.7%	26
Public Safety		
Department of Military Affairs	73.5%	154
Department of Emergency Management	76.4%	33
Employee Relations and Training Division	69.0%	61
Department of Juvenile Justice	79.2%	26
Veterans and Defense Affairs		
Department of Veterans Services	82.8%	34

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

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

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

Agency	Percent	Reimbursement Checks Issued
Judicial		
Circuit Courts	6.2%	76
Virginia State Bar	0.0%	26

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>
Education		
Norfolk State University	66.7%	\$205.00



Direct Deposit

During the third quarter of FY 2016, 509,431 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 March 31, 2016

<u>Secretarial Area</u>	<u>Direct Deposit % of Salaried Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	100.0%	100.0%
Agriculture and Forestry	99.9%	93.0%
Commerce and Trade	99.9%	100.0%
Education	99.9%	95.8%
Executive Offices	100.0%	100.0%
Finance	99.8%	100.0%
Health and Human Resources	99.8%	99.2%
Independent Agencies	99.8%	98.9%
Judicial	99.9%	92.7%
Legislative	100.0%	100.0%
Natural Resources	99.5%	99.0%
Public Safety and Homeland Security	99.7%	99.5%
Technology	100.0%	N/A
Transportation	99.9%	99.2%
Veterans and Defense Affairs	99.4%	99.3%
Statewide	99.8%	97.7%
<i>Comparative</i>		
<i>Quarter Ended March 31, 2015</i>		
Statewide	99.8%	96.4%

Statewide Salaried Direct Deposit Performance

Quarter Ended March 31, 2016

Salaried Direct Deposit Participation	99.8%
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Salaried Direct Deposit Below 98 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
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All agencies met the minimum threshold for direct deposit in this quarter.

Statewide Wage Direct Deposit Performance

Quarter Ended March 31, 2016

Wage Direct Deposit Participation	97.7%
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Wage Direct Deposit Below 90 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
Education		
Norfolk State University	76.0%	747
Judicial		
General District Courts	87.1%	140

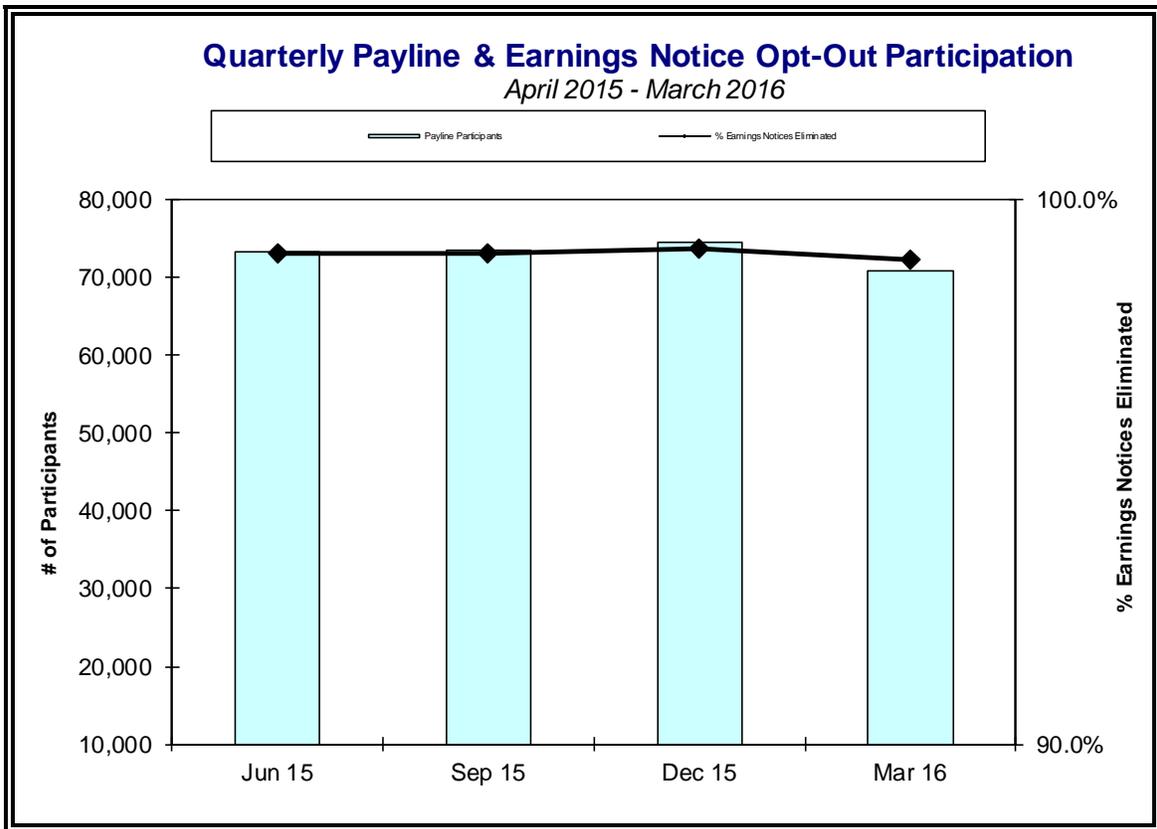


Payroll Earnings Notices

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

expected to encourage employees to enroll in Payline and discontinue receipt of centrally printed earnings notices. Since inception in November 2002, the Commonwealth has eliminated the printing of approximately 16,770,249 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 March 31, 2016

<u>Secretarial Area</u>	<u>Percent Payline Participation</u>	<u>Percent Earnings Notices Eliminated*</u>
Administration	98.4%	100.0%
Agriculture and Forestry	88.8%	91.8%
Commerce and Trade	98.2%	100.0%
Education	78.7%	100.0%
Executive Offices	95.6%	100.0%
Finance	98.1%	100.0%
Health and Human Resources	94.3%	100.0%
Independent Agencies	96.3%	100.0%
Judicial	87.9%	94.3%
Legislative	60.0%	66.4%
Natural Resources	89.4%	98.1%
Public Safety and Homeland Security	92.2%	100.0%
Technology	98.0%	100.0%
Transportation	97.0%	100.0%
Veterans and Defense Affairs	75.2%	75.3%
Statewide	89.6%	98.9%
<i>Comparative</i>		
<i>Quarter Ended March 31, 2015</i>		
Statewide	86.0%	99.0%

* 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 March 31, 2016, the following agencies have not met the established goal of 90% for eliminating earnings notice print.

Earnings Notice Elimination

Agency	Percent Earnings Notices Eliminated QE 3/31/2016	Percent Earnings Notices Eliminated QE 12/31/2015
Agriculture and Forestry		
Department of Forestry	79.7%	73.3%
Judicial		
Circuit Courts	77.4%	77.8%
Natural Resources		
Marine Resources Commission	69.3%	58.7%
Veterans and Defense Affairs		
Virginia Veterans Care Center	30.5%	31.0%



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

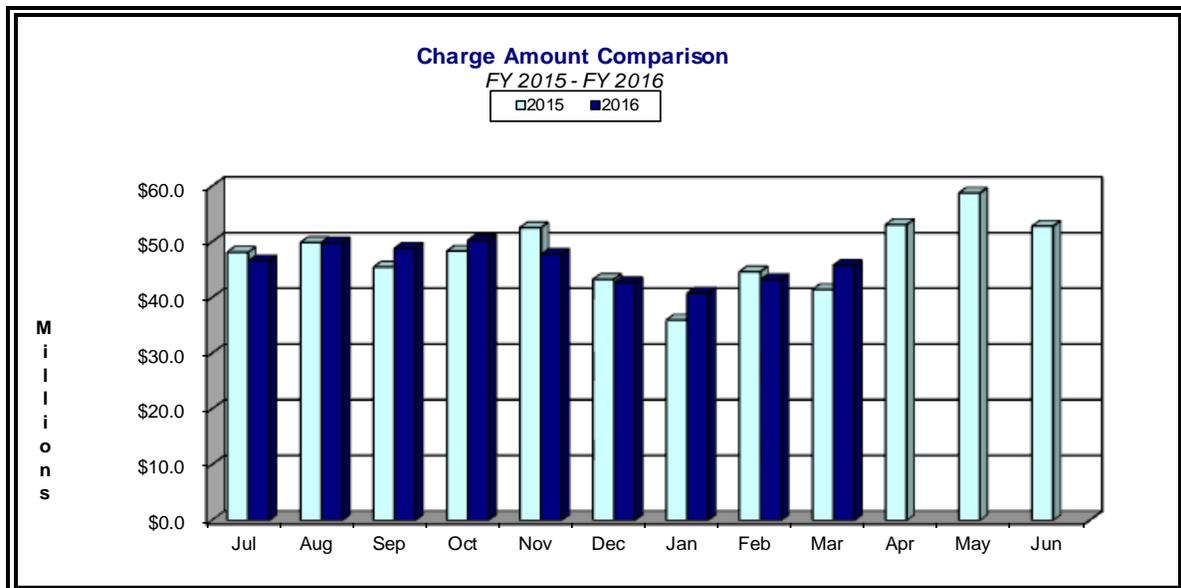
Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than \$50,000. Use of the purchasing charge cards decreases the number of checks issued and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

The 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 third quarter of FY 2016 increased by \$6.1 million or 1 percent from the same quarter last year.

Small Purchase Charge Card Program

Charge Card Activity	Quarter Ended March 31, 2016	Fiscal Year 2016 To-Date	Comparative Fiscal Year 2015 To-Date
Amount of Charges	\$ 129,861,037	\$ 415,911,755	\$ 409,796,781
Estimated Number of Checks Avoided	187,863	580,063	571,619
Total Number of Participating Agencies		194	199
Total Number of Cards Outstanding		14,926	14,866



SPCC Utilization Compliance

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

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

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

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

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

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

Statewide SPCC Performance

Quarter Ended March 31, 2016

Percentage Utilization for Eligible Transactions

85%

SPCC Utilization by Secretarial Area

Quarter Ended March 31, 2016

Secretarial Area	Payments in Compliance ⁽¹⁾	Non-Compliant Transactions ⁽²⁾
Administration	92%	268
Agriculture and Forestry	97%	113
Commerce and Trade	84%	291
Education*	92%	2,839
Executive Offices	98%	26
Finance	98%	57
Health and Human Resources**	92%	2,386
Independent Agencies	84%	473
Judicial	9%	12,714
Legislative	97%	41
Natural Resources	94%	506
Public Safety	95%	1,775
Technology	81%	53
Transportation*	88%	2,771
Veterans and Defense Affairs	98%	41
Statewide	85%	24,354

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

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

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

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



**Agency SPCC Performance
Utilization Below 70 Percent**

Agency	Payments in Compliance	Non-Compliant Transactions
Commerce and Trade		
Virginia Employment Commission	48%	237
Education		
Norfolk State University	68%	476
Health and Human Resources		
Department for the Blind and Vision Impaired	61%	881
Independent Agencies		
State Corporation Commission	64%	214
Judicial		
Board of Bar Examiners	0%	22
Circuit Courts	0%	2,692
Combined District Courts	0%	969
General District Courts	0%	4,144
Juvenile and Domestic Relations District Courts	0%	4,593
Magistrate System	0%	86
Virginia Criminal Sentencing Commission	0%	20



SPCC and ATC Payment Compliance

Agencies and institutions participating in the Charge Card program are required to submit Bank of America VISA payments via EDI no later than the 7th of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) business days is reported. For the month of January, this represents the bill date of January 15, 2016, with the payment due no later than February 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>Jan</u>	<u>Feb</u>	<u>Mar</u>
<u>Purchase Card Program:</u>			
Education			
Frontier Culture Museum of Virginia			X
University of Virginia Medical Center			X
Health and Human Resources			
Catawba Hospital		X	
Central Virginia Training Center		X	
Northern Virginia Mental Health Institute		X	
Southeastern Virginia Training Center		X	
Independent Agencies			
State Corporation Commission			X
Virginia Retirement System		X	
Legislative			
Auditor of Public Accounts	X		
Natural Resources			
Department of Game and Inland Fisheries		X	
Public Safety			
Deep Meadow Correctional Center	X	X	
Transportation			
Virginia Port Authority		X	
Veterans and Defense Affairs			
Virginia Veterans Care Center			X

Airline Travel Card Program:

Education			
Central Virginia Community College			X
Independent Agencies			
State Corporation Commission		X	X
Transportation			
Virginia Port Authority		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 March 31, 2016, and the total amounts past due.

Travel Charge Card Program

As of March 31, 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 >150 Days Past Due</u>
Education				
Longwood University	1	0	443	0
Norfolk State University	1	161	0	0
Virginia Museum of Fine Arts	1	1,605	0	0
Virginia State University	1	0	465	0



Payroll Controls

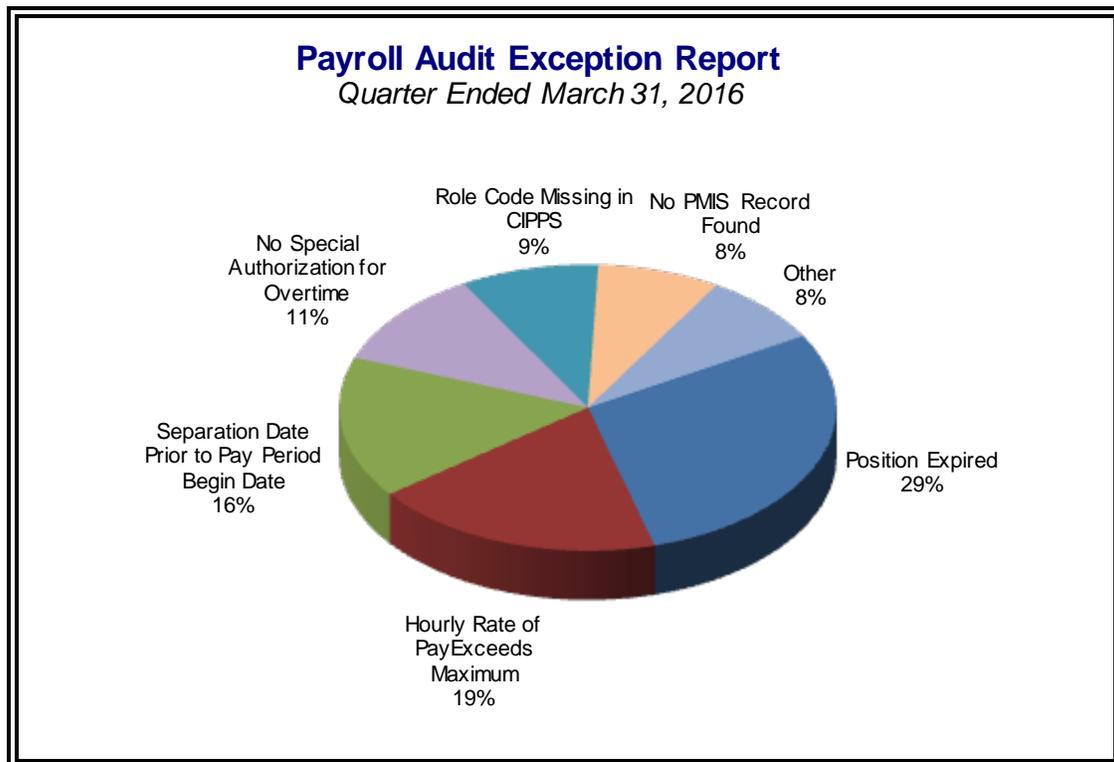
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 402,565 salaried pay transactions and 113,812 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 3,542 new exceptions noted statewide during the quarter, with an overall exception rate of 0.09%.

The statewide salaried payroll exception rate was 0.25% and the wage payroll exception rate was 0.38%. During this quarter, 4

employee paychecks were reduced to recover \$416.48 in overpayments.

While the largest cause of exceptions are employees whose position has expired in PMIS, the second largest cause of exceptions is paying hourly employees a rate that exceeds the maximum for their role code. 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.



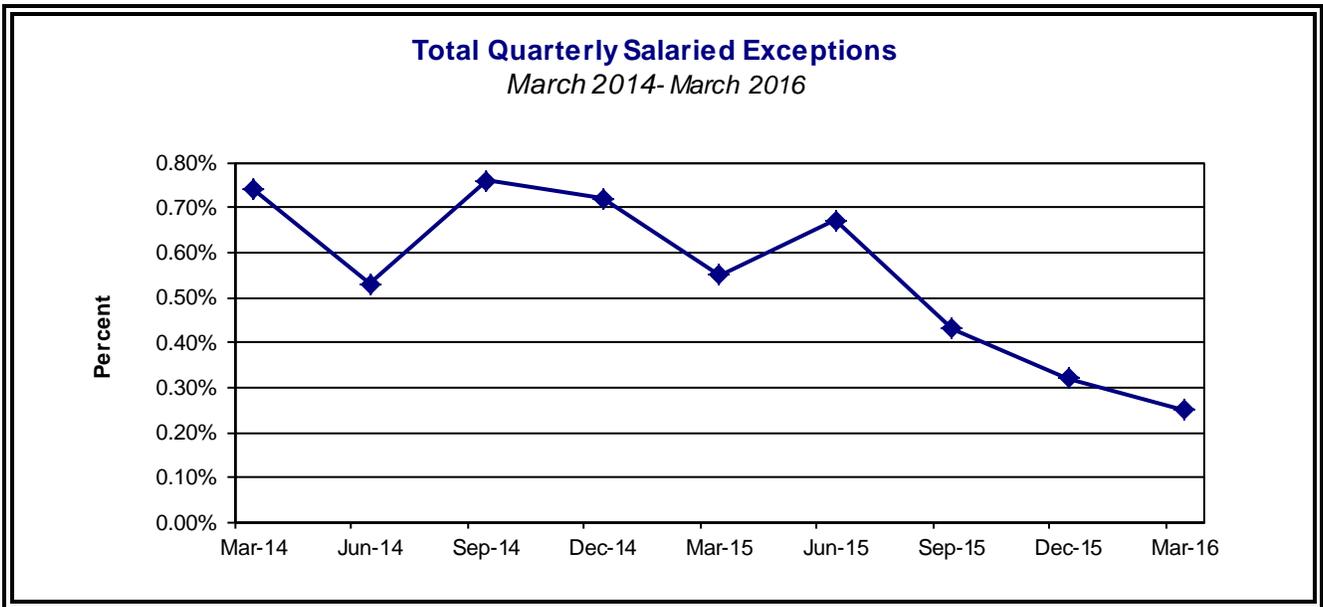
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage

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 March 31, 2016

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
None		
Salaried Payroll Exceptions for the Quarter		0.25%

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

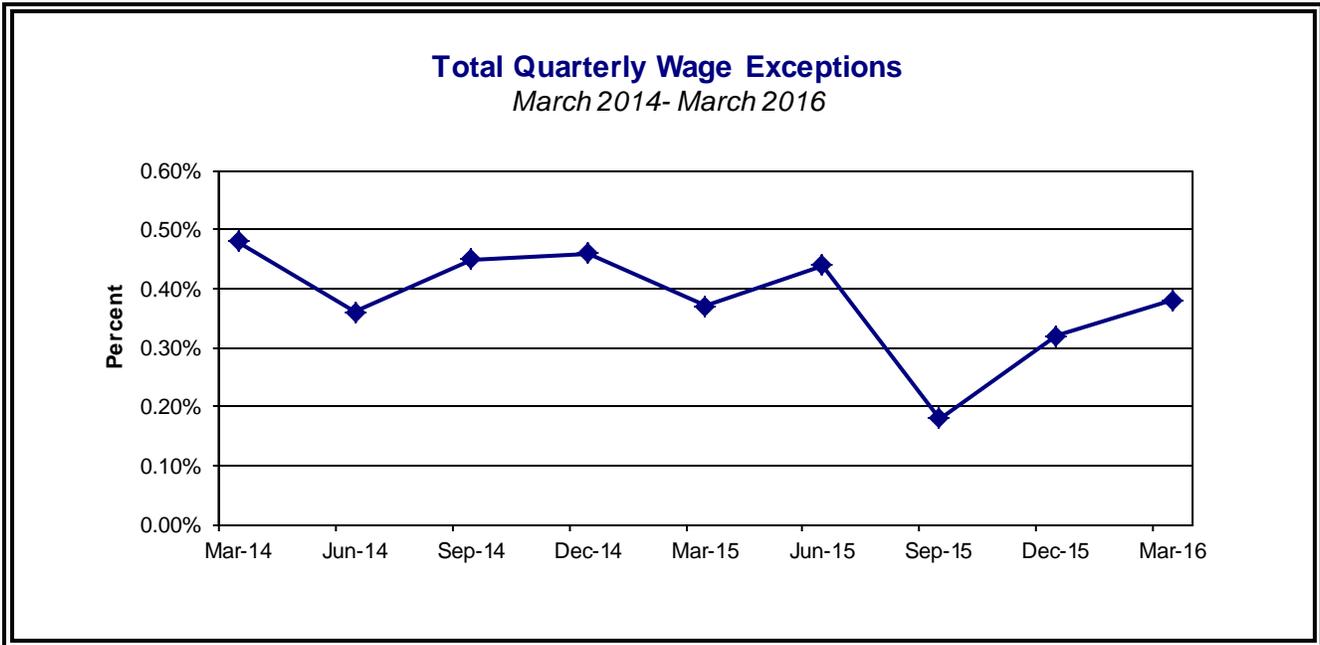


Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended March 31, 2016

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
Norfolk State University	33	1.27%

Wage Payroll Exceptions for the Quarter	0.25%
--	--------------

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



CIPPS/PMIS Exceptions

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

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

<u>Agency</u>	<u>Unresolved Exceptions</u>
<i>Office of Veterans Affairs</i>	
Virginia Veterans Care Center	1
Sitter-Barfoot Veterans Care Center	8
<i>Education</i>	
Rappahannock Community College	5
Eastern Shore Community College	1
Central Virginia Community College	4
Lord Fairfax Community College	53
<i>Health & Human Resources</i>	
Northern Va Training Center	53
Piedmont Geriatric Hospital	1
Hiram Davis Medical Center	2



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)
Health and Human Resources				
Northern Virginia Training Center			3	
Legislative				
Division of Legislative Services	\$30,000			
Virginia House of Delegates	27,290			
Transportation				
VDOT - Culpeper District	1,714,752			
VDOT - Northern Virginia District	1,167,628			
VDOT - Staunton District	545,768			

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 March 31, 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. Due to change to CARDINAL beginning February 1, 2016 any problems with Health care Reconciliations for January (due February 29) & February (due March 31) will not be reported.



FINANCIAL MANAGEMENT ACTIVITY

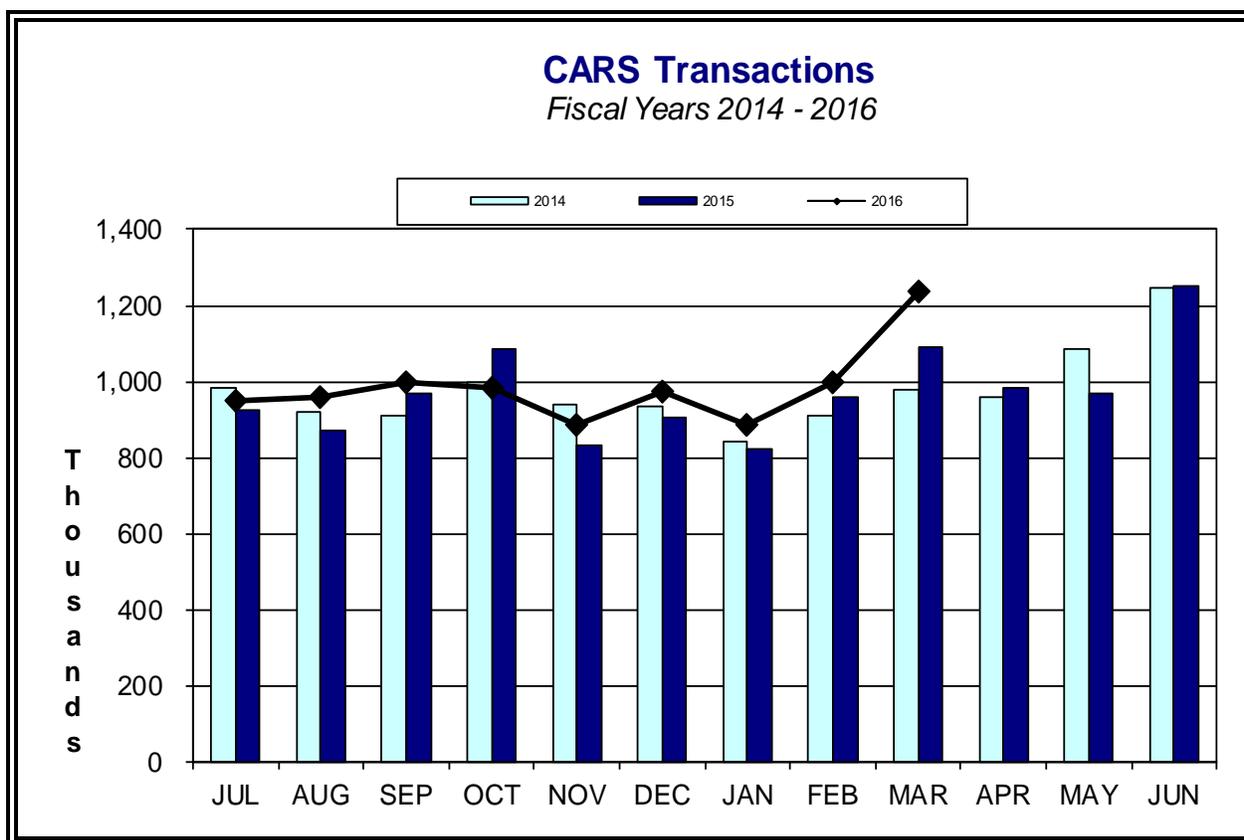
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll, accounts

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.

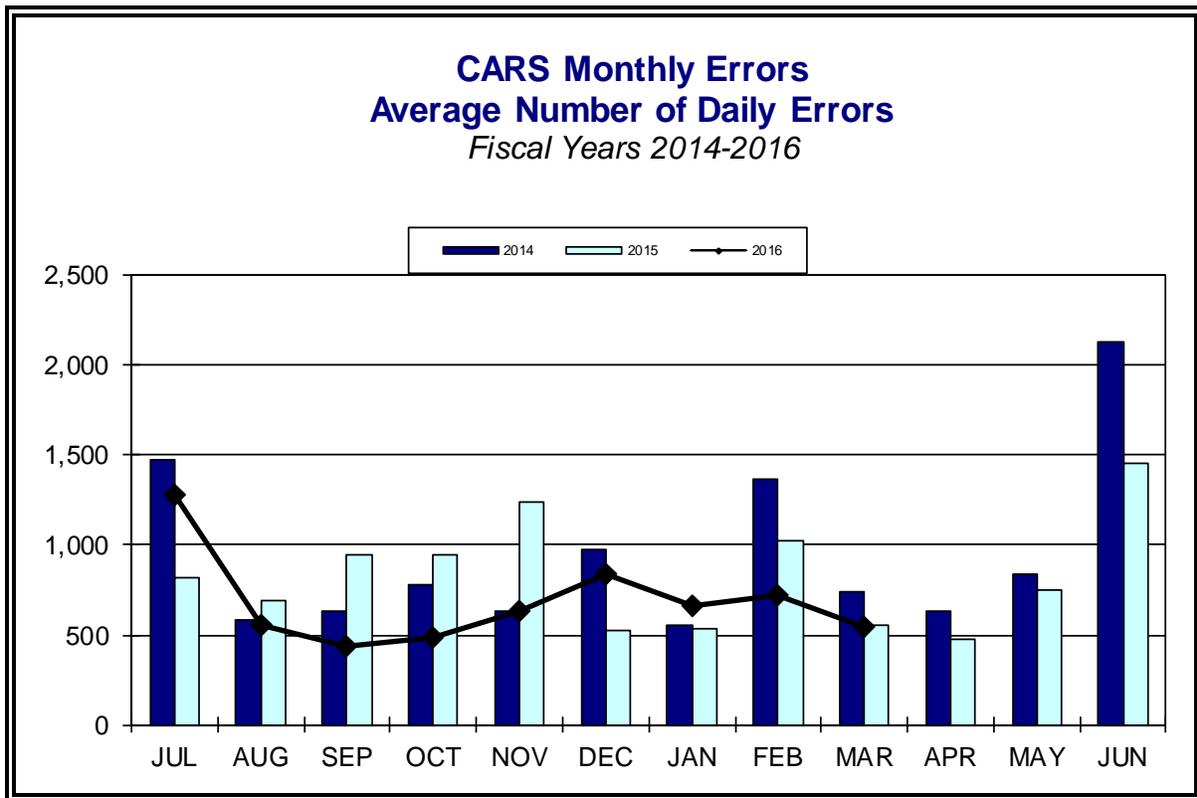


CARS Edits

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 third 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.

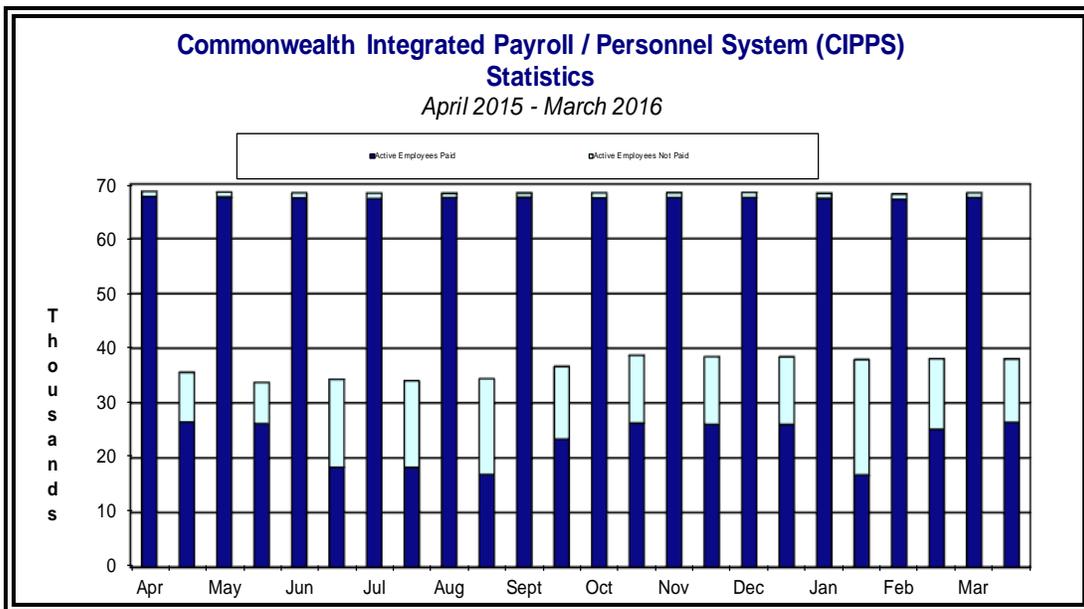
- Available Negative Cash
- Expenditures Exceeds Allotments
- Certified Amount not in Balance



Payroll

The central payroll system for State government is known as *CIPPS*, the Commonwealth Integrated Payroll Personnel System. CIPPS is one of the largest payroll operations in the Commonwealth, serving 106,317 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 90,223 employees were paid each month, of which 67,372 were salaried employees.



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

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

Benefit Participation by CIPPS Agencies

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

compensation, and flexible reimbursement programs.

**Benefit Participation
Number of Participating Employees**

Benefit	As of 3/31/2016	Comparative	
		As of 3/31/2015	As of 3/31/2014
Health Care**			
COVA Care	76,540	77,901	79,591
COVA Health Aware	4,880	4,089	3,549
Kaiser	2,029	2,109	2,130
Tricare	59	56	62
Optional Retirement Plans**			
Fidelity Investments	697	692	666
Political Appointee - ORP	116	108	67
TIAA/CREF	1,698	1,736	1,707
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	39,348	41,856	44,570
Hybrid 457 Voluntary D/C Plan	1,028	N/A	N/A
Flexible Reimbursement**			
Dependent Care	964	946	986
Medical Care	9,787	9,713	10,230

** 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.

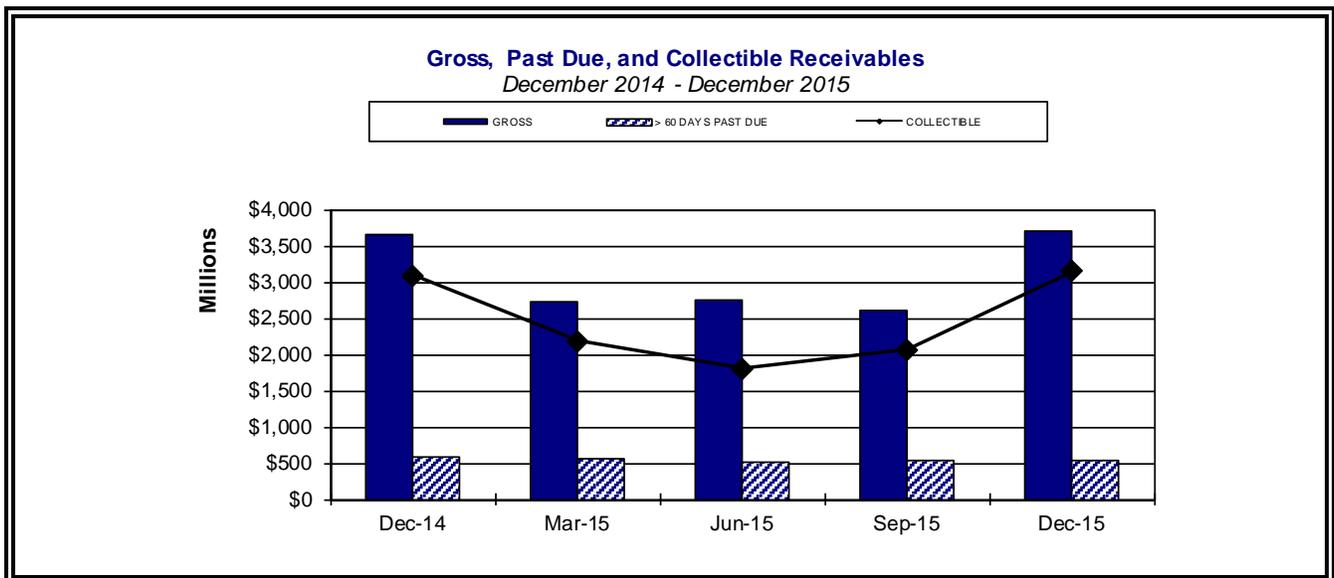
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$3.71

billion at December 31, 2015, with \$3.15 billion considered collectible. Receivables over 60 days past due as of December 31, 2015, totaled \$537.1 million. Of that amount, \$24.4 million was placed with private collection agencies, \$33.9 million was placed with the Division of Debt Collection and \$478.8 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 December 31, 2015, agencies expected to collect \$3.15 billion (85 percent) of the \$3.71 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

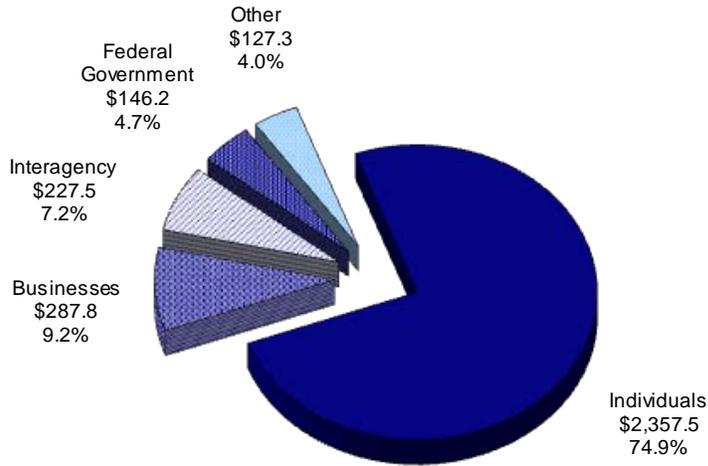
As of December 31, 2015

Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 14,194,576	56%
	Social Services	3,433,903	14%
	State Police Permits	2,133,737	8%
	Corrections	1,112,731	4%
	Labor and Industry Inspections	544,271	2%
	Other	2,465,627	10%
	Subtotal	23,884,845	94%
	Interagency Receivables	1,443,939	6%
Total General Fund Collectible		\$ 25,328,784	100%
Nongeneral Funds 99%	Medicaid - Dedicated Penalty Fees	\$ 61,030,216	2%
	Medicaid - Federal Reimbursements	13,910,788	1%
	Unemployment Taxes *	95,063,833	3%
	Transportation	72,849,026	2%
	Child Support Enforcement	223,635,427	7%
	Federal Government	20,903,012	1%
	DBHDS Patient Services	19,972,134	1%
	Hospital	622,093,497	20%
	Enterprise	96,877,947	3%
	Higher Education	1,637,013,320	52%
	Other	31,550,114	1%
	Subtotal	2,894,899,314	93%
	Interagency Receivables	226,061,773	7%
Total Nongeneral Fund Collectible		\$ 3,120,961,087	100%
All Funds	Grand Total	\$ 3,146,289,871	100%

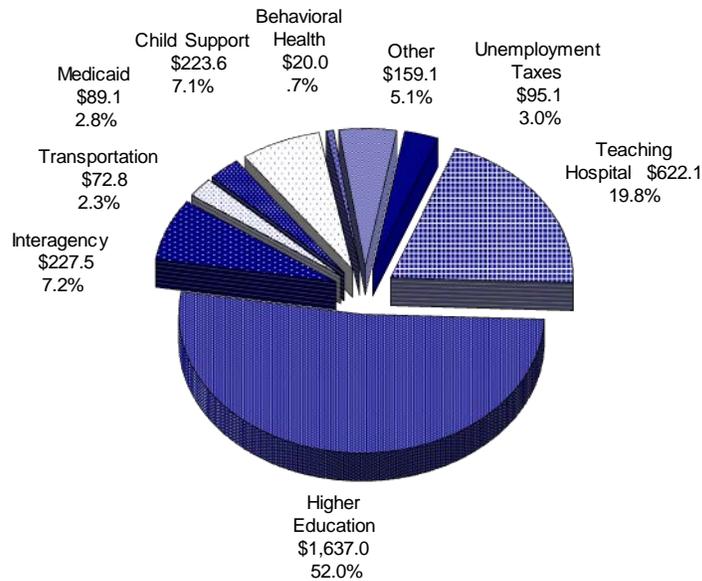
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

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



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



Not counting Taxation and the Courts, ten agencies account for 77 percent of the Commonwealth's adjusted gross and 75

percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary
Not Including Circuit Courts, District Courts, or Department of Taxation
As of December 31, 2015

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
University of Virginia Medical Center	\$ 697,688,508	\$ 24,706,412	\$ 672,982,096
Department of Social Services	617,826,473	394,505,837	223,320,636
University of Virginia - Academic Division	328,435,751	1,223,094	327,212,657
Virginia Polytechnic Institute and State University	327,514,393	1,826,780	325,687,613
Virginia Commonwealth University	241,572,906	5,940,782	235,632,124
James Madison University	157,399,673	3,091,110	154,308,563
Virginia Employment Commission	139,678,918	40,742,784	98,936,134
Old Dominion University	138,406,981	2,484,149	135,922,832
The College of William and Mary in Virginia	105,379,785	42,070	105,337,715
Virginia Community College System	94,188,075	2,549,658	91,638,417
Total	\$ 2,848,091,463	\$ 477,112,676	\$ 2,370,978,787
All Other Agencies	865,831,592	90,520,508	775,311,084
Grand Total	\$ 3,713,923,055	\$ 567,633,184	\$ 3,146,289,871

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 \$6.8 million during the quarter ended December 31, 2015. The Division of Debt Collection contributed \$1.9 million. Private collection agencies collected \$2.2 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$2.7 million.

Private collection agencies returned \$9.9 million of accounts to agencies, and the Division of Debt Collection discharged \$643,659 of accounts and returned \$406,326 of accounts to agencies.

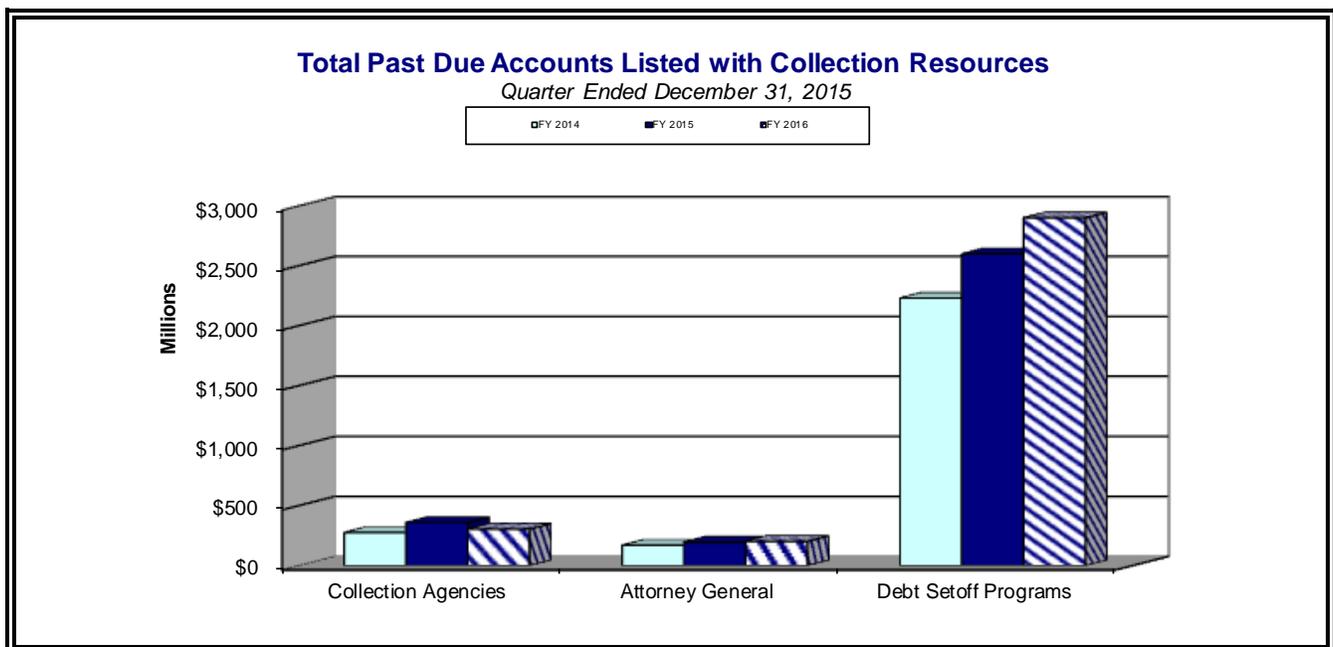
Collectible Receivables Over 60 Days Past Due

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

As of December 31, 2015

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 227,830,863	\$ 9,323	\$ 55,387	\$ 227,766,153
University of Virginia Medical Center	100,655,100	-	-	100,655,100
Virginia Employment Commission	54,736,125	12,725,001	16,075,155	25,935,969
Department of Medical Assistance Services	40,594,181	23,624	2,460,142	38,110,415
Department of Behavioral Health and Developmental Services	21,628,323	-	-	21,628,323
Department of Transportation	13,103,054	442,786	5,554,450	7,105,818
Virginia Commonwealth University	8,425,944	162,865	271,428	7,991,651
University of Virginia - Academic Division	6,573,761	58,654	44,247	6,470,860
Virginia Workers' Compensation Commission	5,341,991	918,543	4,186,197	237,251
George Mason University	5,248,872	1,271,961	394,679	3,582,232
TOTAL	\$ 484,138,214	\$ 15,612,757	\$ 29,041,685	\$ 439,483,772
All Other Agencies	53,004,451	8,813,537	4,828,355	39,362,559
TOTAL OVER 60 DAYS	\$ 537,142,665	\$ 24,426,294	\$ 33,870,040	\$ 478,846,331
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	2,873,238,348	281,371,097	170,107,128	2,421,760,123
TOTAL COLLECTION EFFORTS	\$ 3,410,381,013	\$ 305,797,391	\$ 203,977,168	\$ 2,900,606,454

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



Comptroller's Debt Setoff (CDS) Program

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

withheld, in full or in part, to satisfy the debt owed to the State. CDS collected \$2.1 million for the third quarter with a total of \$7.4 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 12/31/15	Comparative	
		Percent 9/30/15	Percent 6/30/15
Virginia Workers' Compensation Commission	91%	84%	85%
Department of Behavioral Health and Developmental Services	44%	43%	24%
Virginia Employment Commission	39%	41%	35%
Department of Social Services	37%	36%	34%
Department of Medical Assistance Services	31%	34%	32%
Department of Transportation	19%	34%	24%
George Mason University	15%	4%	7%
University of Virginia Medical Center	14%	13%	12%
Virginia Commonwealth University	3%	7%	10%
University of Virginia - Academic Division	2%	8%	4%
Statewide Average - All Agencies	14%	21%	18%

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 75 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 60 percent indicates that for every dollar billed during the quarter ended December 31, 2015, the state collected sixty cents. This rate is the same as last year and two percent lower than two years ago.

Collections as a Percentage of Billings

Agency	Percent 12/31/15	Comparative	
		Percent 12/31/14	Percent 12/31/13
Virginia Employment Commission	102%	108%	104%
Department of Social Services	94%	99%	97%
Virginia Community College System	79%	73%	73%
University of Virginia - Academic Division	47%	45%	43%
Virginia Polytechnic Institute and State University	47%	51%	59%
Virginia Commonwealth University	46%	40%	41%
The College of William and Mary in Virginia	45%	45%	38%
University of Virginia Medical Center	27%	27%	27%
James Madison University	25%	24%	33%
Old Dominion University	21%	32%	39%
Statewide Average - All Agencies	60%	60%	62%

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 \$89.1 million at December 31, 2015, is a \$5.5 million increase over the \$83.6 million reported at December 31, 2014. Over the same period, total past due receivables of \$46.3 million have decreased by \$2.4 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 \$673.0 million at December 31, 2015, were a \$75.1 million increase from the \$597.9 million reported the previous year. Past due receivables increased by \$4.3 million to \$251.3 million at December 31, 2015.

Virginia Employment Commission (VEC)

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

VEC collectible receivables were \$98.9 million at December 31, 2015, an increase of \$773,017 from the previous year. Total past due receivables were \$60.5 million, a \$6.5 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 December 31, 2015, of \$43.9 million, which is an increase of \$261,984 reported in the previous year. Most of these receivables are due from other state agencies. As of December 31, 2015, \$341,072 was over 60 days past due, a decrease of \$457,165 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 December 31, 2015, the State Lottery reported net receivables of \$75.4 million, a \$4.5 million decrease from the previous year. Billings increased by \$16.9 million and collections increased by \$30.9 million during the December 31, 2015 quarter when compared to the December 31, 2014 quarter. At December 31, 2015, the State Lottery had \$252,385 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 December 31, 2015, DOE did not have any receivables due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

Virginia Polytechnic Institute and State University (VPISU)

VPISU is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At December 31, 2015, the University reported net collectible receivables of \$325.7 million, an increase of \$20.1 million over the prior year. At the same time, total past due receivables of \$8.4 million increased by \$1.1 million over the prior year.

The University uses a variety of collection methods to encourage payments. At December 31, 2015, VPISU had \$3.3 million of accounts over 60 days past due. \$65,940 was placed with the Attorney General's Division of Debt Collection, another \$751,437 was placed with private collection agencies, and \$2.5 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 December 31, 2015, the Department reported collectible receivables of \$20.0 million, a \$1.8 million decrease over the previous year. \$30.3 million was past due, with \$21.6 million being over 60 days past due. Total past due receivables increased by \$5.7 million over the year, and accounts over 60 days past due increased by \$4.9 million. At December 31, 2015, the Department had a total of \$10.9 million of accounts placed with the Attorney General and \$1.2 million listed in Taxation's Debt Setoff Programs.

Department of Transportation (VDOT)

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

At December 31, 2015, VDOT reported \$66.1 million of collectible receivables, a decrease of \$57.6 million from the prior year. VDOT also reported \$15.5 million total past due and \$13.1 million being over 60 days past due. Past due receivables decreased by \$62.4 million over the year, while receivables over 60 days past due decreased by \$51.2 million. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and where the local fund shares are provided by local debt financing.

VDOT reported placing \$5.6 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

Department of Social Services (DSS)

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

At December 31, 2015, DSS reported gross receivables of \$617.8 million, an allowance for doubtful accounts of \$394.5 million and collectible receivables of \$223.3 million. Past due receivables totaled \$231.4 million, of which \$227.8 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$587 million (95 percent) of the gross receivables, \$364 million (92 percent) of the allowance for doubtful accounts and \$223 million (100 percent) of the collectible receivables.

From December 31, 2014 to December 31, 2015, gross receivables increased by \$2.3 million and collectible receivables decreased by \$19.0 million. Total past due receivables increased by \$12.8 million and receivables over 60 days past due increased by \$12.6 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 December 31, 2015, DRPT had gross and net receivables of \$22.6 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$636,802 of past due receivables at December 31, 2015.

Virginia Commonwealth University (VCU)

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

At December 31, 2015, VCU had \$235.6 million of collectible receivables, a \$13.3 million increase from December 31, 2014. Total past due accounts were \$21.9 million, a \$5.9 million increase from December 31, 2014. Accounts over 60 days past due (\$8.4 million) increased by \$1.8 million from the prior year. Billings increased by \$24.7 million to \$268.5 million and collections increased by \$26.2 million to \$123.8 million for the December 31, 2015 quarter, when compared to the December 31, 2014 quarter.

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

Commonwealth's total \$2.88 billion past due accounts receivable at December 31, 2015. Another 18 agencies accounted for 28 percent (\$814.0 million), leaving 60 other agencies to comprise the last two percent at \$52.9 million.

Taxation and the Circuit and District Courts accounted for 70 percent (\$2.01 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of December 31, 2015

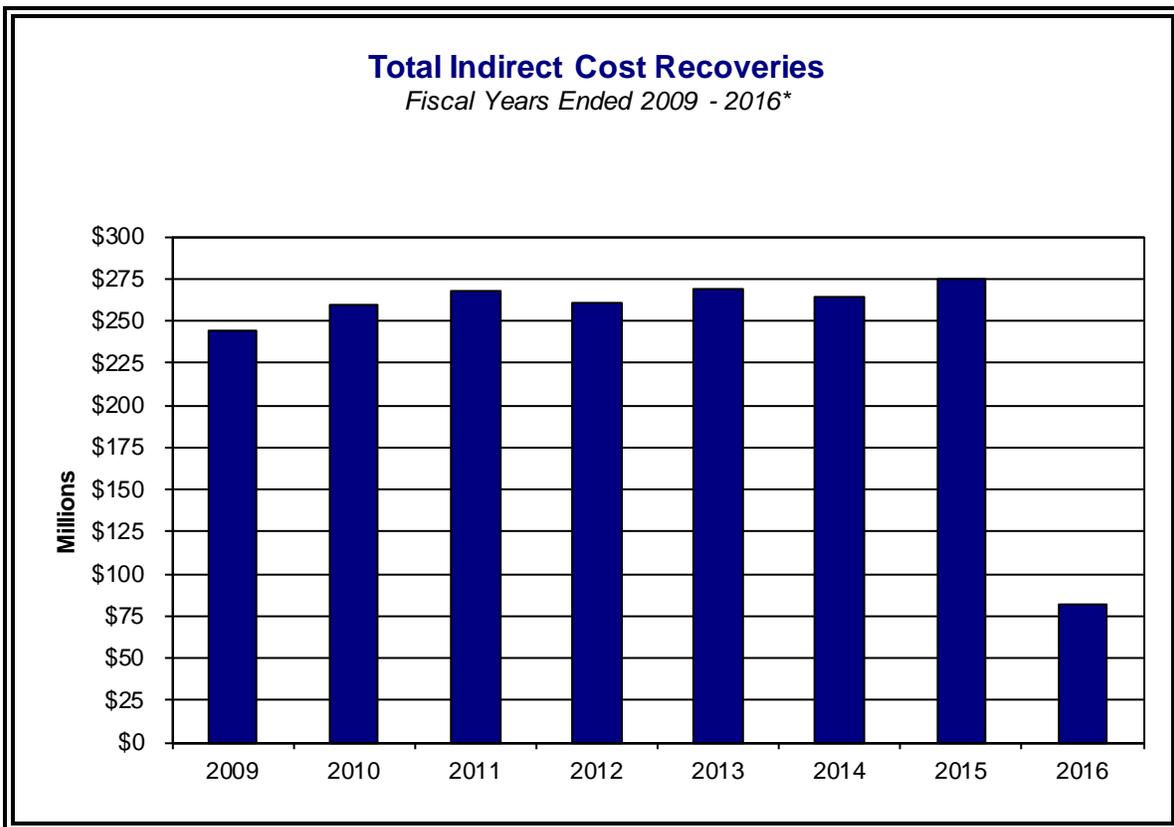
Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 1,650,506,780	\$ 217,198,734	\$ 131,023,629	\$ 1,302,284,417
Localities' Circuit and District Courts	363,512,335	36,410,307	63,405,839	263,696,189
Total - Taxation Assessments and Court Fines and Fees	\$ 2,014,019,115	\$ 253,609,041	\$ 194,429,468	\$ 1,565,980,606
All Other Large Dollar Agencies:				
University of Virginia Medical Center	251,311,123	219,675,566	22,054,051	9,581,506
Department of Social Services	231,412,956	11,097,135	11,033,348	209,282,473
Virginia Employment Commission	60,479,619	10,542,721	7,050,944	42,885,954
Department of Medical Assistance Services	46,295,768	10,913,659	6,728,620	28,653,489
Virginia Community College System	42,645,565	41,943,805	327,031	374,729
Department of Behavioral Health and Developmental Services	30,272,345	21,422,318	30,556	8,819,471
University of Mary Washington	24,723,984	23,689,672	93,993	940,319
University of Virginia - Academic Division	24,337,813	22,047,898	1,652,102	637,813
Virginia Commonwealth University	21,850,184	15,642,520	1,656,463	4,551,201
Virginia State University	15,678,592	15,170,845	364,003	143,744
Department of Transportation	15,488,269	5,346,969	2,373,855	7,767,445
Virginia Polytechnic Institute and State University	8,395,179	7,043,633	551,143	800,403
George Mason University	8,299,135	6,465,788	992,962	840,385
Old Dominion University	8,255,518	7,635,445	478,804	141,269
Department of Health	6,621,143	6,393,484	121,514	106,145
Department of General Services	6,434,549	3,506,874	224,017	2,703,658
Virginia Military Institute	5,797,729	5,490,436	15,606	291,687
Richard Bland College	5,679,362	5,679,362	-	-
Total - Largest Dollar Volume Agencies	\$ 813,978,833	\$ 439,708,130	\$ 55,749,012	\$ 318,521,691
All Other Agencies	52,888,445	32,283,883	5,998,066	14,606,496
Grand Total Past Due Receivables	\$ 2,880,886,393	\$ 725,601,054	\$ 256,176,546	\$ 1,899,108,793



Indirect Costs

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

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



* FY 2016 reflects indirect cost recoveries through March 31, 2016.

Indirect Cost Recoveries from Grants and Contracts

Fiscal Year 2016

Fund	Year-to-Date		Total
	Higher Ed	Non-Higher Ed	
Nongeneral:			
Agency / Institution (1)	\$ 18,102,680	\$ 62,474,064	\$ 80,576,744
Statewide	53,313	617,883	671,196
Agency / Institution ARRA	138,432	-	138,432
Statewide ARRA	-	-	-
Total Nongeneral	\$ 18,294,425	\$ 63,091,947	\$ 81,386,372
General:			
Agency (Cash Transfers)	-	-	-
Statewide	-	466,655	466,655
Statewide (Cash Transfers)	-	-	-
Total General	\$ -	\$ 466,655	\$ 466,655
Total All Funds	\$ 18,294,425	\$ 63,558,602	\$ 81,853,027

- (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 \$44,464,674 representing the Department of Social Services' estimate of indirect cost recoveries received.



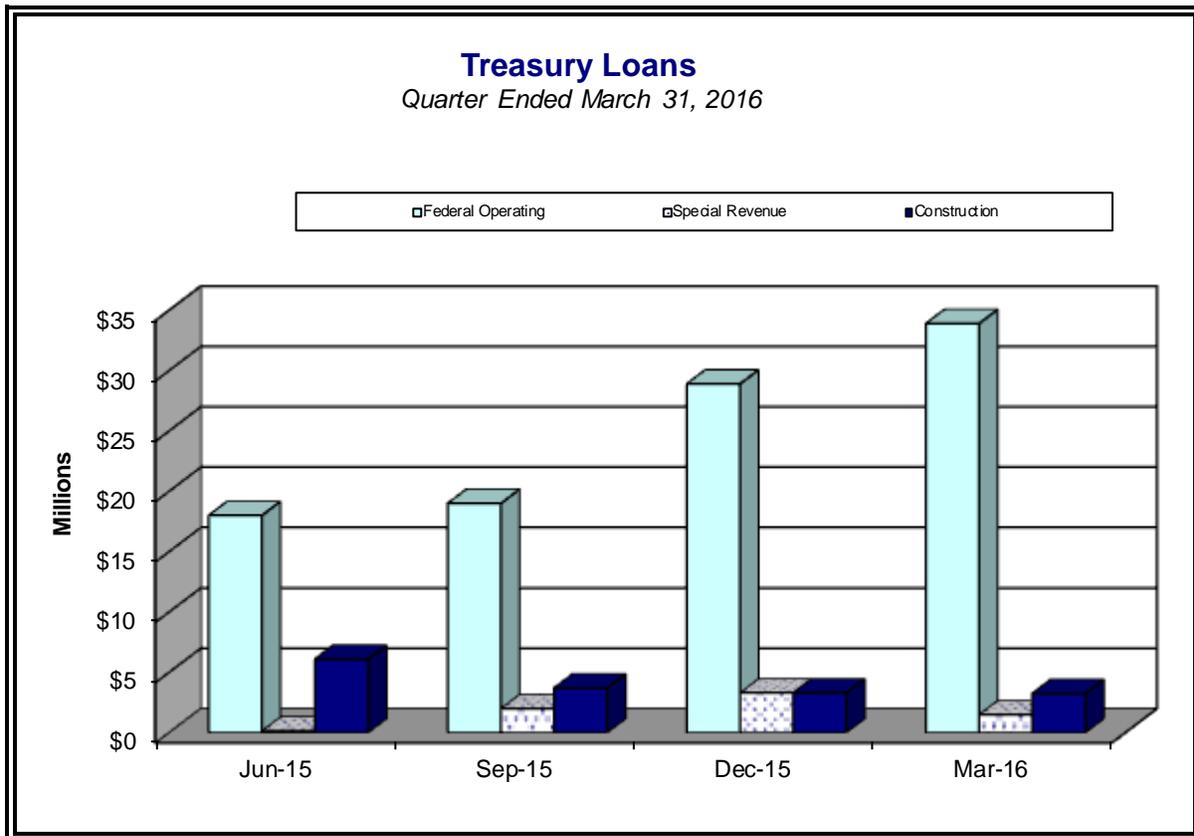
Loans and Advances

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 March 31, 2016 was \$38.7 million.



Significant New Loans / Drawdowns	New Balance
Department of Military Affairs (DMA) Drawdown on a \$21 million loan used to replace advances from cooperative agreements and maintenance reserve projects that may be delayed by the DOD accounting system (GFEBS) implementation.	\$5,000,000.00
Department of Accounts (DOA) Drawdown on a \$4.3 million loan used for costs associated with the Cardinal system.	\$1,490,497.00
Virginia Community College System-Central Office (VCCS-CO) Drawdown on a \$4 million loan in anticipation of funds from a federally approved grant.	\$4,000,000.00

Significant Loan Repayments	Prior Balance
Virginia Community College System-Central Office (VCCS-CO) Repayment on a \$4 million loan used to cover temporary cash needs related to reimbursement based federal grants	\$4,000,000.00
Department of Accounts (DOA) Repayment on \$4.3 million loan for costs associated with the Cardinal System.	\$2,858,800.00

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 March 31, 2016 was \$626,429.
- **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 March 31, 2016 was \$73.6 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 March 31, 2016 was \$61.2 million.

