

**REPORT OF THE  
SECRETARY OF ADMINISTRATION**

**Department of Minority  
Business Enterprise  
Progress Report:  
Operational Enhancements**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 20**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2007**



# COMMONWEALTH of VIRGINIA

Office of the Governor

Viola O. Baskerville  
Secretary of Administration

February 8, 2007

The Honorable Vincent F. Callahan, Jr., Chairman  
House Appropriations Committee  
General Assembly Building, 9<sup>th</sup> Floor  
Richmond, Virginia 23219

The Honorable John H. Chichester, Chairman  
Senate Finance Committee  
General Assembly Building, 10<sup>th</sup> Floor  
Richmond, Virginia 23219

Mr. Chairmen:

Appropriations Act – Item 100C. (Special Session 1, 2006) directs the Secretary of Administration to provide a “special report on activities related to the management, operation, and administration of the Department of Minority Enterprise” to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2006. Attached please find that report.

Please contact me if you have any questions with regard to this report.

Sincerely,

A handwritten signature in cursive script that reads "Viola O. Baskerville".

Viola O. Baskerville

Attachment

c: The Honorable William H. Leighty, Chief of Staff  
Stacy Burrs, Director, Department of Minority Business Enterprise

**REPORT TO THE CHAIRMEN OF THE  
HOUSE APPROPRIATION AND SENATE FINANCE COMMITTEES**

**I. INTRODUCTION**

There is a great tradition of entrepreneurship in America that cuts across ethnic, age and gender distinctions. In fact, at any given time, over 10 million Americans are starting new ventures. Interestingly, recent studies demonstrate that people of color, in particular, show an unusually high rate of business start-ups. Black men and women are 50% more likely to start a business than non-minority men, Hispanic men about 20% more likely than non-minority men and Hispanic women equally likely as non-minority women to start a business. For people of color and women in particular, owning a successful business is a key part of the American Dream.

Unfortunately for these hardworking, talented entrepreneurs, it is often a dream deferred. For them, markets and capital - the lifeblood of any successful business - are significantly more difficult to access. The challenge remains, even as their businesses develop capacity. This is true across, America and it is true in Virginia, even as the number of Virginia start-up businesses grow.

To its credit, the Commonwealth has decided to act. The clarion call of the 2004 Procurement Disparity Study of the Commonwealth led to a number of aggressive actions by the Administration and the General Assembly. These actions are intended to remove the impediments to fair contracting and create an infrastructure that provides equal opportunity to all vendors. The evidence shows that these actions have yielded some measure of success in recent years. Percentage-wise, Virginia is now buying more goods and services from women and minority business enterprises than at any other time in its past. But there is still much work to be done.

Virginia has an opportunity to be a leader in this arena. In the state where the first American businesses were founded, where 31 percent of businesses are owned by women and 15 percent by people of color, our actions should inspire optimism on the part of those who thought the door to state procurement was closed. Under the leadership of Governor Kaine, with direction from the Secretary of Administration and embraced by every state agency, institution and authority, the steps the Commonwealth takes going forward will send a signal that discrimination in state procurement practices no longer will be tolerated. Our actions will convey a message that anyone with the vision and fortitude to start and sustain a business in Virginia will have an equal opportunity to do business with the Commonwealth. Achieving this goal requires an effective, well-resourced Department of Minority Business Enterprise.

**The Department of Minority Business Enterprise's Authority and Responsibilities**

DMBE is responsible for implementing remedial and enhancement programs as mandated by the Governor. The Department's primary functions include certifying small, women, minority, and disadvantaged business enterprises. DMBE is also tasked with reporting to the Governor on a regular basis the status of the Commonwealth's efforts to increase spending with small businesses, especially those owned by women and people of color. DMBE also provides liaison services between SWaM, potential SWaM and DBE vendors and Virginia's community of procurement officers. Finally, the Department works closely with state agencies

having procurement policy responsibility. DMBE activities take many forms, but its fundamental purpose is to ensure that the Commonwealth's procurement activities remain transparent and fair. The Department's specific charge is to:

1. Coordinate as consistent with law the plans, programs and operations of the state government that affect or may contribute to the establishment, preservation, and strengthening of minority business enterprise.
2. Promote the mobilization of activities and resources of state and local governments, businesses and trade associations, universities, foundations, professional organizations, and volunteer and other groups towards the growth of minority business enterprises, and facilitate the coordination of the efforts of these groups with those of state departments and agencies.
3. Establish a center for the development, collection, summarization, and dissemination of information that will be helpful to persons and organizations throughout the nation in undertaking or promoting the establishment and successful operation of minority business enterprise.
4. Within constraints of law and availability of funds, and according to the Director's discretion, provide technical and management assistance to minority business enterprises, and defray all or part of the costs of pilot or demonstration projects that are designed to overcome the special problems of minority business enterprises.
5. Manage the Capital Access Fund for Disadvantaged Businesses created pursuant to § 2.2-2311, and, in cooperation with the Small Business Financing Authority, determine the qualifications, terms, and conditions for the use of such Fund.<sup>1</sup>

### **What the General Assembly Requested In This Report**

When the General Assembly first established the Department of Minority Business Enterprise ("DMBE" or the "Department") in 1975, it announced that providing equal opportunity in procurement was "essential" and that this effort would "improve the functioning of our economy and realize the great potential of the Commonwealth." Every General Assembly since that time has used the legislative process to affirm the belief in supplier diversity.

By 2002, both the Legislative and Executive branches of government were actively pursuing ways to organize the state to ensure increased spending with small businesses, especially those owned by women and people of color. In 2006, two actions by the Executive branch and two by the Legislative branch would frame the work for the Department of Minority Business Enterprise over the next few years.

In February 2006, Governor Kaine issued Executive Order #10, transferring responsibility for DMBE from the Secretary of Commerce and Trade to the Secretary of Administration. This move recognizes DMBE's role in promoting and facilitating the use of small, women and minority business enterprises by placing the Department within the Secretariat responsible for procurement policy. As such, the Secretary of Administration, as opposed to the Secretary of Commerce and Trade is submitting this report, with staff support provided by the Department of Planning and Budget and technical input from DMBE. In August 2006, Governor

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<sup>1</sup> Code of Virginia § 2.2-1402.



Kaine signed Executive Order #33, which established a statewide aspirational goal of 40% for spending with small, women and minority business enterprises while directing state agencies to use 12 specific tools to increase SWaM spending.

House Bill 122 and Item #100C of the Appropriations Act outline the responsibilities of the Department. House Bill 122 was enacted July 1, 2006 and includes small- and women-owned business enterprises in the certification program administered by the Department and other certification requirements. Item #100C of the Appropriations Act requires the Secretary of Commerce and Trade to report on DMBE's activities in 7 areas:

- The Department's response to the recommendations in the Auditor of Public Accounts most recent audit; the status of hiring, training and retaining Department employees; efforts to establish, preserve and strengthen minority-owned businesses in the Commonwealth; actions or activities implemented to improve minority-owned businesses' access to the Department's resources; the number and type of customers served in fiscal year 2006; the number and type of jobs created or retained in fiscal year 2006 attributable to the Department's efforts; and, an analysis of the Department's success in meeting the four agency goals.

### **Notable 2006 Activities and Accomplishments**

Governor Kaine and Secretary of Administration Viola Baskerville have been directly involved in delivering on the Governor's commitment to economic justice. They have led by example, ensuring everyone in state government understood that supplier diversity makes perfect economic sense and that the successful implementation of the SWaM initiative was everyone's responsibility. Among the notable 2006 accomplishments are:

- An increase in spending with businesses owned by women and people of color.
- A significant increase in the number of certified SWaMs.
- Regular face-to-face meetings between Governor Kaine, Secretary Baskerville and the leaders of the State's Top Five spending agencies to discuss their progress on SWaM. Those agencies represent approximately 85% of the Commonwealth's discretionary spending and the Governor has made increasing their use of SWaM businesses a personal project.
- In February 2006, Governor Kaine signed Executive Order #10, moving DMBE from the Commerce and Trade Secretariat to the Administration Secretariat. This placed DMBE in the same Secretariat as the Department of General Services, which is responsible for developing the Commonwealth's non-technology procurement policies.
- Secretary Baskerville established a Procurement Advisory Committee to assist in developing an internal process to track the progress of operational initiatives among state agencies.
- Governor Kaine issued Executive Order #33, establishing a statewide aspirational goal of 40% on SWaM spending, and directing state agencies and institutions to use 12 specific tools to increase SWaM spending. Those tools have since been promulgated in the form of official Procurement Memoranda.

- The Governor, Chief of Staff, Secretary of Administration and Director of DMBE all hold regular meetings with local and statewide organizations representing the interests of businesses owned by women and people of color.
- The Governor hosted three statewide SWaM procurement networking forums in Richmond, Charlottesville and Blacksburg focusing, respectively, on increasing SWaM participation in the areas of Construction, Professional Services and Financial Services.
- Development of a SWaM Dashboard is underway. The Dashboard provides a uniform, automated system for reporting Commonwealth spending with SWaMs using a 'golden source of data' approach.
- A series of SWaM procurement training sessions have been held for state agency heads and procurement officers.
- DMBE has been reorganized for efficiency and effectiveness.
- DMBE corrected the issues raised by the Auditor for Public Accounts audit of the Department.
- DMBE established a bureau in Hampton Roads, at no cost, to upgrade our ability to offer services to southeastern Virginia.
- The SWaM Certification process has been streamlined without compromising program integrity.
- There is now greater collaboration between DMBE and other state agencies, notably the Department of General Services, the Division of Purchasing and Supplies, Virginia Department of Transportation, Department of Business Assistance and a host of additional agencies across all Secretariats.
- New, enhanced database and website designs make it easier for the public to access SWaM-related information and for buyers to locate SWaM vendors.
- Implemented 13 staff development and training activities.

We strongly believe the Department of Minority Business Enterprise has begun to have an enhanced impact on its customers, both inside and outside of state government.

The following section of this report to the General Assembly includes responses to the 7 individual requests of the General Assembly.

## II. GENERAL ASSEMBLY REPORT REQUESTS

### **1. Efforts to establish, preserve and strengthen minority-owned businesses**

*General Assembly Report Language requests:* “[F]or fiscal year 2006, an inventory of efforts undertaken to establish, preserve, and strengthen minority-owned businesses in the Commonwealth as well as report on the effectiveness of those activities.”

A critical underlying purpose in creating DMBE was to provide an agency that would concentrate and centralize efforts within the Commonwealth to increase the participation of small, women and minority-owned businesses (SWaMs) in the state procurement. The certification of SWaM vendors is an integral process of the mandate to increase the participation of SWaM vendors in state procurement.

As such, during FY 2006, DMBE recorded the following efforts in attempts to establish, preserve, and strengthen minority-owned businesses in the Commonwealth.

#### ***SWaM Certification Program***

The following summarizes SWaM activities during FY 2006:

- 6,669 firms certified as SWaMs
- 590 firms re-certified as SWaMs
- 5,832 inquires concerning SWaM certification
- 268 presentations made

These activities generated total SWaM procurement spending of \$617,219,000 dollars in Fiscal Year 2006 on total discretionary spending of \$4,403,177,000 for a total of 14.02% for SWaM participation. In 2005, total discretionary spending was higher (\$4,678,936,000) as was SWaM spending (\$658,511,000). The overall SWaM percentage in FY 2005 was 14.07%, five hundredths of one percent higher than FY 2006. However, there was growth with the minority and women business communities between FY 2005 and FY 2006.

In FY 2005, minority businesses received \$84 million or 1.79% of discretionary spending compared to \$99 million or 2.26% in FY 2006. Women businesses received \$79 million or 1.69% in FY 2005 discretionary spending, compared to \$101 million or 2.30% in FY 2006. Historically, the agency did not track the total number of SWaM contracts or the total number of SWaM firms awarded state contracts. Today, the agency has the ability and recognizes the necessity to track those statistics for FY 2007.

## ***DBE Certification Program***

DMBE also serves as one of only two Virginia certifying members under Virginia's Unified Certification Process for the federal Disadvantaged Business Enterprises (DBE) program. The other is the Metropolitan Washington Airport Authority. The distinguishable differences between the DBE certification process and the SWaM certification process are the required DBE on-site visits, personal net worth requirements, annual gross receipts limitations, and the volume of paper required in DBE applications. DMBE processes fewer DBE applications than SWaM applications, but the DBE process, with its requirements, is more detailed.

DMBE established the following objectives for FY 2006 for the DBE program:

- 1) Target 75 firms for management and technical assistance in cooperation with VDOT with the ultimate goal being self-sufficiency of the firms;
- 2) Market DBE resources and assistance available to existing and prospective firms;
- 3) Identify the number of potential firms for certification statewide and the number of potential firms provided assistance in obtaining certification;
- 4) Provide data on DMBE providing consulting, financial and other assistance to local governments that receive VDOT funding in determining local disadvantaged business enterprises availability, as requested by VDOT or localities; and
- 5) Summarize DMBE reports to VDOT of monthly listing of disadvantaged business enterprises to include a breakout of firms, work classes, location, and contact information for VDOT bidders list.

## **2. Action on Recent Audit Findings**

*General Assembly Report Language requests:* “[T]he status of the Department’s efforts to implement the issues and recommendations of the Auditor of Public Accounts’ most recent report on the audit of the Department of Minority Business Enterprise, including enhancing its agreement with the Department of Housing and Community Development (DHCD) to manage its administrative and financial functions.”

The most recent audit from the Auditor of Public Accounts, dated May 2, 2006, noted the following issues.

### **Enhance the Housing Agreement**

***The Audit Report notes:*** “The Department of Housing needs to address several areas to correct the remaining internal control weaknesses.

***Response:*** The Memorandum of Agreement (MOA) with the DHCD was amended, approved, and executed by the DHCD and DMBE Directors on August 14, 2006 in the form of an amendment (See Appendix C, DMBE Policy No. 2006.12). The amendments to the MOA specifically address and correct the points mentioned by the Audit Report. The DMBE’s human resources functions have been transferred to the Department of Human Resource Management and the agreement for such transfer should formally occur by end of the 2<sup>nd</sup> quarter of fiscal year 2007(See Appendix C, DMBE Policy No. 2006.13). The fiscal functions for the agency were transferred to the Department of General Services effective November 20, 2006 (See Appendix

C, DMBE Policy No. 2006.14). This transfer was implemented to bring into alignment those services required and the Secretariat to which DMBE now belongs, i.e., Secretary of Administration pursuant to Executive Order No. 10 (2006). The new MOAs with DHRM and DGS address and implement all of the recommendations made by the APA in its FY 2006 Audit of the agency.

**The Audit Report notes:** “The current agreement indicates that Housing will update the Department’s accounting policies and procedures; however, Housing has not completed this task.”

**Response:** The accounting policies (10 policies and four forms) and procedures were updated by DMBE and were provided to DHCD on August 8, 2006. The final copies are attached (See Appendix C).

**The Audit Report notes:** “Further, the Department should develop policies regarding discretionary promotional expenses, have them approved by the Secretary of Administration, and provide them to Housing to ensure they have appropriate guidance for exercising oversight over expenses.”

**Response:** DMBE developed a new policy regarding discretionary promotional expenses and a copy is attached (See Appendix C, DMBE Policy No. 2006.10). The policy was developed by the Director of DMBE on July 17, 2006. The policy was provided to DHCD on August 8, 2006.

**The Audit Report notes:** “The current agreement indicates that Housing will “provide procurement services, as may be requested” by the Department.

**Response:** The MOA with DHCD was amended and implemented to reflect this recommendation. DMBE management communicated the changes at its July 13, 2006 DMBE staff meeting and that notice was followed up by a Memorandum from the Director to the staff. The effective date of the change was July 21, 2006. The new DMBE Business Manager is responsible for procurement transactions.

**The Audit Report notes:** “Several employees at the Department continue to have access to process transactions in the Commonwealth Accounting and Reporting System. As Housing is now responsible for processing all transactions in the system, the Department of Housing should change this access to prevent unauthorized transactions from occurring.”

**Response:** DMBE hired the Business Manager on June 20, 2006, who now has responsibility for processing CARS transactions. The System was “cleared” of all former employee access and updated on May 25, 2006.



## Update Memorandum of Understanding with the Department of Transportation

**The Audit Report notes:** “During our last audit, we recommended the Department of Transportation update the agreement to address funding and appropriate activities.”

**Response:** DMBE provided a document to the Virginia Department of Transportation regarding the revision of the Interagency Agreement between the parties. The DMBE draft was issued to VDOT in August 2006. The draft reflected, among other things, changes in the relationship between the parties as a result of the federally mandated Uniform Certification Program and the manner in which DMBE now receives funds from the Transportation Trust Fund.

## Improve Controls over Cell Phone Usage

**The Audit Report notes:** “We continue to recommend the Department improve controls surrounding cell phone usage.”

**Response:** The policy outlining the use of state Blackberries/cellular telephones was revised to reflect this point (See Appendix C, DMBE Policy 2006.1).

### 3. DMBE Employee Issues

*General Assembly Report Language requests:* “[T]he status of hiring, training, and retaining Department employees to ensure consistent delivery of high quality services.”

DMBE’s authorized employment level is 29 full time employees. For the fiscal year ending on June 30, 2006, DMBE had a 27.78 percent employee turnover rate.

Recent new hires include:

- Business Manager—June 2006.
- Two Field Engineers I—July 2006;
- Two Administrative and Office Specialists II—May 2006 and June 2006;
- Two Procurement Advocates—July 2006;
- Assistant to the Director – October 2006

In addition to hiring qualified, capable staff, employees of DMBE also took part in the following staff development activities:

- July 14, 2006: Business Organizations 101 (11 employees)
- August 14, 2006: Methods of Procurement (3 employees)
- August 24, 2006: Human Resources training provided by Tracy Smithers, DHCD HR Manager to (5 employees, Leadership Team) on EWPs, Probationary Employee Forms, DHRM Leave Policies.
- August 25, 2006: Myers-Briggs Assessment; Adjusting to Organizational Change; “Who Moved My Cheese” Full Day Workshop (19 employees)



- August 25, 2006: IRS Workshop on Interpreting Corporate Tax Forms (15 employees)
- September 13 and 20, 2006: Disadvantaged Business Enterprise Program Training by US Department of Transportation (9 employees registered)
- September 14, 2006: APSPM Review by the Department of General Services (4 employees registered)
- October 17-19, 2006: VCA Certification Program Classes for Procurement Advocates (2 employees registered)
- October 23, 2006: DPOR's Construction Licensing Board on Contractor Licensing (15 employees)
- October 26, 2006: VCA Exam for Procurement Advocates (2 employees registered)
- September 25, 2006: Director attended the Virginia Executive Institute
- November 8, 2006: Administrative Law Conference by the Virginia Bar Association (1 employee)
- November 30, 2006: CommonHealth presentation on Stress (23 employees)

#### 4. Improving Access

*General Assembly Report Language requests:* “[A]n inventory of specific actions or activities implemented by the Department to improve minority-owned businesses’ access to the Department’s resources.”

##### Outreach

- DMBE, in collaboration with DBA, DGS, DHRM and many other state agencies and educational institutions, participated in numerous conferences, presentations, and meetings with colleges, universities, state agencies, and local officials. Those activities have taken place across the state, from Blacksburg to Northern Virginia to Hampton Roads. A breakdown of these activities follows:
  - Presentations made: 268
  - Participation in other agency/organization conferences: 18
  - Meetings with colleges and universities: 102
  - Meetings with state agencies and authorities: 551
  - Meetings with local officials: 10
  - Other organizational outreach: 68
- The Department successfully implemented and opened the Hampton Roads Bureau of the Department of Minority Business Enterprise.

### **Certification**

- The Department streamlined the SWaM certification process, reducing the paperwork required of applicants.
- The Department signed a Reciprocity Agreement with the Virginia Minority Supplier Development Council (VMSDC) making it easier for VMSDC vendors to receive state certification.

### **Executive Order #33**

DMBE assisted the Governor's Office in developing Executive Order #33, in collaboration with the Office of the Secretary of Administration and a number of state agencies.

### **Technology**

- VITA and DMBE have worked together and have completed a comprehensive review of DMBE's technological systems including telephones, computers, network connections, and email system. All systems have been or are undergoing upgrades. Additionally, the DMBE's independent server for its computer operations will be merged onto VITA's server for security and capacity purposes.
- DMBE undertook a short-term enhancement of the functionality of the SWaM database, making it easier for buyers inside and outside state government to access information on certified SWaMs. Longer-term database enhancements are underway and will be complete in early 2007.
- DMBE is also adopting the shared e-mail service on the VITA server to obtain more efficient and secured platforms, and the control of software licenses and updates, which will be implemented by January 2007.
- The DMBE website has been redesigned to meet state requirements, to provide additional functionality and to become more user friendly. The new website was launched in December 2006.

### **PACE Loan Guarantee Program**

The Code of Virginia mandates the creation of a Capital Access Fund for disadvantaged businesses and assigns management of the fund to DMBE and administration of the fund to the Virginia Small Business Financing Authority (VSBFA). DMBE's program, Providing Access to Capital for Entrepreneurs (PACE) is the result of legislation that created the fund.

Following a review of the PACE program, the decision was made to transfer the administration of the loan program to the Department of Business Assistance and retain the marketing component for the program at DMBE. DMBE and DBA are working together to recruit banks interested in using the guarantee provided by the PACE program to provide loans to Virginia's small and disadvantaged business community.

We believe the collaborative effort between the two departments will produce a more efficient and productive program that will be professionally managed and administered by the

DBA's Small Business Financing Authority. Transfer of the administration of the PACE Program was formally implemented between DBA and DMBE on October 23, 2006.

## 5. DMBE Customers

*General Assembly Report Language requests:* “[T]he number and type of customers served in fiscal year 2006.”

During FY 2006, DMBE provided service to over 35,000 customers. DMBE customers fall into the following categories:

- State agencies and authorities
- Colleges and Universities
- Minority-owned businesses
- Women-owned businesses
- Small businesses
- Disadvantaged Business Enterprises
- Federal agencies
- Local governments
- Private contractors
- Advocacy groups
- Media
- Other state governments, e.g., North Carolina

## 6. Job creation

*General Assembly Report Language requests:* “[T]he number of jobs created or retained in fiscal year 2006 attributable to the Department's efforts.”

Tracking job creation through supplier diversity programming is an elusive pursuit. The GAO concluded as much in the following statement:

“Almost none of the states and transit authorities responding to our survey have analyzed the impact of the DBE program on competition and the creation of jobs. Nor has USDOT conducted this type of analysis. According to USDOT officials and representatives from transportation associations, the DBE program does not create jobs; rather it shifts jobs to individuals who might not receive the jobs otherwise. As USDOT officials noted, USDOT-assisted contracts will be let regardless of the DBE program, and the program encourages greater racial and gender diversity within transportation contracting.”<sup>2</sup>

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<sup>2</sup> GAO-01-586, Disadvantaged Business Enterprises

The Department has developed an end of the year survey of SWaM vendors that have won state contracts to determine the number of jobs created/transferred as a result of the SWaM program. DMBE continues to look for a model or formula for calculating its jobs impact.

**7. Agency Goals in the Governor’s 2005 Budget Document**

*General Assembly Report Language requests:* “[A]n analysis of the Department’s success in meeting the four agency goals articulated in the Governor’s Biennial Executive Budget Document released in December 2005.”

The DMBE goals set forth in the 2005 budget document were developed by the previous agency administration. Those measures and the Department’s performance against them follow.

**Budget Objective #1:** “Produce quarterly small, women, and minority-business (SWaM) reports for use by the Cabinet and Governor.”

Ninety-nine point eight percent (99.8%) of the 140-plus agencies/institutions submitted SWaM Plans. For 2007, DMBE has now added the step of assessing them for comprehensiveness and their potential for success.

In addition, DMBE provides SWaM utilization reports, by Secretariat and agency, to the Governor and the Cabinet on a quarterly basis. Those utilization reports are subsequently posted on the DMBE website.

Key Performance Measure(s)	Measure Baseline(s)	2006 Actual	2007 Measure Targets(s)
Percentage of executive branch agencies filing SWaM plans and quarterly reports.	100% Executive Branch agencies participation	*99.8% compliance	100% of Executive Branch agencies reporting complying

**Budget Objective #2:** “Provide assistance to certified small, women, and minority-owned businesses.”

DMBE provides assistance to the community of small, women and minority-owned businesses through a number of vehicles in a number of venues. These vehicles include conferences, workshops, access to our web-based resources, one-on-one and group technical assistance and walk-in visits.

Key Performance Measure(s)	Measure Baseline(s)	2006 Actual	2007 Measure Targets(s)
Number of businesses assisted	Number of firms assisted in FY 2005 34,000 firms	35,000	37,000 firms (projected)

**Budget Objective #3:** “To ensure that resources are used efficiently and programs are managed effectively, and in a manner consistent with applicable state and federal requirements.”

In addition to addressing all outstanding audit concerns, DMBE has achieved a number of cost savings involving cell phone plans, redundant phone lines and services, the creative use of technology, the handling of outgoing mail, and the manner in which the agency’s fiscal and human resource management functions are managed. More cost savings are planned for FY07. The Department is also implementing a series of recommendations resulting from a 2006 Department of Planning and Budget Best Management Practices Study of DMBE.

Key Performance Measure(s)	Measure Baseline(s)	2006 Actual	2007 Measure Targets(s)
Percent of Governor's Management scorecard categories marked as meets expectations for the agency	The FY 2005 percentage calculated based on the agency scorecard: 60%	DMBE addressed all outstanding audit concerns, put in place new programs to train personnel and reduce turnover.	100%

**Budget Objective #4:** “To provide state certification to minority-owned, women-owned, small and disadvantaged business enterprises in order to increase their opportunities to do business with the state.”

DMBE will increase the number of certified SWaM businesses by streamlining the certification process, signing certification reciprocity agreements, inviting all non-certified eVA registered agencies to become SWaM certified and using third party data to identify the population of businesses in Virginia that are qualified to be certified as SWaM businesses.

<b>Key Performance Measure(s)</b>	<b>Measure Baseline(s)</b>	<b>2006 Actual</b>	<b>2007 Measure Targets(s)</b>
Number of certified businesses	The number of certified firms at the end of FY 2005 was 4,769.	6,669	9,000 certified SWaMs.

**Budget Objective #5:** “To provide means for individuals with diminished capital and credit opportunities to compete in a competitive market area.”

Following a review of the PACE program, the decision was made to transfer the administration of the loan program to the Department of Business Assistance and retain the marketing component for the program. DMBE and DBA are working together to recruit banks interested in using the guarantee provided by the PACE program to provide loans to Virginia’s small and disadvantaged business community.

<b>Key Performance Measure(s)</b>	<b>Measure Baseline(s)</b>	<b>2006 Actual</b>	<b>2007 Measure Targets(s)</b>
Total number of new loans	One loan achieved in FY 2005	0	The move of the loan program to DBA is expected to significantly improve the effectiveness of the program with a minimum of 6 new loans projected.



## **APPENDICES**

**A - Abbreviated Synopsis of DMBE Events**

**B - DMBE Employee Turnover Statistics**

**C - DMBE Policies & Forms**

## Appendix A

### Abbreviated synopsis of DMBE events<sup>3</sup>

Summer '02	Executive Order 29 established equal opportunity in state procurement — agencies submit plan to facilitate participation of small businesses, women and minority owned businesses in state purchasing programs. Model Plan developed and procurement champion designated by each agency.
Fall '02	Executive Order 35 established Governor's Advisory Commission on Minority Businesses; report due by March 31, 2003.
Winter '03	Senate Joint Resolution 359 approved requesting disparity study to determine minority-owned businesses participation in state procurement.
Fall '03	Advisory Commission on Minority Business report lists 22 recommendations, including completion of the disparity study and consolidation of state certification programs.
Winter '04	MGT of America, Inc. releases <u>The Disparity Study of the Commonwealth</u> with issues and recommendations. Administration directs the Multi-Secretarial Task Force to develop a program to address the critical issues of the disparity study within 120 days.
Winter '04	Multi-Secretarial Task Force's report on the disparity study is presented and approved. Commonwealth's Remediation Plan is released to agencies and institutions directing improvement and establishing an aspirational goal of 40 percent in participation level of small, women, and minority-owned businesses in state procurement. Directs individual agency development of SWaM purchasing programs. The Department of Business Assistance (DBA) transfers Women-Owned Certification Program to DMBE. Revisions to agency Procurement and Surplus Property Manual issued with guidance for developing and implementing SWaM purchasing plans.
Spring '04	General Assembly approves HB1145 authorizing remedial programs when a rational basis exists for small business enhancement or an analysis that documents a statistically significant disparity between availability and utilization of women and minority-owned businesses.
Fall '04	Agencies and institutions given the ability to set aside up to 30 percent of its discretionary dollars as a tool in meeting SWaM goals. Removal of self-certification business designations from the eVA system along with the requirement that SWaM quarterly reports is based on agency use of DMBE certified businesses. VDOT's Disadvantaged Businesses Enterprise certification program transferred to DMBE. Revisions to Construction and Professional Service Manual, Agency Procurement Manual, and SWaM definitions.
Winter '05	Legal advice on constitutionality of preferences and set-asides for businesses

<sup>3</sup> DMBE Website, [www.DMBE.Virginia.gov](http://www.DMBE.Virginia.gov)

	owned by racial minorities places set-asides on hold.
Spring '05	DMBE unveils on-line certification service.
Fall '05	Executive Order 103 signed outlining continuing efforts and new initiatives for SWaM participation in state procurement.
Winter '06	Transfer of DMBE from Secretary of Commerce & Trade to Secretary of Administration
Spring '06	House Bill 122 authorized the Virginia Department of Minority Business Enterprise to certify small, women and minority-owned businesses, while developing remedial and enhancement programs to improve the Commonwealth's performance.
Summer '06	Hampton Roads DMBE bureau established at no cost to the Commonwealth as a pilot program to offer enhanced services to customers in that region
Spring '06	DMBE reorganized to meet the mandates established in HB 122 and the Code of Virginia under Section 2.2-1400.
Spring-Summer '06	DMBE addresses audit points articulated in 2006 APA audit
Summer '06	FY06 SWaM participation numbers show an increase in spending with women and minority owned businesses.
Summer '06	Governor Kaine signs EO #33 that includes directives that are designed to remove potential structural impediments to SWaM participation and to encourage new thinking and active recruitment programs that will lead to increased SWaM participation in the procurement of goods and services, including among subcontractors.
Summer-Fall-Winter '06	Series of SWaM program training sessions for Secretaries, agency heads, vendors and buyers implemented
Fall '06	DMBE signs the first of several planned Certification Reciprocity Agreements making it possible for Virginia's certified SWaM vendors to participate in other public and private sector supplier diversity programs.
Fall '06	DMBE fiscal and HR services transferred to the Administration Secretariat from the Commerce and Trade Secretariat.
Fall '06	Phase 1 of the DMBE Database Enhancement Project completed, resulting in a SWaM vendor database with greater searchability and functionality. Phase 2 of the Enhancement Project scheduled for completion in March 2007.
Fall '06	SWaM certification application program significantly streamlined; additional streamlining planned for Winter '07.
Fall '06	First Quarter FY07 SWaM participation numbers show an increase over FY06 participation numbers.

Fall '06	Final approval received on the Uniform Certification Program, establishing DMBE and the Metropolitan Washington Airport Authority as the Commonwealth's official certification entities for the Federal Transportation's Disadvantaged Business Enterprise program.
Winter '06	DMBE website overhauled to provide for enhancement of the database and ease of use by all DMBE customers.
Jan-Dec '06	Conducted 13 staff development activities

## Appendix B

### DMBE Employee Turnover Statistics

The following table shows the severity of the employee turnover with a high of 42.11 percent in fiscal year 2004<sup>4</sup>. Employee turnover is expensive to the agency through the costs associated with recruiting and with training new employees. The agency's high turnover rate also creates a loss of institutional knowledge and severely limits the efficiency and the effectiveness of agency operations and directly impacts customer service capabilities.

Turnover in FY06 is attributable to job searches initiated in FY04 and FY05 that resulted in job offers in FY06. It will be much lower in FY07.

<b>Fiscal Year</b>	<b>Percent</b>
FY01	5.14%
FY02	11.43%
FY03	29.64%
FY04	42.11%
FY05	8.00%
FY06	27.78%

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<sup>4</sup> Department of Human Resource Management

## **Appendix C – DMBE Policies & Forms**

DMBE Policy Number 2006.01

Revised July 2006

### **VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE USE OF STATE BLACKBERRY/CELLULAR TELEPHONE**

#### *OBJECTIVE*

To establish a uniform agency procedure for the use of state cellular telephones.

#### **EMPLOYEES TO WHOM POLICY APPLIES**

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees, as well as appointed employees.

#### **APPROPRIATE USE OF CELLULAR TELEPHONES**

1. State cellular telephones are provided for official business use only. (Under special limited situations personal usage may be permissible)
2. Each assigned cellular telephone has an allotted amount of plan minutes per month. It is the employee's responsibility to be prepared to justify all business calls. Should that allotment be exceeded, all monthly minutes must be justified. Employees are not to exceed their monthly allotment without prior written approval from the employee's supervisor and agency director.
3. Cellular telephones are to be used during normal work hours. In the event significant after hour/weekend usage is necessary, the employee must request approval from his/her supervisor.
4. All phone calls made or received more than one hour before or after normal working hours will be presumed to be personal in nature. (The converse is not true).
5. Excessive use of state's resources and misuse of work-time are violations of the Standards of Conduct. Unauthorized or improper use of the state's telephone system or equipment is subject to the appropriate corrective action as defined in the Standards of Conduct and Performance Policy. (Employees assigned cellular telephones will review monthly the agency's cellular phone bill, identify personal calls and reimburse the agency immediately).
6. If the monthly plan minute allotment is exceeded, the employee is required to clearly demonstrate that all monthly telephone usage was necessary in the routine conduct of state business, and that prior director approval was received.



7. Each cellular telephone user shall sign a Certification of Personal Wireless Calls Made Utilizing State Equipment Form. The cell phone user's supervisor shall review the telephone bill and form prior to signing the form. The Director or Deputy Director shall review the telephone bill and form of the supervisor prior to signing the form.
8. The attached Certification of Personal Wireless Calls Made Utilizing State Equipment Form shall be returned to the Business Manager within 12 working days of the form being sent out.

Approved by: \_\_\_\_\_

Date 7/17/2006

Stacy L Burrs, Director

**CERTIFICATION OF PERSONAL WIRELESS CALLS MADE UTILIZING STATE EQUIPMENT FORM**

DMBE Policy No. 2006.01

DEPARTMENT:

DATE:

SUSPENSE DATE:

NAME OF EMPLOYEE:

WIRELESS NUMBER:

In accordance with Policy Number DMBE 2006.01 Use of State Blackberry/Cellular Telephone, I have reviewed the Agency's Telephone Bill for the month of \_\_\_\_\_, year \_\_\_\_\_. The following certification indicated by my signature will apply:

**I CERTIFY THAT ALL OF THESE WIRELESS CALLS ARE BUSINESS RELATED.** (If the monthly minute allotment is exceeded, the user is required to justify all minutes. Provide justification on a separate sheet.)

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

\_\_\_\_\_  
**REVIEWED BY**

\_\_\_\_\_  
**DATE**

I HAVE ATTACHED A CHECK FOR ALL MY PERSONAL CALLS IN THE AMOUNT OF \_\_\_\_\_. (Indicate on the printout which calls are personal and the amounts the payment covers.) THE REMAINING CALLS ARE BUSINESS RELATED.

\_\_\_\_\_  
**SIGNATURE**

\_\_\_\_\_  
**DATE**

DMBE Policy Number 2006.02

Revised July 2006

VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
POLICIES AND PROCEDURES

**FIXED ASSETS**

***OBJECTIVE***

To provide guidance for the use and purchase of fixed assets.

**EMPLOYEES TO WHOM POLICY APPLIES**

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees, as well as appointed employees.

**POLICY**

The term “fixed assets” relates to a major asset category used for financial reporting by the State and by each agency. The expenditures for fixed assets are capitalized or controlled through the State’s automated Fixed Asset Accounting and Control System (FAACS).

The use of FAACS is mandatory for items, which meet the State’s capitalization criteria. FAACS must also be used to control other tangible property not being capitalized.

The Department of Minority Business Enterprise (DMBE) follows the Comptroller’s guidelines for capitalizing fixed assets and for controlling expenditures of significant value. These DMBE policies, data collection, recording, and reporting requirements ensure compliance with the Comptroller’s property management directives.

The Fixed Asset Accounting and Control System (FAACS) Manual provides detailed instruction on property classifying and recording fixed assets in FAACS.

***Policy Requirements***

- All property categorized as a “fixed asset” which falls within the Comptroller’s definition of controllable or capitalizable will be entered in the State’s automated FAACS.
- The recordation in FAACS will be supplemented by DMBE control mechanisms described below.
- Expenditures recorded in the Commonwealth Accounting and Reporting System (CARS) as a fixed asset will be compared to fixed asset entries in FAACS on a regular basis by the Accounting Manager to ensure the accuracy of data in each system.
- The DMBE Business Manager, i.e., FAACS Coordinator, is responsible for DMBE property management. The Coordinator in conjunction with the Director or his designee, will ensure that

state property declared as “surplus” or available for shared use, is properly screened for acquisition by DMBE.

- The DMBE FAACS Coordinator will review all monthly CARS reports to ensure that all potential fixed assets are researched and supporting purchase orders and invoices are attached to the potential fixed asset report. The FAACS Coordinator will prepare all documentation required for entering item into FAACS.

### ***Assignment of Tag Numbers***

The program manager who acquired the fixed asset will be identified in FAACS as the “responsible person.” The Division of the responsible person is a part of the descriptive data recorded in FAACS.

Each fixed asset item costing \$100 or more will be assigned a DMBE inventory control tag number. The tag number is the primary control number in FAACS.

The FAACS Coordinator will ensure that the physical tags are securely attached to the equipment as identified.

### ***Inventory Control***

Physical inventories must be conducted every two years using reports from FAACS. The inventory report lists items in numeric tag identification sequence. The FAACS Coordinator and Program Managers are responsible for ensuring that physical inventories are performed.

Equipment located off-site must be controlled by the responsible person or Division Team Leader. The description of the equipment and tag number of each item transferred to an outside facility must be maintained. Notify the FAACS Coordinator of any permanent or temporary relocation of equipment.

Example: A DMBE laptop computer is assigned to either an independent consultant or field representative. The program manager must maintain written records of this assignment and ensure the return of the fixed asset to DMBE. A copy of the written record will be provided to the Human Resources Officer and FAACS Coordinator.

### ***Maintenance of FAACS Records***

The FAACS Coordinator is responsible for maintaining current information in FAACS. The Coordinator is also responsible for reconciliation of information in CARS (expenditures processed for payment) with information recorded in FAACS.

Each week, an ACTR 0462, Potential Fixed Asset Report, is created from CARS for all expenditure transactions assigned to a specific series of sub-object codes. The comparison of this report to the information posted to FAACS is another means of internal control.

A fixed asset file will be maintained by the FAACS Coordinator which will contain a copy of the ACTR 0462 report with a copy of the purchase requisition, purchase order, invoice and agency transaction voucher for payment for those items identified as fixed assets. The FAACS Coordinator will note on the ACTR 0462 report those items, which have been entered in FAACS. Evidence of this reconciliation process will be maintained for future audit.

A weekly ACTR 0463 report, Potential Fixed Assets – Selected Items, lists only those items included on the ACTR 0462 report, which meets or exceeds the controllable amount of \$5,000.

The FAACS Coordinator will provide FAACS descriptive data or an explanation of exceptions on the face of the report and return the report to the State Comptroller as required.

Changes noted as a result of a physical inventory or due to loss or damage must be entered in FAACS as soon as possible to ensure compliance with State mandates and to ensure that the value of fixed assets is properly reported in financial statements.

APPROVED: \_\_\_\_\_ 7/17/06

Stacy L. Burrs, Director      Date:

Virginia Department of Minority Business Enterprise  
Procurement and Supply Control Procedures

**OBJECTIVE**

To streamline our internal procurement process and ensure compliance with the guidelines contained in the *Agency Procurement and Surplus Property Manual* issued by the Department of General Services and the policies and regulations of the Commonwealth, the following internal procurement policies and procedures have been established.

**PURCHASING**

1. All purchase requests are to be e-mailed to the Business Manager with the purchase details (vendor, item description, quantity, lead time, etc).
2. The Business Manager will review all requests and enter all purchase requisitions in eVA. Routine purchases (office supplies, copy paper, toner, etc) will be entered in eVA & the Director or Deputy Director will approve any non-routine/special requests before entering in eVA.
3. The Director will be the approver in eVA with the Deputy Director serving as a backup approver.
4. The Business Manager will receive all items, perform receiving responsibilities & deliver items to the requestor(s). Tonia Darrisaw will serve as the Business Manager's backup for receiving.

**SUPPLY CONTROL**

1. All items purchased will be received by the Business Manager and documented.
2. Everyday items stocked in the supply closet will be placed in the locked cabinet. *Staff can request the key from the Business Manager. In the absence of the Business Manager, staff can request the key from the Executive Assistant or the Deputy Director.*
3. Staff should monitor stock of daily supplies and request items be replenished to the Business Manager before the supply is depleted.
4. The Business Manager will maintain the inventory of equipment, software, etc. and ensure inventory tags are placed on required items and tag numbers reported to DHCD.

APPROVED: \_\_\_\_\_

Stacy L. Burrs, Director

7/17/06

Date



DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
POLICIES AND PROCEDURES

EXPENDITURES

**OBJECTIVE**

To provide for the expenditures of funds allotted by the General Assembly to the Department's budget and operating plan.

**POLICY: Appropriations**

The General Assembly, through the Appropriations Act, authorizes funds for specific State agency programs. "...None of the monies mentioned in this act, shall be expended for any other purpose...Deficits may only be authorized by the Governor if he determines that an emergency exists."

The Department of Minority Business Enterprise (DMBE) is allotted the approved appropriation amount on July 1. Expenditures may only be charged to the program codes and fund codes for which there are allotments. The DMBE uses the Commonwealth's Account and Reporting System (CARS), for accounting and reporting. Payment transactions are processed and transmitted to the Department of Housing and Community Development for processing in CARS. Monthly and other periodical reports are produced by CARS and are provided for use by DMBE Business Manager for reconciliation purposes.

**DMBE Operating Plans**

The total funds allotted to DMBE for the various programs are broken out into department operating budgets. Budgets or Expenditure Operating Plans are coded with a five-digit accounting code called a program code.

- Team Leaders are responsible for ensuring that the funds available under their respective program codes are properly spent.
- Team Leaders have authority for authorizing purchases to accomplish the program objectives, and for authorizing payments submitted by vendors who provided the goods or services.
- Team Leaders may not spend or commit more than the amount appropriated without prior written approval from the Director or Deputy Director. Automated financial reports are provided to each Team Leader, which give details on all expenditures processed during the period and year to date. Team Leaders are responsible for reconciliation of monthly expenditures and reporting any discrepancies to the Business Manager within 30 days.

- Each biennium, or more often as required, Team Leaders will submit budget requests or adjustments to the Business Manager for submission to the Director. The Business Manager will prepare all final budget packages for submission to the Department of Planning and Budget (DPB). The budget requests will be in the format required by DPB.

### Type of Expenditures

There are four general categories of expenditures:

- a. **Expenditures** – payment of vendors’ invoices submitted for goods received or services rendered.
- b. **Petty Cash Reimbursements** – payment of cash to reimburse employees for small purchases of goods or services of a non-recurring nature when delayed payments are not feasible (the DMBE does not currently maintain a petty cash account at this time).
- c. **Travel Reimbursements** – reimbursement to employees or persons doing business on behalf of the DMBE for travel-related business expenses.
- d. **Small Purchase Charge Card Program** – payment to Master Card for the purchase of goods or services incurred by division cardholders (DMBE does not currently utilize the Small Purchase Charge Card).

## **II. APPROVAL AUTHORIZATION**

DMBE Managers are authorized to approve the purchase of goods or services as specified on the Signature Authorization Form.

- A Signature Authorization Form on file in the Business Manager’s Office contains the signatures of those persons designated to authorize procurements, receiving, small purchase charge card usage, travel reimbursements and expenditure approvals, by programs. It is the responsibility of the program managers to insure the accuracy of the signature authorization form on file and to submit an updated form when necessary.

The Director and/or Deputy Director of DMBE are authorized to approve procurements and expenditures for all programs within the agency.

## **III. POLICY REQUIREMENTS**

DMBE will follow State and Federal legislation and regulations to ensure that all State and Federal funds are expended properly.

- All DMBE program managers will participate in the development of budget requests following DPB requirements.
- All funds allotted to the DMBE will be spent in accordance with the intent and purpose of the General Assembly.
- Prior approvals by the DMBE program managers to be given for all procurement and travel expenditures to be charged to the programs and funds.

- Federal Taxpayer Identification Numbers (FIN) must be obtained from all vendors using a Substitute W-9 Form. All requests for payment must include the appropriate vendor FIN.
- A completed Accounting Transmittal Voucher (ATV) will be submitted to the Business Manager's Office immediately upon receipt of goods or services, or the invoice, (whichever is received later) so that payments may be processed in accordance with the Prompt Payment Act. Divisions will date stamp all invoices upon receipt and forward the ATV with appropriate evidence of receipt within 5 working days.
- Deficit spending by a program manager is only permissible with prior written approval from the DMBE Chief Deputy Director or his designee.

#### **IV. EXPENDITURE DOCUMENTS**

##### Evidence of Receipt

Original invoices submitted for payment must be accompanied by evidence of receipt by a DMBE employee for the goods or services ordered.

- Packing lists are often included with materials, equipment, and supplies. Check packages to be sure the quantities and items described on the packing lists have been received and are the same as the items ordered.
- The signature of an authorized person gives evidence of a service having been provided. Some evidence of the deliverables such as a report provided or agenda for a class conducted by the vendor should also be attached, if practical.
- The essential elements of a receiving report as noted in the CAPP Manual, Section 20305, Page 3, are as follows:
  - a. Date received
  - b. Date receiving report was completed
  - c. Vendor name
  - d. Purchase order or requisition number, if applicable
  - e. Quantity and description of items received
  - f. Authorized signature verifying that the items were received in good condition

##### Procurement Documentation

- Upon submission of the final invoice, procurement documents must be attached.

##### Vendor Invoices

- Vendor invoices are to be submitted to the Business Manager for payment within 5 workdays, with evidence of receipt and properly authorized procurement. Partial payment of a vendor invoice is permitted. The invoices should include the following:
  - a. The contract number or purchase order number

- b. Detailed description of the goods or services rendered
- c. Payment terms – if discounts are offered, every effort should be taken to process the payment in the time allotted

### **Small Purchase Corporate Charge Card (Master Card)**

Each Small Purchase Corporate Charge (SPCC) cardholder has been included on the Signature Authorization Form with the designated programs to which they are authorized to charge expenditures.

Each SPCC cardholder will maintain a monthly Master Card Purchasing Log (See Exhibit A). This log shall contain the following information:

- a. Agency name
- b. Division
- c. Cardholders name and signature
- d. Account number
- e. Statement date
- f. Date of purchase
- g. Vendor name
- h. Description of purchase
- i. Amount of purchase
- j. Charge codes to include the sub-object code, cost center, project code if applicable
- k. Authorized signature to expend funds
- l. Date of authorization

The full amount of the monthly charge card statement must be paid. Disputed amounts and credits will appear on subsequent statements. Monthly statements must not be reduced by unapplied credits.

The Master Card payment requirements are as follows:

- Each month the cardholder will receive a monthly charge card statement that should be compared to the Master Card Purchasing Log to verify that purchases and/or returns are accurately listed on the statement.
- All documentation pertaining to purchases and/or returns must be matched with the charge card statement.
- Discrepancies should be noted on the Master Card Purchasing Log for subsequent resolutions and the cardholder should maintain a copy of the log.

- The charge card statement and approved Master Card Purchasing Log, with all back up documentation, must be submitted to the Business Manager within 10 work days of receipt of the monthly statement.
- The Business Manager will receive a Monthly Summary of Accounts, which is a consolidated bill of all Master Card SPCC charges, by all Master Card cardholders for the monthly billing cycle noted on the summary.
- All approved Master Card Purchasing Logs, cardholder statements and back up documentation will be attached to the monthly summary and the payment will be processed with the established due date being the 17<sup>th</sup> of the month following the end of the billing cycle.

#### DMBE Accounting Transmittal Form

This form (See Exhibit B) is used to transmit all payment requests to the Business Manager, with the exception of the Master Card SPCC and Travel Reimbursement vouchers.

- Vendor Information – if the vendor exists on the DMBE vendor master file, only enter the vendor number. The vendor listing can be accessed through CARS.
- Receiving Information – This portion of the transmittal form should be completed by someone other than the person authorizing the payment. Enter the date the services were rendered or the goods received and sign the form. Indicate if the invoice is being submitted for a partial or complete order.
- Expenditure Coding – The transmittal form includes only those coding fields required to ensure that the expenditure is properly charged. Program managers must ensure that the appropriate fields are completed.
- Required Documentation – Attach all original invoices, purchase requests, purchase orders, receiving reports, packing slips, contracts and any other supporting documentation.

#### Expenditure Codes

Program managers are required to enter expenditure codes to ensure that payments are properly charged to the programs and activities within the automated accounting systems. The Accounting Department is responsible for keying the expenditure codes provided by the cost code manager and other CARS required information.

- Provided by DMBE Business Manager:
  - a. Transaction Codes (Trans Codes) – This three-digit code will be entered by the DMBE Business Manager.
  - b. Subprogram Codes – A five-digit code representing the Appropriation Act authority enacted by the General Assembly. Program managers should enter this code so the Business Manager can verify the program codes set up within the DMBE cost codes

- (operating plan codes) in CARS. This code is provided automatically when the cost code is entered.
- c. Due Date – the due date (month, day, year) is derived from the date stamp on the invoice or the date of receipt of the goods or services, whichever is the later.
- Provided by Team Leaders:
    - a. Amount – Must enter the amount to be charged to the line of coding provided.
    - b. Agency Reference – Up to nine numeric characters may be entered to track grants, contracts, purchase orders, etc. This field is optional.
    - c. Invoice Date – Enter the date of the invoice as Month, Day, Year (MM-DD-YR).
    - d. Invoice Number – There are twelve spaces provided for the vendor's invoice number. This can be alpha or numeric, or a combination of both program managers are required to enter this number, which appears on the check stub, and will provide the information needed by the vendor to identify the payment. It also serves as an audit trail in the event the DMBE needs to research payment information.
    - e. Description – A description must be provided within the twenty-two position field. This field, along with the invoice Date and Invoice Number, will appear on the vendor's check stub.
    - f. Fund Detail Codes – Four-digit code associated with each program.
    - g. Sub object Codes – Four-digit code which specifically describes the type of expenditure. Program managers must enter this code. Refer to the Sub object Code Listing, which is available from the Business Manager.
    - h. Project Codes – These nine digit codes are used to track projects across DMBE department organization lines. The DMBE Business Manager will establish new project codes, and will send the updated codes to the Department of Housing and Community Development for updating the CARS table.
    - i. Cost Code – A three-digit code describing the operating unit within the DMBE.

### **Records Retention**

Upon receipt of the required documentation and the original vendor invoice, the DMBE Business Manager will audit the payment request for accuracy and completeness, assign a voucher number, batch the vouchers, and send to the Department of Housing and Community Development for processing in CARS for payment.

The batches will be maintained by the Business Manager in accordance with the General Records Retention and Disposition Schedules for State Agencies, as published by The Library of Virginia.



**V. SALES AND USE TAX EXEMPTION**

State agencies are not required to pay state sales tax assessed by vendors, with the exception of lodging and meals. Divisions should provide each vendor with a copy of the Sales and Use Tax Exemption Certificate (Form ST-12). Cross through any sales tax that may have been added to an invoice prior to submission to the Business Manager.

**VI. PROMPT PAYMENT ACT**

The Virginia Prompt Payment Act, Section 11-62, Code of Virginia, requires that bills be paid within 30 days of receipt of goods or services or the vendor's invoice, whichever is received later. Promptly submit all required payment and procurement documentation to the DMBE Business Manager to ensure agency compliance with this Act. If there is a dispute over the vendor invoice or some other reason for delay in paying an invoice, consult the DMBE Deputy Director or Business Manager immediately. Documentation as to why the invoice is in dispute must accompany the invoice being submitted to Fiscal for payment.

**CONTACTS**

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APPROVED: \_\_\_\_\_ 7/17/06  
Stacy L. Burrs, Director Date



VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
POLICY AND PROCEDURES  
**PARKING POLICY**

*OBJECTIVE*

It is the desire of the Department of Minority Business Enterprise (DMBE) to provide subsidized parking to all employees; however, a limited number of parking spaces have been assigned to the agency, which will be allocated on the following basis:

1. Priority for permanent parking will be given to full-time classified and appointed positions of the DMBE, and state vehicles assigned to the DMBE.
2. The DMBE Business Manager will serve as the agency's Parking Coordinator and maintain a waiting list. Parking spaces will be assigned in the following priority:
  - (a.) State vehicles
  - (b.) Full-time classified positions and appointed positions
  - (c.) Employees described in Section 1 above who have previously declined parking
  - (d.) Wage, temporary and other part-time employees
3. Permanent parking will be offered to full-time employees as described in Section 1 during their initial employment, if available. Should parking be declined, the parking space will be assigned to employees on a waiting list.
4. Part-time, temporary and wage employees of the DMBE will be offered temporary parking, as available. Should temporary parking not be available, said employee may request to be placed on the waiting list.
5. If a full-time employee (as described in Section 1) has a change in transportation needs and has previously declined a parking space, said employee can submit a written request for a parking space to the Parking Coordinator. The Parking Coordinator will provide a 30-day notice of parking displacement to the least senior employee possessing a temporary parking pass. Seniority will be based on date of hire.
6. Should additional full-time positions or state vehicles be added to the DMBE, permanent parking will be reassigned to these positions and/or a vehicle from employees possessing temporary parking passes, if necessary. The displaced employee will be given notice by the Parking Coordinator of the impending displacement so that individual arrangements can be made for parking. Every effort will be made to give the employee adequate notice.

7. Parking fees will be collected from employees through payroll deduction based on the fee scale provided for employees at the Seat of Government. These fees are subject to change by the Department of Minority Business Enterprise as required.
8. A \$15.00 replacement fee will be charged for lost, stolen or unreturned parking access cards. No refunds will be made for the return of lost permits after a new permit has been issued. This fee is subject to change by the Department of General Services (DGS). A \$10.00 replacement fee will be charged for lost, stolen or unreturned parking access cards. This fee is subject to change by the Coliseum (Standard Parking Inc.). Broken parking permits are to be returned to DGS for replacement.
9. No parking space/access card assigned to a DMBE employee may be sublet, used, or transferred to other persons inside or outside the agency, unless otherwise approved in writing by the Director.
10. Employees will advise the Parking Coordinator of the vehicle(s) make, model and license number of the vehicle assigned the parking pass. The Parking Coordinator will provide this information to DGS. Employees will be subject to all rules and regulations governing the use of DGS parking facilities.
11. Non-compliance with this policy can result in forfeiture of all parking rights and privileges as determined by the Director.

#### **EMPLOYEES TO WHOM POLICY APPLIES**

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees, as well as appointed employees.

Approved: \_\_\_\_\_

Stacy Burrs, Director

7/17/06

Date

## **DEPARTMENT OF MINORITY BUSINESS ENTERPRISE**

### **USE OF STATE EQUIPMENT OR PROPERTY**

#### *OBJECTIVE*

To establish a uniform agency procedure for the use of state equipment and property.

#### **EMPLOYEES TO WHOM POLICY APPLIES**

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees, as well as appointed employees.

#### **POLICY FOR APPROPRIATE USE**

##### **A. General Equipment**

1. State equipment is to be used only for official business and may only be used outside the building when required for work assignments.
2. Employees are responsible for items issued to them by VDMBE. When using property, employees are expected to exercise care, and to follow all operating instructions and safety standards. VDMBE property must be returned by any employee leaving the agency on or before his/her last day of work. Employees may be asked to return property to the agency at other times, such as when physical inventory is conducted.

##### **B. Telephones**

1. Agency telephones are to be used for official business only.
  - a. Employees are not permitted to charge personal long distance calls to state telephones. Personal use of the state's resources and misuse of work-time are violations of the Standards of Conduct. Unauthorized or improper use of the state's telephone system is subject to the appropriate corrective action as defined in the Standards of Conduct and Performance Policy. (The Department of Minority Business Enterprise does allow employees to use state phones for long distance, personal calls when this is the only practical solution; however, all employees will regularly be asked to review the agency's phone bill, identify personal calls and reimburse the agency immediately.)
  - b. Employees are requested to restrict local personal calls to break time or lunch time. Personal calls at other times must be kept to a minimum in both number of calls and duration of calls.

- c. Each telephone user shall sign a Certification of Personal Long Distance Calls Made Utilizing State Equipment Form. The telephone user's supervisor shall review the telephone bill and form prior to signing the form. The Director or Deputy Director shall review the telephone bill and form of the supervisor prior to signing the form.
- d. The attached Certification Of Personal Long Distance Calls Made Utilizing State Equipment Form shall be returned to the Business Manager within 12 working days of the form being sent out.

C. Personal Computers

- 1. Personal computers (PCs) are to be used for official business only. PCs may only be used outside of the building subject to the guidelines state below.
  - a. Laptops. To accommodate work assignments that require the home or travel use of a computer, the agency may purchase laptop computers. The manager may request laptops for general agency usage; requests should go through the Director.
- 2. To obtain use of a laptop, the employee should contact the Director.
  - a. The employee must sign the sign-out log maintained by the Director.
  - b. The Director signs the log when the equipment is checked out, and when it is returned.
- 3. Laptops need to be readily available to agency employees, for purposes other than travel; laptops must be returned to the work site daily. When used for travel, laptops must be returned on the first day the employee returns to the work site.

NOTE: Several program areas have purchased additional laptops. Use of that equipment is subject to guidelines established by that program area.

D. Desk-Top Computers

- a. Desktop computers may be taken home only under unusual circumstances (i.e., lengthy special projects, approved work at home for medical reasons) for a specific purpose and indefinite period of time, subject to the approval of the Manager.
- b. By taking equipment out of the building, the employee is accepting full responsibility for the security and protection of the equipment. If the equipment is lost, stolen or damaged outside of normal use, the employee will be held responsible for replacement or repair. The employee is advised to contact his/her home insurer to determine if the equipment will be covered.

E. To Request a Desktop Computer for Home Use:

The employee completes the "Authorization for Use of Desktop Computer" form (name, item, purpose, period of use requested) and submits it to his/her Manager (see attached form).

- a. If the Supervisor approves the use, he/she discusses the request with the Agency Director. If the Director approves the use, both should sign the "Authorization" form.
- b. The employee should complete the second section of the "Authorization" form to acknowledge receipt of the equipment.
- c. The Director maintains the form on file.
- d. Desktop computers must be returned on or before the date indicated. Upon return:
  1. The Director verifies that equipment has been returned and signs the Authorization form.
  2. The employee is given a signed copy of the Authorization form as confirmation that equipment was returned.

AUTHORITY: Department of Human Resource Management's Policies and Procedures Manual, Policy No. 1.60, "Standards of Conduct and Performance."

Approved by: \_\_\_\_\_

Date: 7/17/06

Stacy L. Burrs, Director

DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
AGENCY #232

CERTIFICATION OF PERSONAL LONG DISTANCE CALLS MADE UTILIZING  
STATE EQUIPMENT

DEPARTMENT: \_\_\_\_\_

DATE: \_\_\_\_\_

SUSPENSE DATE: \_\_\_\_\_

NAME OF EMPLOYEE: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

In accordance with Policy Number DMBE 23– Use of State Equipment or Property, I have reviewed the Agency’s Telephone Bill for the month of \_\_\_\_\_, year \_\_\_\_\_. The following certification indicated by my signature will apply:

<b>I CERTIFY THAT ALL OF THESE LONG DISTANCE CALLS ARE BUSINESS RELATED.</b>	
_____	_____
<b>SIGNATURE</b>	<b>DATE</b>
_____	_____
<b>REVIEWED BY</b>	<b>DATE</b>
I HAVE ATTACHED A CHECK FOR ALL MY PERSONAL CALLS IN THE AMOUNT OF _____ . (Indicate on the printout which calls are personal and the amounts the payment covers.) THE REMAINING CALLS ARE BUSINESS RELATED	
_____	_____
<b>SIGNATURE</b>	<b>DATE</b>

DMBE Policy Number 2006.08

Revised July 2006

**VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
FLEXIBLE WORK SCHEDULE PROCEDURE**

***OBJECTIVE***

To provide guidance to employees about the Flexible Work Schedule program and their work hours.

***EMPLOYEES TO WHOM POLICY APPLIES***

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees.

**POLICY**

The Department of Minority Business Enterprise (DMBE) has a Flexible Work Schedule (FWS) program, which will allow it employee's flexibility in their scheduled work hours. The difference between the standard work hours and the flexible work schedule is the number of hours worked per day and/or week. This policy is voluntary and is in compliance with the Department of Personnel and Training Policy #1.11 and the Fair Labor Standards Act (FLSA).

DMBE is required to provide service to the public Monday through Friday during the hours of 8:00 a.m. to 5:00 p.m. All sections within this agency are expected to be operational and capable of servicing the public and performing duties during these core hours.

All managers will determine how the FWS will be implemented to best accommodate their sections' work schedule by ensuring adequate coverage at all times.

**ELIGIBILITY**

Exempt and Non-Exempt full-time classified employees will be eligible to participate in the FWS program. Certain employee's job responsibility may make them ineligible for an FWS.

It will be the responsibility of the Manager to determine which positions are ineligible for the FWS. Final approval of a position considered ineligible will be determined by the Director or his/her designee.

**FLEXIBLE WORK SCHEDULE OPTIONS**

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OPTION I	◆ Four ten-hour work days and one day off each week
OPTION II	◆ Four nine-hour work days and ½ day off each week
OPTION III	◆ Eight nine-hour work days, one eight hour work day, and one day off every other week. (This option is unavailable to non-exempt employees because such a schedule would be in violation of the Fair Labor Standard Act.)

**SELECTION OF FWS**

Employees will request the FWS option of their choice and their desired day (or ½ day) off; however, the employee’s manager will have the right to approve this schedule to address schedule conflicts and staffing concerns. If an employee chooses a schedule and it is denied by their manager, the manager must provide a reason for denial and it has to be relayed to the employee in writing.

**CYCLE OF FWS AND APPLICATION**

An employee on a quarterly basis may elect a FWS. The quarters are as follows:

1 <sup>st</sup> Quarter	July, August, September
2 <sup>nd</sup> Quarter	October, November, December
3 <sup>rd</sup> Quarter	January, February, March
4 <sup>th</sup> Quarter	April, May, June

Employees shall be given the option to change their FWS only at the beginning of each quarter. Each employee must complete and submit a FWS form to their manager for approval. This form must be approved prior to working a FWS.

**LEAVE ADMINISTRATION**

Annual, sick or compensatory time may be taken as usual. An employee on leave for the full workday must charge leave equal to the number of hours the employee would work for that day (i.e., 4, 8, 9, or 10 hours).

New hires will be eligible for the FWS after they have accrued at least 8 hours of annual leave. This will keep the new employee from going into a Leave Without Pay status.

## **HOLIDAY**

- If an employee is scheduled to have the day off and a holiday occurs, the employee will earn 8 hours of compensatory leave for that day.
- If an employee is scheduled to work ½ day and a holiday occurs, the employee will earn 4 hours of compensatory leave for that day.
- If an employee is scheduled to work a 9 hour day and a holiday occurs, the employee will be charged with 8 hours of holiday leave and charge the additional hour to annual or compensatory leave. If the employee does not have sufficient leave balances to cover the hour, he/she may be allowed to make up this time. This has to be approved by the employee's manager.
- If an employee is scheduled to work a 10 hour day and a holiday occurs, the employee will be charged with 8 hours of holiday leave and charge the additional two hours to annual or compensatory leave. If an employee does not have sufficient leave balances to cover the two hours, he/she may be allowed to make up this time. This has to be approved by the employee's manager.

## **TRAINING – ONE DAY SEMINARS**

The following will apply when an employee attends a one day training seminar:

- If an employee is scheduled to work ½ day and has to attend an all day training seminar, the employee will earn 4 hours of compensatory leave for that day.
- If an employee is scheduled to have the day off and has to attend an all day training seminar, the employee will earn 8 hours of compensatory leave for that day.
- If an employee is scheduled to work a 9 hour day and has to attend an all day training seminar, the employee must work the additional hour elsewhere during the pay period or charge the additional hour to annual leave or compensatory leave.
- If an employee is scheduled to work a 10 hour day and has to attend an all day training seminar, the employee must work the additional two hours elsewhere during the pay period or charge the additional hours to annual leave or compensatory leave.

**NOTE:** If training exceeds one day, the employee will have to revert back to the standard workweek consisting of 8-hour days for that particular week(s).

## **FWS TIME RESTRICTIONS**

- Employees will not be allowed to accrue (or bank) hours worked in subsequent weeks.
- Worked performed on Saturdays and Sundays will not be eligible for FWS credit.
- Employees selecting to work the FWS must record 80 hours in a two-week period. These 80 hours can include a combination of actual hours worked, holiday, annual, sick and/or compensatory time taken. The maximum number of hours an employee can work and record under the FWS is 10 hours.

**AGENCY RESPONSIBILITY AND INTERPRETATION**

The Director and Deputy Director are responsible for the consistent application of this policy within their sections and shall ensure that all classified employees are informed of this policy. The Director and Human Resources shall determine consistent application and interpretation of this policy.

**TERMINATION OF FWS**

The Director reserves the right to suspend or terminate this policy for an individual, section, or the entire agency in the event of misuse or in order to satisfy the agency's mission.

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Stacy Burrs, Director

7/17/06  
Date

DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
**FLEXIBLE WORK SCHEDULE REQUEST FORM**

**Name:** \_\_\_\_\_ **Social Security Number:** \_\_\_\_\_

OPTION I	◆ Four ten-hour work days and one day off each week	_____
OPTION II	◆ Four nine-hour work days and ½ day off each week	_____
OPTION III	◆ Eight nine-hour work days, one eight hour work day, and one day off every other week.	_____

My preferred day off (or ½ day off) is \_\_\_\_\_ and my second choice would be \_\_\_\_\_.

\_\_\_\_\_  
 Employee Request for Approval

\_\_\_\_\_  
 Date



I agree to the above work schedule. Work hours will be \_\_\_\_\_ and the schedule day (1/2 day) off will be \_\_\_\_\_. This work schedule will commence with the:

1 <sup>st</sup> Quarter	June, July, August	_____
2 <sup>nd</sup> Quarter	September, October, November	_____
3 <sup>rd</sup> Quarter	December, January, February	_____
4 <sup>th</sup> Quarter	March, April, May	_____

\_\_\_\_\_  
 Director Signature

\_\_\_\_\_  
 Date

*I certify that I will work the hours set forth in this schedule and will strive to meet specified work deadlines while maintaining quality work.*

\_\_\_\_\_  
 Employee's Signature

\_\_\_\_\_  
 Date

DMBE Policy Number 2006.09

Revised July 2006

VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
POLICIES AND PROCEDURES

**INTERNAL CONTROLS**

***OBJECTIVE***

The Department of Minority Business Enterprise recognizes and understands its responsibility and the importance of establishing and maintaining sound internal controls. This policy provides guidance for the internal control of departmental activities.

This policy, along with supporting administrative procedures, provides management with reasonable assurance that:

- Assets and resources are used consistent with laws, regulations, or governing policies;
- Transactions are executed in accordance with state, federal, and/or agency guidelines;
- All transactions are promptly and properly recorded (in the financial and reporting system) to permit preparation of reliable reporting and for maintaining accountability over assets; and
- Efficient and effective operations are conducted with established goals and objectives.

Policies and procedures included in the Department of Minority Business Enterprise (DMBE) Policies and Procedures Manual describe mechanisms and techniques used by DMBE management to regulate and guide operations.

***Authority***

The Internal Control Guidance Manual, issued by the State Comptroller in 1986, provides recommended approaches for conducting internal control evaluations and for preparing annual internal control reports. The Department of Minority Business Enterprise is complying with the Comptroller's directive through the establishment of formal policies and procedures and through preventive and corrective actions outlined below. The Internal Control Guidance Manual and the Commonwealth Accounting and Policies and Procedures (CAPP) Manual, Section 10305 are used as the basis for these policies.

## ***Terms***

*Internal control* - The conscious inclusion in an agency's operations of a "series of actions" to achieve certain specified objectives:

- to safeguard assets (prevent unauthorized use or disposition); and,
- to assure the reliability of financial records and reports so that meaningful decisions can be made regarding the allocation and use of financial resources.

*Internal Control Report* – An annual report prepared by the Agency Director to identify all significant accounting and administrative internal control weaknesses and plans and schedules for their improvement.

*Inherent Risk* – The inherent potential for erroneous transactions or events due to the nature of an activity. For example, activities conducted within severe time constraints have greater inherent risk than those that are not subject to time constraints.

*Vulnerability Assessment* – A review of the susceptibility of an agency or program to loss or unauthorized use of resources, errors in reports and information, illegal or unethical acts, and/or adverse or unfavorable public opinion.

## ***Policy Requirements***

- DMBE will maintain current administrative and accounting policies and procedures;
- Policies and procedures will be disseminated to and by the Director;
- DMBE will follow agency (and state and federal) policies and procedures to achieve established management objectives;
- DMBE should supplement DMBE policies and procedures with detailed procedures describing specific tasks to be performed by each staff member within their unit;
- Internal control evaluations will be conducted routinely by the Business Manager and reports documenting present and potential weaknesses and corrective actions will be provided to the Agency Director;
- Any circumstance suggesting a reasonable possibility that a fraudulent transaction has occurred must be reported to the Director or Deputy Director. The Director shall make reports to the Auditor of Public Accounts and the Department of State Police.

The status of DMBE's administrative, accounting, and program controls will be reported to the Comptroller in the transmittal letter of the agency's annual financial statements.

## ***Internal Controls Techniques***

Evidence of internal control techniques is provided by:

- Policies
- Procedures
- Sequences or combination of procedures
- Assignments of duties, responsibilities, and authority
- Physical arrangements or processes
- Record and file layouts and configurations; and/or,
- Combinations of the above.

## ***Internal Controls Evaluations: Scope of Internal Control Evaluations***

### **Accounting Controls**

Accounting Controls are the policies and procedures surrounding the activities concerned with authorizing, processing, recording, and reporting transactions (which operate within the broader control environment of administrative controls). Accounting controls ensure that information resulting from these activities is reliable and useful.

### **Administrative Controls**

Administrative Controls are the broad policies and procedures surrounding the activities carried out by officials to accomplish their objectives. (e.g., planning, organization, productivity monitoring and improvement, and quality control.) These controls are necessary to ensure:

- that all resources, including personnel, are properly obtained, maintained, and used;
- that decisions regarding the expenditure of funds are made based on reliable information; and
- that budgets are properly developed and monitored to ensure consistency between planned and actual expenditures.

### **Program Controls**

Program Controls are the controls surrounding the planning and accomplishment of the agency's mission. Examples of program controls are:

- Routine evaluations of each division's mission and activities and the extent to which overall work plan goals and objectives are met; and,
- Existence of procedures for periodic evaluation of the agency's method of operating.



## **Conducting Internal Control Evaluations**

Internal Control Coordinator – The DMBE Internal Control Coordinator (ICC) is the DCAF/Financial Manager or Business Manager. The ICC ensures that:

- Internal control evaluations are performed; and,
- Sufficient information exists to report annually on the status of internal controls.

## Programs (Functional Units)

The Team Leaders are responsible for one or more programs, which are 5-digit codes used for accounting and budgeting purposes. DMBE's program codes describe functional components of the organization. Vulnerability and internal control reviews are conducted at the program level.

## Vulnerability Assessment (Self-Evaluations)

Team Leaders will conduct regular self-evaluations to assess the unit's vulnerability (inherent risks), existence of safeguards (controls), and environmental factors influencing the effectiveness of controls.

Vulnerability Assessments identify:

- Waste
- Loss
- Unauthorized use; and/or,
- Misappropriation of resources.

The Deputy Director has the option of using the Vulnerability Assessment Instrument (or other document) to conduct self-evaluations.

## **Vulnerability Assessment Report**

The Team Leaders will provide conclusions drawn from the self-evaluations to the ICC on request. At a minimum, the "Vulnerability Assessment Report" will include statements:

- That the Team Leaders have conducted a vulnerability assessment (or that one has been conducted by an auditor) within the past twelve months;
- That existing internal controls are adequate (or inadequate and specify the control techniques which need improvement);
- That the cost of controls do not exceed the benefits obtained (or do exceed the benefits);

## **Action Plan Development**

When inadequacies are mentioned, include an action plan as follows:

- References to weaknesses mentioned in audit reports, if applicable; or,
- A brief statement describing and/or explaining the weakness; and,
- Actions to be taken to correct weaknesses noted. Examples of subsequent actions are:
  - Develop new policies and/or procedures;
  - Provide additional training;
  - Functionally realign responsibilities to improve the segregation of duties;
  - Perform a management review;
  - Schedule an internal control review;
  - Schedule an internal control review by the manager/staff;
  - Eliminate duplicative controls.

If an internal control review is determined to be needed, the ICC will either conduct the review or issue a request to the Auditor or Public Accounts or other State agencies to conduct a review.

If no corrective or other subsequent action is scheduled, the reasons must be stated. A few examples of instances where no action is appropriate are:

- Cost to implement the recommendation exceeds the benefits gained
- A significant management initiative is underway to change the controls in the activity
- Legal mandate requires that the control(s) be in place, even though costs exceed perceived benefits

## **Corrective Action Plan Approval**

Prior to implementation, Team Leaders are expected to receive concurrence with the action plan from the Director, DCAF/Financial Manager, and Auditor of Public Accounts. Once approved, personnel should be assigned to the tasks and target dates established.

## **Implementation**

The Team Leaders are expected to implement the approved plans within the agreed upon time frame:

- Periodic status reports may be required and follow-up reviews to insure that corrective measures are adequate.
- A final report summarizing the actions taken is to be provided to the Director.

APPROVED: \_\_\_\_\_

Stacy L. Burrs, Director

7/17/06

Date

## **VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE DISCRETIONARY PROMOTIONAL EXPENSES POLICY**

### **OBJECTIVE**

To establish procedures and guidelines for the reimbursement or payment of expenses from non-general state funds incurred for business expenses that has a direct business benefit to departmental operations.

It is the policy of the Virginia Department of Minority Business Enterprise (“DMBE”) that Discretionary Funds (i.e., non-general state funds) are allocated at the beginning of each fiscal year. While the uses for which these funds may be applied are indeed discretionary, the expenditures must be for the benefit of the DMBE and the Commonwealth of Virginia.

### **EMPLOYEES TO WHOM POLICY APPLIES**

The following policy applies to positions covered under the Virginia Personnel Act to include classified and restricted employees, as well as appointed employees.

### **POLICY: DIRECT PURPOSE**

Expenditures of funds for sponsorships or events involving food, refreshments, or space must comply with one or more of the following direct purposes:

1. The recognition or promotion of a departmental achievement and/or service to the department or the Commonwealth;
2. The promotion or communication of ideas and/or exchange of administrative and operational information on SWaM or DBE programs or activities;
3. The support of promotional SWaM or DBE events and activities, which are sponsored by the department or other Commonwealth of Virginia agency or institution;
4. The recruitment of highly qualified staff;
5. The promotion of the exchange of ideas with community leaders regarding the role of the department in the community; or
6. The support of a program for continuing education and professional development sponsored by the department.

The Director or his/her designee is authorized to determine if specific expenditures fall within the above established purposes.

**A. Reimbursement and Authorization of Funds Expenditures**

Requests for reimbursement for any of the above purposes must carefully detail the relevance of business discussions and reasons for conducting them during that particular time frame. Such requests must be submitted to the Business Manager on the approved form. If not submitted on this form, the reimbursement request will not be honored. Even though the Business Manager will monitor these reimbursement requests, the individual or departmental section seeking reimbursement is responsible for ascertaining the propriety of their individual transactions.

**B. Types of Expenses and Restrictions**

1. Charitable Contributions. Payment of Charitable Contributions is not allowed.
2. Dues & Membership Fees. The Director or his/her designee must approve initial membership fees.
3. Flowers and Gifts. Must have a legitimate business purpose. Not allowed for personal gifts to employees or other individuals not associated with the SWaM or DBE programs.
4. Honorariums. Payment of Honorariums is not allowed.
5. Meals. Gross bill not to exceed per diem allocation for lunch and dinner.
6. Payments for Benefits, Tickets, and Functions. Special approval may be granted by the Director provided that an adequate explanation of business purpose is documented.
7. Technical/Professional License Fees. Must have legitimate business purpose and be adequately documented.

**C. Review**

This policy shall be reviewed annually by the department, Secretary of Administration, and Department of Housing and Community Development, and may amended at any time.

APPROVED: \_\_\_\_\_

Stacy L. Burrs, Director

7/17/06

Date

DMBE Policy No. 2006.11  
Effective July 2006

VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE  
LEAVE POLICIES—GENERAL PROVISIONS

OBJECTIVE

It is the Commonwealth's objective to establish uniform policies by which employees are permitted to take time off from work. The Virginia Department of Minority Business Enterprise's objective is to provide its employees with such policies and hereby adopts the Commonwealth of Virginia's Department of Human Resource Management Leave Policy 4.30, eff. 9-16-1993, rev. 4-2004.

I. EMPLOYEES TO WHOM POLICY APPLIES

The following policies apply to positions covered under the Virginia Personnel Act to include classified and restricted employees.

II. LEAVE POLICIES

The following is a list of leave policies. The policies are available at the Department of Human Resources Management website at <http://www.dhrm.state.va.us/hrpolicy/policy.html>.

Policy 4.05 Administrative Leave

Policy 4.10 Annual Leave

Policy 3.10 Compensatory Leave

Policy 4.15 Educational Leave

Policy 4.17 Emergency/Disaster Leave

Policy 4.20 Family and Medical Leave

Policy 4.35 Leave Sharing

Policy 4.37 Leave to Donate Bone Marrow or Organs

Policy 4.40 Leave to Provide Community Service

Policy 4.45 Leave Without Pay-Conditional/Unconditional

Policy 4.50 Military Leave

Policy 3.15 Overtime Leave

Policy 4.55 Sick Leave

Policy 4.57 Virginia Sickness and Disability Program Leave

Policy 4.60 Workers' Compensation

### III. APPROVAL OF LEAVES

#### A. Agency approval necessary for all leaves of absence

Before or after taking a leave of absence from work, whether with or without pay, employees are required to request and receive the approval of the leave from their supervisor. The leave should be recorded on the attached leave form. Attachment 1.

#### B. Employee requests for leave

##### 1. Procedure for requests

- a. Employees should request leaves of absence as far in advance of the desired leave as practicable.
- b. Employees also should submit requests for leaves of absence in accordance with the specific requirements set forth in the DMBE's leave procedure, Attachment 2.

##### 2. Special circumstances

If an employee could not have anticipated the need for a leave of absence, the employee should request approval for the leave as soon as possible after leave begins. In reviewing the request for approval, the DMBE will consider, among other things, the circumstances necessitating leave and whether the employee could have anticipated the need.

#### C. DMBE action on requests for leaves of absence

1. When practicable, and for as long as the DMBE's operations are not affected adversely, the DMBE supervisors shall attempt to approve an employee's request for a leave of absence for the time requested by the employee, except that compensatory and overtime leave may be scheduled by the agency at a time convenient to agency operations.
2. If the time requested for a leave of absence conflicts with agency operations, the supervisor has the discretion to approve the employee's request for an alternate time.

#### D. Sufficient accrued leave

1. The DMBE will not approve paid leaves of absence to be taken in a pay period in which an employee does not have sufficient accrued leave to cover the absence.
2. Employees are responsible for knowing the amount of accrued leave to which they are entitled and that they have earned. Employees will be required to reimburse the DMBE for time taken off from work if they did not have sufficient accrued leave to cover such time off. Reimbursement may be in the form of money or annual, sick, compensatory, or overtime leave.

#### E. If the supervisor denies request for leave of absence

If a supervisor does not approve an employee's request for leave, but the employee still takes the requested time off from work, the employee may be subject to the actions listed below.

- the absence will be designated as unauthorized;
- the employee will not be paid for the time missed;

- because the employee has experienced Leave Without Pay, he or she will not accrue annual or traditional sick leave for the pay period(s) when the absence occurred; and
- the agency may also take disciplinary action under Policy 1.60, Standards of Conduct.

#### IV. MAINTENANCE OF RECORDS RELATED TO LEAVES OF ABSENCE

##### A. Records subject to audit

Payment for leaves of absence is an expenditure of Commonwealth funds and, therefore, records related to employee leaves of absence are subject to audit by the Auditor of Public Accounts, the State Internal Auditor, and the agency's internal auditor.

##### B. Requirements for records

The DMBE will maintain accurate and up-to-date leave records in sufficient detail that they can be evaluated during an audit by the agency's internal auditor, the State Internal Auditor, or the Auditor of Public Accounts. The custodian of such records is the Business Manager.

##### C. Recording date of termination and accrued leave

###### 1. Employee not on leave

The termination report of an employee not on leave shall state the termination date as the last day that the employee actually worked and shall include the amounts to be paid for accrued leave.

###### 2. Employee on leave with pay

The termination report of an employee on leave with pay shall state the termination date as the last day that the employee was on paid leave.

###### 3. Employee on leave without pay

The termination report of an employee on leave without pay—who fails to return to state service—shall state the termination date as the last day of leave without pay.

#### V. TREATMENT OF ACCRUED LEAVE ON CHANGE OF STATUS

Upon certain changes in employment status, including an employee's termination from state service, an employee may receive payment for all or a portion of his or her accrued annual, sick, compensatory and/or overtime leave. For further information regarding treatment of leave balances, see the applicable sections of those policies.

#### VI. AUTHORITY AND INTERPRETATION

This policy is issued by the Department of Human Resource Management pursuant to the authority provided in Virginia Code Section 2.2-1201. This policy supersedes Rule 10.1, Grants of Leave of Absence and Maintenance of Leave Records, and Rule 10.13(f), Disposition of Balances of Leave Credits on Change of Status or Death, of the Rules for the Administration of the Virginia Personnel Act, effective July 1, 1977.



The Director of the Department of Human Resource Management is responsible for official interpretation of this policy, in accordance with section 2.2-1201(12) of the Code of Virginia. Questions regarding the application of this policy should be directed to the Department of Human Resource Management's Office of Agency Human Resource Services. The Department of Human Resource Management reserves the right to revise or eliminate this policy as necessary.

Approved: \_\_\_\_\_

Stacy L. Burrs, Director

7/17/06

Date

AMENDMENT TO THE MEMORANDUM OF AGREEMENT

BETWEEN THE VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT AND THE VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE REGARDING THE PERFORMANCE OF ALL ACCOUNTING, FINANCIAL REPORTING, PROCUREMENT, PERSONNEL, PAYROLL, AND OTHER NON-PROGRAM ADMINISTRATIVE FUNCTIONS FOR THE VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE

This First Amendment to the July 1, 2005 Memorandum of Agreement (“MOA”) between the Virginia Department of Housing and Community Development (“DHCD”) and Virginia Department of Minority Business Enterprise (“DMBE”) (hereinafter collectively referred to as the “Parties”) is entered into this 14th day of August, 2006.

WHEREAS, the 2005 Acts of Assembly, Chapter 951, Appropriations Act, Item 125, Part C, requires that the Governor shall determine an appropriate entity to perform all accounting, financial reporting, procurement, purchasing, personnel, payroll, and other non-program administrative functions for the Virginia Department of Minority Business Enterprise; and

WHEREAS, both agency directors are required to certify to the State Comptroller that the systems, processes, and procedures are sufficient to provide each agency with adequate internal controls and comply with all applicable laws, rules, and regulations of the Commonwealth and any applicable federal grants or contracts; and

WHEREAS, as a result of directive, the Parties have contracted for and agreed to perform the above stated functions; and

WHEREAS, in addition to the respective duties and responsibilities outlined in the Memorandum of Agreement executed on July 1, 2005, the Parties mutually agree to amend the Memorandum of Agreement to include the duties and responsibilities contained herein.

THEREFORE, IT IS AGREED AS FOLLOWS:

1. Fiscal Functions:
  - a. DHCD agrees to review all DMBE policies and procedures pertaining to accounting, financial reporting and procurement to ensure that all transactions comply with all applicable laws, rules, and regulations of the Commonwealth and any applicable federal grants or contracts.
  - b. If any DMBE policy and procedure are not in compliance, DHCD agrees to revise or modify such policy, procedure before processing any transaction on behalf of the DMBE. Such revision or modification shall be immediately communicated to the DMBE Business Manager for review and adoption by the DMBE Director.

- c. Any policy or procedure not in compliance as determined by DHCD shall be provided in writing as an exception to the policies and procedures and provided to the DMBE with a justification or explanation.
  - d. DHCD agrees to provide the DMBE with a documented “flow of transactions” chart to show the separation of duties and proper internal controls between the Parties. The aforementioned chart shall be provided to the DMBE within seven (7) business days of the execution of this MOA and the DMBE shall review and adopt said chart in its operations.
  - e. DMBE agrees to dedicate the Business Manager to work with the DHCD to develop and finalize the accounting and financial processes. The DMBE Director, in conjunction with the Business Manager, shall be responsible for initiating or resolving any accounting or related transaction with DHCD and communicating in writing any new or modified policy and procedure pertaining to procurement to the DMBE Director and Staff.
  - f. DMBE agrees to develop a discretionary promotional expense policy, to be approved by the Secretary of Administration, and issued to the DHCD, for control of transactions that are promotional expenses in nature.
  - g. DHCD agrees to develop and provide, in conjunction with the DMBE, procurement processes to include, but are not limited to: a documented “flow of transactions” chart for any and all procurements; preparation and issuance of IFBs, RFPs, Quick Quotes, or other form of procurement request; contract development; and ongoing support in the administration of all contracts or agreements.
  - h. DMBE agrees to dedicate the Business Manager to work with the DHCD to develop and finalize the procurement processes. The Business Manager shall be responsible for initiating or resolving any procurement transaction with DHCD and communicating in writing any new or modified policy and procedure pertaining to procurement to the DMBE Director and Staff.
  - i. The DMBE agrees to maintain an updated access list to CARS and any other financial or security program.
2. Human Resources
- a. DMBE agrees to provide to the DHCD quarterly data on staff training activities for submission to DHRM.
  - b. DMBE agrees to dedicate the Business Manager to work as liaison to DHCD on routine human resources matters including, but not limited to: payroll, employee leave, or as designated by the DMBE Director. Certain human resources matters, as determined by DHCD and DMBE, will be submitted directly to the DMBE Director for resolution. Such matters include, but are not limited to: grievances, layoffs, disciplinary actions, EEO matters, sexual harassment matters, staff selection, salary negotiations, salary alignment and other pay practices.

3. Termination.

- a. This MOA shall remain in force and effect until September 29, 2006, unless sooner terminated or amended by agreement of the Parties.
- b. Upon termination, the DHCD agrees to provide DMBE with a final accounting of all services rendered for the applicable portions of the first quarter of fiscal year 2006-2007.
- c. Prior to and after a reasonable period after termination, DHCD agrees to provide transitory assistance to DMBE including, but not limited to: training of DMBE staff on certain matters, assistance to DMBE on its transition of fiscal and human resources functions, and supportive documentation as necessary.

AGREED:

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Stacy L. Burrs, Director  
Department of Minority Business Enterprise

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Date

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William C. Shelton, Director  
Department of Housing and Community  
Development

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Date

February 8, 2007

**Memorandum of Agreement (MOA) between  
Department of Minority Business Enterprise and  
The Department of Human Resource Management**

This AGREEMENT by and between the Department of Minority Business Enterprise (hereinafter "DMBE"), 1111 E. Main Street, Suite 300, Richmond, Virginia 23219, and the Department of Human Resource Management (hereinafter "DHRM"), 101 North 14<sup>th</sup> Street, James Monroe Building, 12<sup>th</sup> Floor, Richmond, Virginia 23219, with regard to Human Resources Program Assistance.

DHRM agrees to:

Provide human resource assistance to DMBE in the following program areas:

- A. Classification – by processing position establishments, abolishments, redefinitions, and reallocations endorsed by the Agency Head of DMBE, or designee, in accordance with DHRM policy.
- B. Equal Employment Opportunity (EEO) – by serving as a consultant and resource on policy and procedure issues. DMBE will be responsible for responding to Freedom of Information requests, seeking advice from the Office of the Attorney General as needed, and all investigative reports.
- C. Recruitment – by reviewing and advising on draft advertisements, posting advertisements in RECRUIT, collecting all applications, screening them, and referring them to DMBE for interviewing, selecting, negotiating salary, and documenting the selection process. DMBE will pay the cost of advertisements.
- D. Employee Relations (ER) – by serving as a consultant and providing information on policy, procedure, and practice (to include performance management), and providing related training as mutually agreed upon. DMBE will exercise decision authority related to formal disciplinary actions, grievance responses, and other ER issues.
- E. Human Resource Training – by notifying DMBE of training offered by DHRM. DMBE staff may attend with no additional cost (presuming DHRM incurs no special charges).
- F. Benefits Administration – by processing related transactions and providing health care related communications as distributed by the DHRM Office of Health Benefits.
- G. Policy Updates – by notifying DMBE of upcoming human resource requirements and changes in human resource policies.

## Period of Agreement and Amendments

This AGREEMENT shall cover the period between October 1, 2006 and June 30, 2007. This AGREEMENT shall continue in force until terminated by either of the parties in writing with notice of 90 days. In the event of termination, the parties agree to negotiate and offer a final payment to DHRM that compensates DHRM for the resources it will have expended during the final period in which this agreement remains effective. Amendments to this (MOA) shall become effective upon written approval by both parties.

### Agreement Fees

DMBE will reimburse DHRM \$10,114 for performing services identified in this AGREEMENT. DHRM will bill DMBE in four equal amounts, which will be due at the end of each quarter. DMBE will reimburse DHRM by InterAgency Transfer (IAT) in compliance with the Virginia Prompt Payment Act.

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**Stacy Burrs, Director of the Department of Minority Business  
Enterprise**

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**Date**

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**Sarah Wilson, Director of the Department of Human  
Resource Management**

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**Date**

**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**THE VIRGINIA DEPARTMENT OF MINORITY BUSINESS ENTERPRISE**  
**AND**  
**THE VIRGINIA DEPARTMENT OF GENERAL SERVICES**

This Memorandum of Agreement (“MOA” or “Agreement”) between the Virginia Department of Minority Business Enterprise (“DMBE”) and the Virginia Department of General Services (“DGS”), hereinafter collectively referred to as the “Parties,” regarding the performance of all accounting, financial reporting, procurement and mail service responsibilities as delineated herein.

WHEREAS, the 2005 Acts of Assembly, Chapter 951, Appropriations Act, Item 125, Part C, requires that the Governor shall determine an appropriate entity to perform all accounting, financial reporting, procurement, purchasing, personnel, payroll, and other non-program administrative functions for the Virginia Department of Minority Business Enterprise; and

WHEREAS, both agency directors are required to certify to the State Comptroller that the systems, processes, and procedures are sufficient to provide each agency with adequate internal controls and comply with all applicable laws, rules, and regulations of the Commonwealth and any applicable federal grants or contracts; and

WHEREAS, as a result of this directive, the Parties have contracted for and agreed to perform the above stated functions; and

WHEREAS, the Parties mutually agree to the duties and responsibilities contained herein.

**I. Purpose**

This agreement is to support the efforts of both agencies to consolidate administrative office functions in order to produce efficiencies through economies of scale. The direction of all DMBE activities and final decisions relative to those activities lies with the Director or his designee (hereinafter, referred to as “Director”) of DMBE. Each Party shall appoint a staff person as liaison to ensure the implementation of the terms of this MOA.

THEREFORE, IT IS AGREED AS FOLLOWS:

**II. Duties and Responsibilities**

**1. Fiscal Operations:**

- a) The Parties agree that DMBE shall be permitted to utilize the DGS Financial Management System. DMBE shall provide to DGS a list of authorized users



of the Financial Management System and agrees to maintain an accurate and updated list at all times.

- b) DGS shall designate one or more employees who shall be responsible for providing assistance or performing the duties and responsibilities contained herein. DMBE shall be notified in writing within a reasonable time of any change of the designated employee(s) assigned to fulfill the duties and responsibilities of this MOA.

2. Policies and Procedures:

- a) DGS agrees to review all DMBE policies and procedures pertaining to accounting, financial reporting, procurement and mail services to ensure that all transactions comply with all applicable laws, rules, and regulations of the Commonwealth and any applicable federal grants or contracts.
- b) If any DMBE policies and procedures are not in compliance, DGS agrees to recommend revision or modification to DMBE of such policies and procedures before processing any transaction on behalf of the DMBE. Such revision or modification shall be immediately communicated to the DMBE Business Manager for review and adoption by the DMBE Director.
- c) Any policy or procedure not in compliance as determined by DGS shall be provided in writing as an exception to the policies and procedures and provided to the DMBE with a justification or explanation.
- d) DGS agrees to provide the DMBE with a documented "flow of transactions" chart to show the separation of duties and proper internal controls between the Parties. The aforementioned chart shall be provided to the DMBE within seven (7) business days of the execution of this MOA and the DMBE shall review and adopt said chart in its operations.
- e) DMBE agrees to dedicate the Business Manager to work with the DGS to develop and finalize the accounting and financial procedures. The DMBE Director, in conjunction with the Business Manager, shall be responsible for initiating or resolving any accounting or related transaction with DGS and communicating in writing any new or modified policy and procedure pertaining to procurement to the DMBE Director and Staff.
- f) DMBE shall provide DGS with its discretionary promotional expense policy for control of transactions that are promotional expenses in nature.
- g) As applicable DGS agrees to administer the DMBE Travel Charge Card program in accordance with prevailing Department of Account and DGS policies and procedures.
- h) DGS agrees to develop and provide, in conjunction with the DMBE, procurement processes to include, but not limited to: a documented "flow of transactions" chart for any and all procurements; preparation and issuance of IFBs, RFPs, Quick Quotes, or other form of procurement request; contract

development; and ongoing support in the administration of all contracts or agreements.

- i) DMBE agrees to dedicate the Business Manager to work with the DGS to develop and finalize the procurement processes. The Business Manager shall be responsible for initiating or resolving any procurement transaction with DGS and communicating in writing any new or modified policy and procedure pertaining to procurement to the DMBE Director and Staff.
- j) The DMBE agrees to maintain an updated access list to CARS and any other financial or security program.

3. Budget Services:

- a) DGS shall assist DMBE with the development of the biennial budget and work closely with the Business Manager to maintain and monitor the budget.
- b) DGS shall provide DMBE with periodic review(s) and revision(s) of departmental operating plans no less than on a quarterly basis.
- c) Budgetary and expenditure reports shall be provided to the DMBE Director or his designee or to the Business Manager in a timely manner.
- d) DMBE shall notify DGS of any budgetary concerns in a timely manner and present such concerns to the DMBE Director for final resolution.

4. Procurement:

- a) DGS agrees to provide initial eVA training to designated DMBE staff and technical support as needed in the procurement of goods and services. DGS agrees to provide support in processing Quick Quotes and e-Procurements for DMBE in eVA on behalf of DMBE.
- b) DGS shall provide guidance and support on matters pertaining to contract administration and vendor-related issues and/or disputes.
- c) DMBE will use eVA as its requisitioning system. DGS Procurement will notify the DMBE promptly if a purchase needs to be done outside of eVA. DMBE will complete the monthly dashboard report with assistance and backup provided by DGS Procurement.
- d) DGS will develop any Invitation for Bid (IFB) or Request for Proposal (RFP) required by DMBE for the purchase of goods and/or services, and manage the procurement process for such purchases.
- e) DMBE staff may join the DGS procurement unit staff when DGS conducts internal purchasing training.
- f) DGS agrees to administer the DMBE Small Purchase Charge Card (SPCC) card in accordance with prevailing Department of Account and DGS policies and procedures.

5. Mail Pick-up and Delivery Services:

- a) All mail, with the exception of overnight shipments (which is administrated separately by state contract), will be picked-up daily by DGS in time to be processed for shipment that day. Postage charges, if any, will be computed on an "as used basis" and DGS will invoice DMBE on a monthly basis. A postage invoice will be submitted by DGS to DMBE by the 10th day of each month for the previous month's postal charges. By the 20th of each month DMBE will notify DGS Fiscal of any discrepancies to allow for any adjustments in postage charges.
- b) Inter-office mail addressed to DGS Fiscal Office or DGS Cashier's Office must be delivered to these locations promptly.

III. Consideration

In consideration for the fiscal services provided by DGS to DMBE, DMBE agrees to compensate DGS a fixed sum of \$6,250 per quarter or an amount not to exceed \$25,000 per year.

IV. Term

This MOA is effective immediately upon final signature of both parties to this Agreement and shall continue on an annual year-to-year term basis unless terminated by either party, as delineated herein. The MOA may be reviewed annually to ensure satisfactory performance of services and appropriate compensation. Any modifications to this Agreement must be made through an amendment and approved by both the Directors of DGS and DMBE.

V. Termination

This Agreement shall remain in effect until such time as either Party gives sixty (60) days written notice that this MOA requires an amendment or termination. Upon termination, DGS agrees to provide DMBE with a final accounting of all services rendered for the applicable portions of the fiscal year. Prior to and after a reasonable period after termination, DGS agrees to provide transitory assistance to DMBE including, but not limited to: training of DMBE staff on certain matters, assistance to DMBE on its transition of fiscal functions, and supportive documentation as necessary.

**PERSONS SIGNING THIS AGREEMENT ARE AUTHORIZED REPRESENTATIVES OF EACH PARTY TO THIS AGREEMENT AND ACKNOWLEDGE THAT EACH PARTY AGREES TO BE BOUND BY THE TERMS AND CONDITIONS HEREIN.**

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Stacy L. Burrs, Director  
Virginia Department of Minority Business  
Enterprise

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Richard F. Sliwoski P.E., Director  
Virginia Department of General Services

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Date:

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Date:

DMBE Liaison: Paula Gentius-Harris Tel: 786-1616	DGS Liaison: Bryan Wagner Tel: 786-7925
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