
APPA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

**REPORT TO THE
VIRGINIA GENERAL
ASSEMBLY**



**FISCAL YEAR ENDING
JUNE 30, 2009**

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

A YEAR IN REVIEW

Although fiscal 2009 has provided many fiscal and assignment challenges, we did complete our entire work plan. We also completed several special reviews, including a legislative-mandated review of the Southeastern Public Service Authority and our continued reviews of major contracts such as the State Police's STARS communication system and the VITA – Northrop Grumman Infrastructure Partnership.

We also helped to develop *Open.Virginia.gov* -- a portal to improve citizen access to Virginia government operations. This portal combined the talents of APA staff as well as staff of the Department of Planning and Budget, the Council on Virginia's Future, and the Virginia Information Technologies Agency. This comprehensive portal allows citizens to enter into various databases having key financial, performance and data indicators on the Commonwealth's operations.

Commonwealth Data Point, which is a key component of Open.Virginia.gov, continues to raise questions on the best way to provide transparency into the Commonwealth's operations. We conducted a review of Virginia's process for providing budget transparency and reached two fundamental conclusions.

- *Budget transparency means different things to different people. In promoting transparency, the Governor and the General Assembly should consider what they are trying to achieve. It is important to remember that making more data available does not necessarily improve transparency unless the citizens can translate the data into useful information.*
- *Current documents generated during the budget process do not achieve transparency since these documents have other purposes and their alternation will not achieve transparency.*

Overall, we continue to review the operations of all branches of government and have provided recommendations on processes that appear outdated. We released our first *Collections and Costs of Operating the Circuit and General District Courts* study that resulted in the following recommendations for process changes on procedures that no longer exist.

- *Although the Commonwealth no longer funds the Clerk's office out of fees, two practices continue from this system which incur unnecessary costs for both the Commonwealth and the locality. The first practice is the calculation of the excess fee amount, which is time consuming and the Compensation Board no longer has the information to verify the computation of the amount. The purpose of the computation is to distribute the fees between the Commonwealth and the locality.*
- *The second practice remaining involves commissions on monies collected. A significant portion of the collected amount included with excess fees comes from commissions charged by the Clerk for the handling of Commonwealth and locality collections. As an example, the District Courts transfer their collections to the Circuit Court Clerk and the Clerk then collects a commission for depositing these collections*

into the treasuries of the Commonwealth, locality, or town. This process costs the Commonwealth approximately \$22.6 million in fiscal 2007.

The General Assembly included these recommendations in an overall review of the Circuit and District Court funding including the cost of the courthouse. The Joint Legislative Audit and Review Commission will conduct its study and release its report in November 2009.

These are two examples of the work performed during the past year. This report will include additional examples of our work and recommendations as we discuss our Specialty Teams in the next section of the report.

Fiscal 2010

Part of this report also addresses the work that we will be undertaking in the next fiscal year. The Joint Legislative Audit and Review Commission approved our work plan for fiscal 2010. While the work plan had a number of special reviews, we recognize that the current economic condition warrants possibly making further budget reductions during the year.

Currently, our budget is 95 percent salaries and fringe benefit costs. Most of the remaining budget relates to fixed costs such as rent, which means that further reductions will affect manpower levels and our ability to perform many of the special reviews in the 2010 work plan. In order to meet our current budget reductions, we will plan to reduce staff levels from 130 to 115 to achieve our planned annual five percent reductions.

Additional budget reductions will directly result in further staff reductions; thus affecting our ability to achieve our work plan. Our priorities are the completion of the Comprehensive Annual Financial Report and Federal Statewide Single Audit so that the Commonwealth can maintain its AAA bond rating and make sure there is no interruption to our federal funding.

Depending on staff levels, we then do our statutorily-mandated work and try to accomplish the remaining work plan. We do not expect a problem; however, we believe that expectation levels should reflect our ability to do the work with available staff.

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SPECIALTY TEAMS

Specialty teams provide a core competency to our office to deal with potentially high risk areas involving the Commonwealth. We developed our specialty teams based on areas, activities, or processes which could put the management of Commonwealth assets at risk.

Periodically, we review the root objectives of a specialty team and change or eliminate a team. During the past year, we expanded the objectives of the Financial Management Team to go beyond just the investment and debt policies of an entity to examining how basic fiscal decisions affect the operation of the entity. This team's first responsibility under this new direction was a review of the Southeastern Public Service Authority that we discuss later in this report.

Following are the objectives of each of the teams. The objectives highlight their areas of concentration and audit work. Following these objectives are the special projects identified in our 2009 work plan and their status, and those projects in the 2010 work plan submitted to the Joint Legislative Audit and Review Commission.

In addition to the specialty training, every auditor receives fundamental training in auditing, computer, and analytical skills. In addition, there are training sessions to familiarize all the staff in the general skill set of each of the specialty teams. The general specialty skill set training allows the auditor to identify the need for a specialist.

Acquisition and Contract Management

The Acquisition and Contract Management Team supports prudent contracting and administration within the Commonwealth by providing analysis of financial information and best practices relating to contractual matters and the effectiveness, efficiency, and economy of various contractual services to those responsible for procurement and contract administration. The Team takes special interest in monitoring and evaluating long-term contracts, such as the Commonwealth Infrastructure Partnership between the Virginia Information Technologies Agency and Northrop Grumman, as well as the implementation of the Statewide Agencies Radio System (STARS) by the State Police.

The Team seeks to train and develop experienced procurement and contracting experts through both internal and external sources. Team training commences with the Virginia Contracting Officer program, administered by the Department of General Services, which provides all team members with a basic working knowledge of the Commonwealth's procurement laws and regulations. The Team places additional emphasis on the development of its team members' ability to research and identify best practices in contracting, supplier, and project management, in addition to knowledge of relevant accounting and auditing standards. Team members are also encouraged to become Certified Public Accountants or Certified Internal Auditors.

SPECIAL PROJECTS

2009

Department of State Police - STARS Radio System

Objectives: To continue following the implementation of a \$361 million radio system to ensure the project remains on schedule and on budget, while providing the required functionality.

Status: In our report entitled “Interim Review of STARS Project” issued in February 2009, we found that the STARS Project Management Team took reasonable actions to remedy the issues that we noted in the previous year’s audit report relating to project management. With multiple deficiencies noted in our previous report serving as guidance, management started fixing some of their issues with project management. Management addressed two of the most significant deficiencies in their project management through hiring a project manager, who developed an independent estimate to complete the project.

The development of the independent estimated cost to complete revealed the true expected cost of completing the project might exceed the funds available. We found that the project would continue to face delays and a potential funding shortfall, not only for completing the project, but for continued maintenance of the system once complete. We also found that State Police was not adequately reviewing invoices from their consultant contractor and identified deficiencies with the laptop hardware installed in vehicles.

Results:

- The House Appropriations Committee had a meeting to review with the State Police the status of our report and the State Police's actions to address the report findings and funding shortfall.
- The State Police began to correct the problem with the consultant invoices and has recently begun work to close the financial gap between the cost to complete the project and available funding.
- State Police recently signed a number of modifications to the Motorola contract to reduce the total commitment to the company for this project and have asked our Office to review those change orders and revised estimates to complete. (See 2010 – Department of State Police – STARS Radio System)

VITA - Contract Management

Objectives: To follow VITA's management of the Northrop Grumman contract and the effects the contract has on VITA's operations and the Commonwealth's infrastructure.

Status: In our report "Interim Review of the Information Technology Partnership" issued in February 2009, we found that Northrop Grumman continued to miss several milestones, including significant milestones relating to the Information Technology Infrastructure Library (ITIL) and a procedures manual.

Since our last review, the Partnership passed the contracted date of June 30, 2008, to fully commence the Managed Services phase of transformation. The Partnership did not complete the necessary inventories to establish updated baselines nor the supporting milestones and deliverables to support managed services. Northrop Grumman invoices the Commonwealth as if the Partnership were operating in a managed service environment; however, they are invoicing quantities using estimates from the original 2005 Agreement, not actual quantities. We predicted that the Partnership would not meet the Transformation deadline, scheduled for July 1, 2009 due to difficulties with physical and non-physical asset inventories, which we now know is the case.

Results: Our reviews along with the ongoing JLARC review, have garnered increased attention from the General Assembly and the Governor, who are interested in the effectiveness of VITA's management of the agreement and Northrop Grumman's ability to complete its contractual obligations.

Study of Pharmaceutical Inventory Management

Objectives: To review pharmaceutical inventory management and control in the Commonwealth. We compared pharmacy operations across state-funded pharmacies and to best practices and regulations for pharmaceuticals. We also examined whether state-funded pharmacies take advantage of available federal prescription drug discount programs and work together to consolidate buying power.

Status: We found that state-operated pharmacies generally follow federal and state pharmacy and controlled substances regulations and use available discount programs and contract alliances. We found that the Departments of Health and Mental Health, Mental Retardation and Substance Abuse Services work together to obtain favorable pricing through participation in available federal prescription drug programs and contract alliances available to state governments.

Results: We identified an opportunity for the Departments of Corrections and Juvenile Justice to work together to obtain more favorable pricing for pharmaceuticals by consolidating buying power. These departments, because of the nature of their

operations, do not enjoy participation in the same purchasing consortiums or discount programs as the medical and mental health facilities we also reviewed.

Board of Accountancy Financial Statement Audit

Objectives: We conducted the annual financial statement audit of the Board of Accountancy to assure the fair presentation of their financial statements and the adequacy of their internal control.

Status: Subsequent to June 30, 2008, the Board underwent some significant changes in its general staffing and accounting operations. As part of the audit, we observed the operations of the Board staff and have serious concerns about maintaining accurate accounting information, having adequate internal controls, and preparing financial statements for the next fiscal year.

We identified deficiencies in financial reporting, reconciliation of credit card receipts to accounts receivable, an overall lack of training and guidance provided to existing staff, and inadequate segregation of duties due to the size of the staff.

2010

Department of State Police - STARS Radio System

Objectives: We will continue to monitor this \$361 million radio replacement project managed by the State Police to ensure it continues on-budget and meets the new schedule. This summer we will review the implications of six modifications reducing the scope of work Motorola is to perform under their current contract and reducing the overall commitment by more than \$18 million. We plan to issue a final report on the management of the project over the current year in February 2010.

VITA - Contract Management

Objectives: We will continue to monitor VITA's management of the Comprehensive Agreement with Northrop Grumman; however, we will review the Commonwealth's IT in a broader sense by auditing the entire VITA organization including the Partnership and their interrelation. We plan to issue a single consolidated report in April 2010.

Statewide Review of Procurement Automation and Control

Objectives: We will analyze the Commonwealth's progress toward automating the procurement process through the use of eVA and other electronic procurement systems. We will examine the extent of use of the current procurement systems as compared to available functionality and controls, and examine how those systems interface with existing financial systems, other than CARS. We plan to issue a final report in April 2010.

Statewide Assessment of Consultant Contracting

Objectives: We will examine statewide use of consultants to identify opportunities for consolidation of contracts among those agencies with the largest budgets. We will also evaluate agency use of consultants that are not on state contract if that occurs. We plan to issue a report in January 2010.

Review of Statewide Office Supply Contracts

Objectives: We are conducting a review of statewide office supply contracts, administered by the Department of General Services Division of Purchase and Supply, to determine if they adequately control prices charged by suppliers and ensure compliance with applicable contract terms. We plan to issue our report in September 2009.

Budgeting and Performance Management

The Budgeting and Performance Management Team monitors the budget process and performance management initiatives to help the Office identify potential financial management issues and areas of risk. The team provides information within the Office on the budget development process and monitors budget legislation as it moves through the legislative process. The team also analyzes budgetary activity during the year to identify significant changes in the budget approved by the General Assembly. This work analyzes the original and final budgets for agencies, and evaluates reasons for changes. The Office uses this analysis as a risk identification tool.

The Budgeting and Performance Management Team is comprised of staff with both accounting and public administration backgrounds. Each team member receives training in the Commonwealth's budget and performance management processes, and strives to keep up-to-date on state and national trends in these areas. The team conducts annual training within the Office to educate other staff on the budget process and the relationship between the budgetary and financial reporting cycles in state government.

SPECIAL PROJECTS

2009

Review of Performance Measures

Objectives: To determine that state agencies are providing and reporting appropriate information on financial and performance measures, and to review the accuracy of the management systems used to accumulate and report the results.

Status: This is an annual review and we issued our report on fiscal year 2008 performance measure results in April 2009. Our review included key performance measures at 12

selected agencies. These agencies were selected either due to the significance of their budget or their role as a central agency.

Overall, we found the performance measures results were accurate and reliable; however, we continue to find that citizens may have difficulty with the usefulness of the information because measures names, descriptions, and methodologies are incomplete and confusing. Based on our review, several agencies modified their information to improve the usefulness.

Higher Education - Review of Performance Measures

Objectives: To determine that colleges and universities are providing and reporting appropriate information on financial and performance measures, and to review the accuracy of the management systems used to accumulate and report the results. The Department of Planning and Budget has delegated this function for colleges and universities to the State Council of Higher Education in Virginia (SCHEV).

Status: This project is a joint project between the Budgeting and Performance Management and Higher Education teams. This project is currently in progress, and we plan to issue a report in August 2009. This initial report focuses on processes in place at both individual colleges and SCHEV to accumulate and report information on performance measures.

Budget Transparency Review

Objectives: To discuss issues related to budget transparency and evaluate the transparency of three significant documents in the Commonwealth's budgeting and financial reporting processes. These documents are the Executive Budget Document, the Appropriation Act, and the Comprehensive Annual Financial Report.

Status: We issued this report in July 2009 and included several considerations for the Governor and the General Assembly regarding budget transparency. Overall, we determined that none of the commonly used documents prepared as part of the current budget process would accomplish budget transparency.

Council on Virginia's Future

Objectives: To provide staff assistance to the Council on Virginia's Future, as required by Section 2.2-2688 of the Code of Virginia.

Status: We continue to provide staff assistance to the Council on Virginia's Future as needed.

2010

Review of Performance Measures

Objectives: To determine that state agencies are providing and reporting appropriate information on financial and performance measures, and to review the accuracy of the management systems used to accumulate and report the results by Section 30-133B of the Code of Virginia.

Review of Non-General Fund Forecasting

Objectives: To perform a follow-up review on statewide processes for forecasting and monitoring non-general fund revenues.

Council on Virginia's Future

Objectives: Continue providing staff assistance to the Council on Virginia's Future as required by Section 2.2-2688 of the Code of Virginia.

Capital Asset Management

The Capital Asset Management Team seeks to ensure that the Commonwealth has the proper management, control, and valuation of capital assets; infrastructure; depreciation; preventive, corrective, and deferred maintenance; leases and installment purchases; and historic treasures. The Team bases its work on a life-cycle approach to capital asset management.

The Team seeks to have every member become a Certified Virginia Construction Contracting Officer. In addition, the Team members will annually receive training on the Commonwealth's fixed asset and lease systems and in the areas of accounting and financial reporting for capital assets, life-cycle analysis, facility maintenance and management, and project management.

SPECIAL PROJECTS

2009

Review of the Department of General Services Division of Real Estate Services

Objectives: To identify and reduce duplication of efforts between the Division of Real Estate Services and the Department of Accounts related to the tracking of leases for management and financial reporting purposes. To determine reasonableness of the Division of Real Estate Services' statewide and internal lease policies and procedures.

Status: This project is currently in progress. We plan to issue the report in the fall of 2009.

Deferred Maintenance

Objectives: To review the work that the Department of General Services has accomplished in implementing the Facility Inventory Condition Assessment System (FICAS). The review will include General Services support to agencies, instructions and work with the State Council of Higher Education for Virginia (SCHEV). We will also interview user agencies.

Status: This project is currently in progress. We plan to issue the report in the fall of 2009.

Develop Capital Projects Life-Cycle Budget Analysis

Objectives: To develop a life-cycle budget analysis for capital projects for higher education as set forth in the Appropriations Act Item 4-4.01 n. 3.b.

Status: We combined this project with the Deferred Maintenance project above and it is currently in progress. We plan to issue the report in the fall of 2009.

Review of Department of Transportation's Asset Management System

Objectives: To gain an understanding of Transportation's Asset Management System used to track road conditions and determine maintenance needs. To review and evaluate how Transportation uses the data in the system to determine maintenance needs and request funding. To determine how Transportation tracks whether the maintenance needs and uses maintenance funding.

Status: This project is currently in progress. We plan to issue the report in the fall of 2009.

2010

Statewide Review of Energy Performance Contracts

Objectives: To compile data on the Commonwealth's energy performance contracts and determine the status and classification of each contract by financing method. To determine whether there is a preferred method to contract and finance energy improvements that is the most beneficial and cost effective method. To recommend whether the Commonwealth should continue to use energy performance contracts in the future.

Data Analysis

Data Analysis Team members strive to develop and teach techniques that allow the Office to conduct cross-cutting queries and analyses. The team supports the Office's statewide audit approach by utilizing technology and computer-assisted auditing techniques. The team also develops tools and methodologies that allow for the on-going monitoring of financial

transactions and internal controls. This process requires acquiring, analyzing, and reporting on various types of data to identify operational and business risks.

The Data Analysis Team also maintains, and continues to enhance Commonwealth Data Point, an internet database located on the Auditor of Public Accounts website. Commonwealth Data Point allows citizens, legislators, and other policymakers' access to a comprehensive source of financial and statistical data on the operations of the Commonwealth of Virginia.

SPECIAL PROJECTS

2009

Development of Internet Database

Objectives: The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable database providing certain state expenditure, revenue, and demographic information as described in Section 30-133 of the Code of Virginia. The Auditor of Public Accounts shall update the database each year by October 15 to provide the information for the ten most recently ended fiscal years of the Commonwealth.

Status: We have continually enhanced Commonwealth Data Point during 2009 as discussed below and plan more enhancements during the upcoming year.

- A redesign of budget information screens allows a more user-friendly access and drill-down to detailed data including program and service area.
- Locality comparison analysis screen allow users to compare financial information across different localities and fiscal years.
- An Enhanced Search function enables Google search ability across data as well as across reports issued by our office.
- Expanded expenditure information includes a drill down to service area data.
- Completed internal documentation and screen inventories to prepare for complete re-design in work plan 2010.

Results: As stated earlier, we helped to develop *Open.Virginia.gov* -- a portal to improve citizen access to Virginia government operations. This portal combined the talents of our staff, the Department of Planning and Budget, the Council on Virginia's Future and the Virginia Information Technologies Agency.

During the year, there was an increased user demand for uniform information about from whom the Commonwealth purchased goods and services. Since the Commonwealth does not have a mandated vendor table or uniform vendor identification, Commonwealth Data Point cannot supply this information. During the 2009 General Assembly session, legislation enacting a uniform vendor table passed and will require the use of this table in Fiscal 2011.

Small Purchase Charge Card Review

Objectives: To review processes and collect for analysis the new charge card program data; specifically, collect statewide small purchase charge card data; analyze data at agency and statewide levels; review any changes to the charge card program since implementation of Bank of America VISA program; and develop trigger reports for identified exceptions or unexpected results.

Status: We did not issue a specific report on this review during the 2009 work plan, but included any findings in individual agency audit reports. We continue to collect and analyze statewide small purchase charge card data, perform test work on an agency by agency basis, and issue findings when necessary. This project is a joint effort with the Acquisition and Contract Management Team.

2010

Development of Internet Database

Objectives: The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable database providing certain state expenditure, revenue, and demographic information as described in Section 30-133 of the Code of Virginia. The Auditor of Public Accounts shall update the database each year by October 15 to provide the information for the ten most recently ended fiscal years of the Commonwealth.

Planned Improvements:

In addition to maintaining the current website, we plan to continually enhance Commonwealth Data Point during 2010 as discussed below and also by implementing any user suggestions submitted.

- A complete redesign of the website to increase user friendliness, database efficiency, and compliance with web standards.
- Collect and display annual bond indebtedness information, as well as capital outlay project information.
- Continue to evaluate different funding sources paid to localities.

- Work with the Department of Accounts to establish guidelines for display of Freedom of Information Act exempt data.

Financial Management

The Financial Management Team promotes the fiscal responsibility and the prudent use of Commonwealth resources by evaluating whether the Commonwealth has sound financial management practices. Financial management includes evaluating the efficient and effective use of resources and the management of funds, as well as the overall financial operations of the entity. These reviews include evaluating management and strategic goals and operations to ensure that entities are appropriately organized and managed to add value to the taxpayers and their assigned responsibilities.

The Financial Management team has individuals with accounting, financial, and management backgrounds. Team members receive training on management of funds, strategic planning, and operations management.

SPECIAL PROJECTS

2009

Review of the Southeastern Public Service Authority's Operations and Finances

Objectives: To assess the Southeastern Public Service Authority's financial stability and performance, compare the Authority's operations with similar public and private entities, and make recommendations (HJR 89).

Status: We issued this report in October 2008.

Results: The Authority had neither strategic planning nor the basic internal systems to support analytical reviews of its operations. Management has instituted a strategic planning process and upgraded its support systems.

Also, the report indicated the Authority's need to re-examine its debt structure and general operations. The Authority's Board has directed staff to propose changes addressed in the report.

Review of Construction Financial Planning

Objectives: To determine whether a business and financing plan exists and supports the need for new construction. An agency or institution's review of the business plan should establish the feasibility of long-term construction projects before agencies and institutions commence building. This study also includes determining whether the agency or institution developed an appropriate operating budget and future cash flow projection.

Status: We had insufficient staffing resources to start and complete this project; we have indefinitely deferred this work.

Fraud Study

Objectives: To gain an understanding of the various agency internal fraud programs and determine what types of frauds they investigate. To gather statistics on a statewide basis (i.e. restitution amount, number of cases, type of cases, and final action/outcome of the case) and make suggestions on improvements as deemed necessary. To compare data from various state systems and determine if individuals may be improperly receiving benefits and/or services. To compare benefit and service records to vital statistics records, tax records, and corrections records.

Status: We had insufficient staffing resources to start and complete this project in 2009. We have divided the project for our 2010 work plan into the Inspector General Study shown below and a Review of Internal Audit Departments mentioned later.

2010

Inspector General Study

Objectives: To address the concerns of the General Assembly for a Commonwealth Office of Inspector General (OIG), the review will examine how the Commonwealth uses the fraud, waste, abuse hotline, and if there is unnecessary duplication in the administration of state government programs. This includes determining the benefits and burdens of outsourcing this OIG function to the private sector if there is a need for the OIG function. This study will also review the fraud hotline and current Commonwealth efforts related to fraud, waste, and abuse.

Review of Investment Policies

Objectives: To perform a review of select individual agencies' and institutions' investment policies and benchmarks including determining whether they exist at the different entities, are adequate and specific, followed, and reevaluated periodically.

Review of Disbursement Methods

Objectives: To perform a statewide review of disbursement methods and controls. This review will include checks, ACH transactions, and wire transfers and will encompass the Department of the Treasury, select agencies, and higher education institutions.

Higher Education

The Higher Education Specialty Team continues to improve audit practices for higher education financial and special audits. The Team provides information on accounting issues facing higher education financial officers. The Team also develops and updates specific

auditing guidance on Student Financial Aid and Research and Development programs, and NCAA compliance issues.

Team members specialize in audits of higher education institutions through experience in completing those audits; participation in specialized training, such as the College Business Management Institute; and through certifications such as the CPA and Certified Government Financial Manager. Team members strive to be a continuous resource to the universities in areas of financial accounting, internal controls, and compliance issues through a comprehensive understanding of the higher education business environment.

SPECIAL PROJECTS

2009

Study of Higher Education One-Card Systems

Objectives: To review One-Card Systems used at Virginia's universities. The One-Cards provide students, faculty, and staff with a single card to serve as identification, meal plan access, building, and dorm access, and debit card access to various merchants. The review will encompass the following specific objectives:

- Provide background information on the functions of the One-Cards at the universities.
- Provide information on customer service features of the One-Cards and compare those features between the universities.
- Obtain preliminary information regarding accounting controls and reporting for One-Cards for use on financial statement audits.

Status: This study resulted in a report issued in June 2009 providing information and analyses on the services provided by the One-Cards at each university, the software and processes used, and the security over transactions and sensitive data. The report concluded that:

- controls over One Card issuance are generally adequate to ensure that only appropriate individuals are issued One Cards;
- universities have proper accounting controls to ensure they process only authorized One Card transactions;
- universities could enhance their data security by ensuring their policies and procedures are similar to those required by Payment Card Industry Data Security Standards since One Card usage is similar to credit cards; and
- universities are properly reporting One Card balances in the annual financial statements.

2010

Review of Higher Education Housing

Objectives: To compare student housing policies and procedures at state universities and any significant housing arrangements the universities have with public and private organizations. The review will also include the effect that student housing policies have on on-campus and off-campus housing. This review is at the request of the House Appropriations Committee.

Status: The first phase will compile and compare student housing policies at the universities as well as accumulate the details on any arrangements universities have with their foundations or other providers of student housing, and has a December 1, 2009 completion date. We are completing our surveys at the universities and accumulating the results for our draft report.

The second phase of the project includes evaluating the impact of university housing policies on the local housing market, with completion scheduled for December 1, 2010.

Information Systems Development

The Information System Development Team ensures systems being developed will process financial information accurately and efficiently, and create a usable audit trail. The Team reviews systems development projects including safeguards (called controls) that will promote accuracy, dependability, and security and report whether projects are progressing on schedule, within budget, and toward success.

Team members undertake special training in project management as sponsored by George Washington University and work towards certification as Project Management Professionals by the Project Management Institute. Additionally, team members regularly attend classes to keep current with system development best practices.

SPECIAL PROJECTS

2009

Systems Development Projects

Objectives: To monitor the systems development process over major systems to determine whether the projects are on schedule, on budget, and provide required functionality. This includes systems development projects for the various departments, agencies, and higher education institutions.

Status: Throughout 2009, we monitored the status of several major systems implementations including the Department of Rehabilitative Services Case Management and Financial

Management Systems, the Department of Professional Occupation and Regulations new licensing system, and systems at the Departments of Transportation, State Police, and Motor Vehicles, and the Supreme Court of Virginia. In 2009, we issued one progress report that detailed the status of all the systems we are monitoring and this report highlighted specific recommendations to improve the projects' schedule, scope, and budget.

In 2010, we continue to closely monitor about 20 major system implementations and our specialists regularly attend project meetings and review project documentation. We plan to issue at least one progress report this year, which will include our recommendations as necessary.

Statewide Systems Replacement

Objectives: To monitor the replacement of statewide applications, including accounting, budgeting, human resources, and other administrative systems, with an enterprise solution.

Status: Throughout 2009, we continued to follow the Commonwealth's progress in replacing the statewide budgeting and accounting systems. We reported on the status of these applications in our regular progress report described earlier. In addition, the Information Technology Investment Board requested that we conduct a separate review of the spending and outcomes of the Enterprise Application Office since its inception and we released our report in September 2008. In 2010, we will continue to monitor the implementation of the statewide budgeting system by the Department of Planning and Budget and statewide accounting system by the Department of Transportation.

Information Technology Project Management at Higher Education Institutions and Independent Agencies

Objectives: To review the adequacy of information technology (IT) project management policies and procedures for Tier III higher education institutions and independent agencies. Tier III institutions and independent agencies are exempt from following the Commonwealth's Project Management Standard and, therefore, must develop and adopt their own.

Status: In April 2009, we issued a report on the results of our audit work. Our audit found that all Tier III higher education institutions have developed and adopted IT project management policies and procedures as mandated by the *Restructured Higher Education Financial and Administrative Operations Act of 2005*; however, the College of William and Mary should apply its policies and procedures institution-wide. In addition, although some independent agencies have developed IT project management policies and procedures that are in alignment with industry best practices, we recommend that the State Lottery Department, Virginia Worker's

Compensation Commission and the Virginia College Savings Plan formally adopt such policies and procedures.

2010

Review of IT Governance

Objectives: To review and report on progress made by the Commonwealth in addressing IT Governance recommendations made in the Auditor of Public Accounts' 2007 report. This review will focus primarily on governance over IT maintenance and operation spending.

Status: Since issuing our report in December 2007, the Commonwealth has developed initiatives and work groups dealing with IT Governance. During 2010, we plan to follow-up on our 2007 audit recommendations and report on the progress these work groups have made.

Review of Commonwealth Data Standards

Objectives: To review and report on progress made by the Virginia Enterprise Applications Program (VEAP) Office in identifying major Commonwealth financial and information collection processes and establishing data standards for each as required by the Appropriations Act.

Status: The 2008 Appropriations Act, Chapter 879, required the VEAP to establish data standards by October 2008 for the statewide accounting system being implemented by the Department of Transportation. To date, the VEAP has not finalized these data standards and Transportation expects to begin their systems implementation effort in fall 2009. We have actively followed VEAP efforts in this regard, including the creation of a Commonwealth Data Strategy work group. We plan to continue our review efforts and issue a report on the status of progress being made sometime during fiscal 2010.

Information Security

The Information Security Team evaluates agencies' information security plans and how they impact the accuracy of financial statements and protect mission critical and sensitive information. The Team evaluates information security plans against industry best practices and the Commonwealth of Virginia policies, standards, and guidelines. As a highly technically-trained team, they also evaluate how hardware and software configurations ensure the appropriate levels of protection for the information they contain.

Each team member has an assigned area of technical concentration, which allows the team to extend its expert knowledge base to all areas of information technology including: network infrastructure, server platforms, databases, and business applications. Collectively, the team possesses several professional certifications including Microsoft Certified Systems Engineer,

Cisco Certified Network Analyst, Certified Information System Security Professional, and Certified Information Systems Auditor.

SPECIAL PROJECTS

2009

E-Commerce

Objectives: To determine the status of the Commonwealth's compliance with VISA/MasterCard merchant requirements for properly securing customer information (Member Compliance Validation Requirements) and identify methods to ensure the Commonwealth is not subject to resulting fines/penalties or loss of customer confidence. To determine which various e-commerce processes the Commonwealth uses and the risks associated with the use of electronic processing and digital signatures, and which best practices and controls should exist.

Status: We communicated the E-Commerce findings and recommendations via agencies' individual audit reports. Due to resource limitations, we had to limit the scope of the E-Commerce review to focus on agencies' awareness and implementation of the Payment Card Industry Data Security Standards.

Systems Security - Review

Objectives: To follow-up the results implemented from our 2006 report "A Review of Information Security in the Commonwealth of Virginia" and assess the current adequacy of the security of state government databases and data communications from unauthorized uses.

Status: We issued this report in December 2008, called *2008 Statewide Review of Information Security in the Commonwealth of Virginia*. This follow-up report includes no recommendations; however, it has the following findings.

- 1) The Commonwealth of Virginia and its agencies and institutions of higher education have made significant progress in establishing and adhering to their information security programs.
- 2) The Commonwealth of Virginia is continually updating its information security policies and standards to meet the needs of the Commonwealth and the requirements of industry best practices.
- 3) The Commonwealth of Virginia communicates information security policies, standards, and guidelines to agencies and institutions of higher education through several channels, including, monthly information security officers' meetings, new information security officer orientation, e-mail communication, and on-line review and comment forums.

- 4) Smaller agencies continue not to have adequate resources or expertise to establish an information security program. The Commonwealth has hired two full-time information security experts to assist small to medium-sized agencies establish information security programs; however, they have not had the time to address most of the agencies' needs.

2010

Statewide Report of Systems Security Findings

Objectives: A semi-annual report identifying information security issues across state agencies audited during the previous six months. The report will also note any changes, additions, or deficiencies in the Commonwealth's Information Security Standard and Policy.

Status: We plan on issuing this report in September, 2009 and again in Spring 2010.

Judicial Systems

The Judicial Systems Team promotes sound financial management and accountability for funds by audits of the various courts, general receivers, magistrates, and constitutional officers. In addition, Team members are on-call to perform special reviews when there is a change of any Clerk of Circuit Court or Treasurer.

The Team ensures that the court and constitutional officers accurately process financial transactions, maintain sound internal controls, and comply with the Code of Virginia. This Team performs over 400 reviews annually.

SPECIAL PROJECTS

2009

Study of Costs for Operating Court System

Objectives: To compile, analyze, and report financial data regarding the total costs to fund the district and circuit courts.

Status: In December 2009, we completed and issued this report. Using research conducted and a data automation process, the report included a summary schedule as well as individual schedules for each locality of the court operations. These schedules included collections and expense information that spanned various data sources. Our report included two recommendations for improving fiscal operations of both Circuit and District courts.

Results: As a result of the report and the budget recommendation by the Governor, the General Assembly implemented one of the report recommendations. Also, the General Assembly directed the Joint Legislative Audit and Review Commission to undertake a broader study of court operations include the funding recommendation in this report.

2010

Study of Costs for Operating Court System

Objectives: To compile, analyze, and report financial data regarding the total costs to fund the district and circuit courts.

Status: The goal is to complete and deliver a similar report and schedules to the prior year report by September, 2009. This will include additional research and refinements to the data, as well as any outcomes from actions taken by the 2009 General Assembly. We will also include any additional recommendations that we have determined since the prior year report.

Reporting and Standards

The Reporting and Standards Team ensures that our Office is following current accounting and auditing standards and incorporates this information into our audits. For newly issued standards, the Team not only works with our auditors, but actively works with the State Comptroller and his staff, the Cabinet Secretaries and local governments and their auditors to help everyone properly implement and follow generally accepted accounting principles and auditing standards. The Team specializes in the financial statement reporting model and assists in auditing the reporting process, including having primary responsibility for the audit of the Commonwealth's Comprehensive Annual Financial Report.

Team members strive to become Certified Public Accountants and regularly receive training in accounting and auditing standards. To ensure we follow the standards in every audit we perform, team members use this training to prepare training for all Office staff and update our Office's Audit Manual and practice aids. In addition, the Team conducts internal reviews of our work to assure not only the quality of our audit work, but to improve our efficiency.

REPORT ON THE SYSTEM OF AUDIT QUALITY CONTROL

The National State Auditors Association, recognized by the U.S. Government Accountability Office, conducted and concluded the sixth peer review of our quality assurance process. This process tests our ability to plan, conduct, and report our audit findings in accordance with nationally recognized standards set by the American Institute of Certified Public Accountants and U.S. Government Accountability Office. We have this review every three years and we received our sixth consecutive unqualified report.

SPECIAL PROJECTS

2009

Study - Collection of Receivables

Objectives: Review and report on the collection of the Commonwealth's receivables. Determine the various classes of receivables, the nature of the financial activity resulting in receivables, and how agencies classify and report receivables. Also, determine best practices the Commonwealth should use for appropriately extending credit, billing and collecting receivables, and reporting and determining collectability of each receivables class. Make recommendations for improvement of the management and reporting of receivables.

Status: We issued an interim report in May 2009. The interim report identifies that, of the agencies reviewed, most amounts due and collected by the Commonwealth are part of agencies' and institutions' normal operations and will not provide the General Fund of Commonwealth substantial resources. The report also recommends several changes which would enhance a reader's understanding of the amounts due and the ability to monitor the collections of the various agencies and institutions involved in the generation and collection of these receivables. Below are the Objectives for the final report.

Result: We provided the Senate Finance Committee a briefing on our interim report and the findings included therein.

2010

Study - Collection of Receivables

Objectives: Conclude the review and report on the collection of the Commonwealth's receivables. Determine best practices the Commonwealth should use for appropriately extending credit, billing and collecting receivables, and reporting and determining collectability of each receivables class. Make recommendations for improvement of the management and reporting of receivables.

Status: Our final report on the agency and institution accounts receivable will include a comparison of the collection procedures that agencies and institutions use to collect amounts to best practices. We plan to issue our final report in December 2009.

Review the Potential Centralization of Smaller Agency Administrative Functions

Objectives: To determine which agencies would benefit from the centralization of administrative functions by identifying agencies that do not have sufficient personnel resources to ensure internal controls are adequate or agencies whose internal controls are in jeopardy with the loss of key personnel.

Status: This project is currently in progress. We plan to issue the report in the fall of 2009.

Social and Medical Services

The Social and Medical Services Team evaluates the Commonwealth's management of these services to ensure that entities have effective and efficient internal controls surrounding both their fiscal operations and comply with appropriate requirements. The Team audits several of the Commonwealth's larger agencies, including the Departments of Health, Medical Assistance Services, and Social Services.

The Team has an in-depth knowledge of various subjects, including federal auditing requirements. To help aid with this objective, our team members' backgrounds and expertise are as diverse as the agencies it audits, which include bachelor degrees in accounting and finance, a master's degree in business administration, Certified Public Accountants, and experience as a former Nursing Home Director. Additionally, some team members are undertaking the Grants Management Certificate Program recommended by the National Grants Management Association.

SPECIAL PROJECTS

2009

Secretary of Health and Human Resources

Objectives: To summarize the findings of all of audits under the Secretary of Health and Human Resources including financial information and the data for the Federal Statewide Audit of Grants and Contract.

Status: Issued the report in January 2009. We noted several issues at Behavioral Health and Developmental Services (formally Department of Mental Health Mental Retardation and Substance Abuse Services) that the Secretary and the department's senior management would need to address globally.

Results: The Department has assigned a new Deputy Commissioner the responsibility for the facilities to ensure the Central Office improves its guidance to and oversight of the facilities. Specifically, these improvements are occurring in the following areas where the project found facilities having difficulties:

Comply with Information Systems Security Program Develop and Test Continuity of Operations and Disaster Recovery Plans Record Construction in Progress Grant Access to Timekeeping System	Document Security Awareness Training Complete Employment Eligibility Verification Forms Control Capital Assets
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Virginia War Memorial Foundation (Foundation)

Objectives: Originally, this project was a routine audit; however, we identified spending patterns for both fiscal years 2009 and 2010 that would result in the Foundation incurring a deficit unless the Foundation took action to correct this situation. Based on historical spending patterns, we expect the Foundation to have a deficit of about \$58,000 at June 30, 2009 and \$55,000 for fiscal year 2010.

Status: We issued a report on March 18, 2009.

Results: The Foundation received a deficit loan from the Governor's Office for \$60,000, which the Department of Planning and Budget will help the Foundation repay using the unspent funds. The Foundation will need to address the funding issues for fiscal 2010. Additionally, the Foundation is making several administrative changes.

2010

Review of Eligibility for Social and Medical Services

Objectives: To identify eligibility information gathered for applying for social and medical services and determine the barriers to sharing this information to reduce redundant data collection. Determine if there are data standards for the information collected by Commonwealth's Health and Human Resources (HHR) agencies and if there are national standards client information. Also accumulate an inventory of when, where, and what information HHR agencies collect and if they share the information, and what opportunities exist to share information.

Review of Internal Audit Departments

Objectives: To review the organization and functions of the internal audit departments at agencies and higher education institutions. This review includes determining who manages the internal audit departments and the interaction of the various internal audit departments and the State Internal Audit Division of the Department of Accounts.

FRAUD REPORTS

Upon the discovery of circumstances suggesting a reasonable possibility that a fraudulent transaction has occurred involving funds or property under the control of any state department, court, officer, board, commission, institution or other agency of the Commonwealth, including local constitutional officers and appointed officials exercising the powers of elected constitutional officers, as to which one or more officers or employees of state or local government may be party thereto, the state agency head, court clerk or local official in charge of such entity shall promptly report such information to the Auditor of Public Accounts and the Superintendent of State Police. Section 30-138 of the Code of Virginia.

During the course of the year, in accordance with the above statute, we receive reports of circumstances indicating a reasonable possibility of fraudulent transactions. This Office conducts an initial review of all reports, and depending on the nature and circumstances, determines how best to proceed. The majority of reports and related situations result in this office and State Police coordinating our activities with agency, institution and locality officials, primarily internal auditors and local law enforcement. The tables below outline the volume of activity we had reported during fiscal years 2007 through 2009.

Fraud Reviews

	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Outstanding cases at beginning of fiscal year	51	25	15
New reports	39	51	50
Closed reports	<u>(47)</u>	<u>(25)</u>	<u>(40)</u>
Active cases at end of fiscal year	<u>43</u>	<u>51</u>	<u>25</u>

The following table provides a breakdown of the new reports received during the fiscal years 2007 through 2009 by type of entity.

New Reports

<u>Entity</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
Courts	2	2	3
Local Governments	4	7	4
Institutions of Higher Education	12	18	19
State Agencies	<u>21</u>	<u>24</u>	<u>24</u>
Total	<u>39</u>	<u>51</u>	<u>50</u>

During the year, we were able to resolve and close a number of reports. The breakdown of this resolution follows by fiscal year.

Closed Reports

<u>Disposition</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2007</u>
No Conviction	15	8	15
Conviction	2	1	5
Conviction and Recovery	5	2	7
Administrative Action	15	3	6
Administrative Action and Recovery	<u>10</u>	<u>11</u>	<u>7</u>
Total	<u>47</u>	<u>25</u>	<u>40</u>

The following is a listing of all Agencies and Institutions reports issued by the Auditor of Public Accounts during the fiscal year ended June 30, 2009. All reports listed are for the year ended June 30, 2008, unless otherwise indicated. An asterisk * indicates that the report includes audit findings and recommendations.

Agencies and Institutions

Judicial Branch

Indigent Defense Commission for the year ended June 30, 2008*
Office of the Executive Secretary of the Supreme Court of Virginia Clerk of the Supreme Court Clerk of the Court of Appeals and the Judicial Inquiry and Review Commission for the year ended June 30, 2007*
Office of the Executive Secretary of the Supreme Court Of Virginia, Clerk of the Supreme Court, Clerk of the Court of Appeals, and the Judicial Inquiry and Review Commission for the year ended June 30, 2008*
Virginia Board of Bar Examiners for the year ended June 30, 2008
Virginia Circuit Courts Statewide Report – July 1, 2007 through June 30, 2008*
Virginia General District Courts Statewide Report – July 1, 2007 through June 30, 2008*
Virginia State Bar for the year ended June 30, 2008*

Independent Agencies

State Lottery Department “Mega Millions” Report on Applying Agreed-Upon Procedures for the period April 1, 2007 through March 31, 2008
State Lottery Department “Win for Life” Report on Applying Agreed-Upon Procedures for the period April 1, 2007 through March 31, 2008
State Lottery Department for the Year Ended June 30, 2008*
Virginia College Savings Plan—Annual Report on Financial Statements for the fiscal year ended June 30, 2008
Virginia Office for Protection and Advocacy for the period July 1, 2006 through June 30, 2008*
Virginia Retirement System for the fiscal year ended June 30, 2008*

Executive Departments

Office of the Attorney General and the Department of Law for the period ended June 30, 2008
Office of the Governor for the fiscal year ended June 30, 2008
Office of the Lieutenant Governor for the fiscal year ended June 30, 2008
The Governor’s Cabinet Secretaries for the year ended June 30, 2008*

Administration

Compensation Board for the years ended June 30, 2007 and June 30, 2008*
Department of Employment Dispute Resolution for the two-year period ended June 30, 2008
Department of General Services for the year ended June 30, 2008*
Department of Human Resource Management for the year ended June 30, 2008*
Department of Minority Business Enterprise for the period February 1, 2008 through
December 31, 2008*
Division of Selected Agency Support Services for the year ended June 30, 2008
Human Rights Council for the fiscal years ended June 30, 2008 and 2007
State Board of Elections for the year ended June 30, 2008*

Agriculture and Forestry

Department of Forestry for the two-year period ended June 30, 2008*
Virginia Department of Agriculture and Consumer Services and the Virginia Agricultural
Council for the year ended June 30, 2007*
Virginia Department of Agriculture and Consumer Services, and the Virginia Agricultural
Council for the year ended June 30, 2008*

Commerce and Trade

Department of Business Assistance for the fiscal year ended June 30, 2008*
Department of Mines, Minerals, and Energy for the two-year period ended June 30, 2008*
Department of Professional and Occupational Regulation for the years ended June 30, 2006 and
June 30, 2007*
The Tobacco and Community Revitalization Commission for the fiscal year ended June 30, 2008
Virginia BioTechnology Research Park Authority for the year ended June 30, 2008*
Virginia Board of Accountancy for the year ended June 30, 2008*
Virginia Commercial Space Flight Authority for the year ended June 30, 2008*
Virginia Economic Development Partnership – as of June 30, 2008
Virginia Employment Commission for the fiscal year ended June 30, 2008
Virginia National Defense Industrial Authority for the fiscal year ended June 30, 2008
Virginia National Defense Industrial Authority for the fiscal year ended June 30, 2007
Virginia Racing Commission for the fiscal year ended June 30, 2008
Virginia Small Business Financing Authority, Loan And Loan Guaranty Funds for the year
ended June 30, 2008
Virginia Tourism Authority for the fiscal year ended June 30, 2008

Education

Department of Education Including Direct Aid to Public Education and Virginia Schools for Deaf and Blind for the year ended June 30, 2008*
Library of Virginia for the years ended June 30, 2007 and 2008
Payments in Lieu of Taxes for Virginia from October 1, 2007 until September 30, 2008
Southern Virginia Higher Education Center for the fiscal years ended June 30, 2007 and 2008
State Council of Higher Education for Virginia for the year ended June 30, 2008*
Virginia Museums for the years ended June 30, 2006 and 2007

Colleges and Universities

Christopher Newport University for the year ended June 30, 2008*
George Mason University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
George Mason University for the fiscal year ended June 30, 2008
J. Sargeant Reynolds Community College Report on Review for the year ended June 30, 2008
James Madison University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
James Madison University for the fiscal year ended June 30, 2008*
Longwood University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Longwood University for the year ended June 30, 2008*
Mountain Empire Community College Report on Review for the year ended June 30, 2008
Norfolk State University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Norfolk State University for the fiscal year ended June 30, 2008*
Old Dominion University for the year ended June 30, 2008*
Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2008
Piedmont Virginia Community College Report on Review for the year ended June 30, 2008
Radford University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Radford University for the fiscal year ended June 30, 2008*
The College of William and Mary – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
The College of William and Mary in Virginia for the year ended June 30, 2008*
University of Mary Washington for the year ended June 30, 2008*
University of Virginia – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
University of Virginia for the fiscal year ended June 30, 2008*
University of Virginia Medical Center for the fiscal year ended June 30, 2008
Virginia Commonwealth University – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Virginia Commonwealth University for the fiscal year ended June 30, 2008*
Virginia Community College System for the year ended June 30, 2007*

Colleges and Universities (continued)

Virginia Military Institute – Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Virginia Military Institute for the fiscal year ended June 30, 2008*
Virginia Polytechnic Institute and State University - Intercollegiate Athletics Programs for the fiscal year ended June 30, 2008
Virginia Polytechnic Institute and State University for the fiscal year ended June 30, 2008*
Virginia State University for the year ended June 30, 2008*

Finance

Agencies of the Secretary of Finance for the year ended June 30, 2008*
Collection of Communications Sales and Use Tax for the year ended June 30, 2008
Internal Control Report on Audit for Local Government Investment Pool, Virginia Public School Authority, Virginia College Building Authority, and Virginia Public School Authority for the year ended June 30, 2008*

Health and Human Resources

Agencies of the Secretary of Health and Human Resources for the year ended June 30, 2008*
Commonwealth Health Research Board for the two-year period ended June 30, 2008
Office of Comprehensive Services for At-Risk Youth and Families for the year ended June 30, 2008
The Assistive Technology Loan Fund Authority for the year ended June 30, 2008*
Virginia Tobacco Settlement Foundation for the fiscal year ended June 30, 2008

Natural Resources

Department of Game and Inland Fisheries for the period April 1, 2007 through March 31, 2008*
Potomac River Fisheries Commission for the year ended June 30, 2007
Potomac River Fisheries Commission for the year ended June 30, 2008
Virginia Marine Resources Commission for the two-year period ended June 30, 2008

Public Safety

Commonwealth's Attorneys' Services Council for the period July 1, 2006 through June 30, 2008
Department of Alcoholic Beverage Control for the Year Ended June 30, 2008*
Department of Correctional Education for the two-year period ended June 30, 2008*
Department of Corrections and Virginia Parole Board for the year ended June 30, 2007*
Department of Corrections, Virginia Parole Board, and Virginia Correctional Enterprises for the year ended June 30, 2008*
Department of Criminal Justice Services for the two-year period ended June 30, 2008*
Department of Fire Programs for the two-year period ended June 30, 2008*
Department of Forensic Science for the period July 1, 2006 through June 30, 2008*
Department of Juvenile Justice for the years ended June 30, 2007 and June 30, 2008*
Department of Military Affairs for the year ended June 30, 2007*
Department of Veterans Services and the Veterans Services Foundation for the year ended June 30, 2008*
Virginia Correctional Enterprises for the fiscal years ended June 30, 2006 and 2007*
Virginia Department of Emergency Management for the year ended June 30, 2008*

Technology

The Innovative Technology Authority including its Blended Component Unit Center for Innovative Technology Annual Financial Statements for the fiscal year ended June 30, 2008
Virginia Information Technologies Agency for the period July 1, 2006 through December 31, 2007*
Virginia War Memorial Foundation for the year ended June 30, 2008*
Wireless E-911 Services Board for the year ended June 30, 2007*

Transportation

Agencies of the Secretary of Transportation (Commonwealth Transportation Fund) for the year ended June 30, 2008*
Virginia Port Authority for the year ended June 30, 2008*
Virginia Port Authority Special Review, August 2008*

Special Reports

2008 Statewide Review of Information Security in the Commonwealth of Virginia report on audit as of December 12, 2008 *
Accounts Receivable Review as of June 30, 2008*
Auditor of Public Accounts - 2008 Report to the General Assembly
Collection of Communications Sales and Use Tax
Collections of Commonwealth Revenues by Local Constitutional Officers

Special Reports (continued)

Commonwealth of Virginia Single Audit Report for the year ended June 30, 2008*

General Assembly, Legislative Agencies, and Commissions of the Commonwealth of Virginia
Financial Report for the fiscal year ended June 30, 2008

Information Technology Project Management for Tier III Higher Education Institutions and
Independent Agencies as of April 2009*

Interim Review of STARS Project

Progress Report on Selected Information Technology Projects in the Commonwealth,
January 2009*

Report on Collections of Commonwealth Revenues By Local Constitutional Officers for the year
ended June 30, 2008*

Report to the Joint Legislative Audit and Review Commission for the quarter April 1, 2008
through June 30, 2008*

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2008 to
September 30, 2008*

Report to the Joint Legislative Audit and Review Commission for the quarter October 1, 2008
through December 31, 2008*

Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2009
through March 31, 2009*

Revenue Stabilization Fund Calculations for the year ended June 30, 2008

Review of Agency Performance Measures for the year ended June 30, 2008*

Review of Commonwealth Management and Control over Prescription Medication, September
2008*

Review of One Card Programs at Virginia's State-Supported Universities, June 2009

Review of the Budget and Appropriation Processing Control System for the year ended
June 30, 2008*

Service Management Organization of the Virginia Information Technologies Agency—Interim
Review of the Information Technology Partnership, February 2009*

Southeastern Public Service Authority, October 2008*

Statewide Review of Capital Outlay for June 2008*

Urban Private Partnership Redevelopment Fund and the Virginia Removal or Rehabilitation of
Derelict Structures Fund for the year ended June 30, 2008

Virginia Enterprise Applications Program, September 2008*

The following lists those courts audited during the period July 1, 2008 through June 30, 2009.

Circuit Courts

Accomack	Giles	Patrick
Albemarle *	Gloucester *	Petersburg *
Alexandria	Goochland	Poquoson
Alleghany	Greene *	Portsmouth
Arlington	Halifax	Powhatan *
Bath	Hampton	Prince George
Bedford	Hanover	Prince William
Bland	Henrico	Pulaski *
Botetourt	Highland	Richmond County
Bristol	Hopewell	Richmond City, Criminal*
Buchanan	Isle of Wight	Roanoke
Buckingham	King & Queen	Rockingham
Campbell	King George	Russell
Caroline	King George*	Salem
Charles City *	King William	Scott *
Charlotte	Lancaster	Smyth
Charlottesville *	Lee	Southampton
Clarke *	Louisa	Suffolk *
Colonial Heights	Lunenburg	Surry
Craig *	Lynchburg	Sussex *
Culpeper	Madison	Tazewell
Cumberland	Martinsville	Virginia Beach
Danville	Mathews	Warren
Dickenson	Mecklenburg	Washington
Dinwiddie	Nelson	Waynesboro
Essex	New Kent	Westmoreland
Fairfax *	Norfolk	Williamsburg/James City*
Floyd	Northampton	Winchester
Fluvanna	Northumberland *	Wythe *
Franklin	Nottoway	York
Frederick	Orange	
Fredericksburg*	Page	

Circuit Courts-Clerk Turnover Audits

Madison
Radford

General Receivers

Alexandria	Charlottesville	Lynchburg
Arlington	Dickenson	Russell
Bristol	King George	Sussex
Buchanan	Lee	Washington
Buena Vista	Loudoun	Wise & Norton

General Receivers – Turnover Audits

Charlottesville
Dickenson
Sussex

General District Courts

Accomack*	Hampton	Page
Albemarle	Hanover	Patrick
Arlington*	Henrico	Petersburg
Bedford	Henry*	Portsmouth*
Bristol*	Isle of Wight	Pulaski
Campbell	James City/Williamsburg	Richmond City - Criminal*
Caroline*	King William	Richmond City – Manchester*
Carroll	Lancaster	Roanoke County
Charlotte	Martinsville	Roanoke City*
Charlottesville*	Mathews*	Rockingham*
Chesapeake	Mecklenburg	Smyth*
Chesterfield*	Middlesex	Spotsylvania*
Clarke	Montgomery	Suffolk*
Fairfax City	New Kent	Tazewell
Fairfax County*	Norfolk Civil	Virginia Beach*
Fauquier	Norfolk Criminal	Warren
Franklin	Norfolk Traffic	Washington*
Fredericksburg	Northampton	Waynesboro
Gloucester*	Northumberland	Westmoreland
Halifax	Norton & Wise*	Wythe

Juvenile and Domestic Relations Courts

Accomack	Henrico	Portsmouth
Albemarle	Henry	Pulaski
Arlington*	Isle of Wight*	Roanoke County
Augusta	Lancaster	Roanoke City
Bedford	Martinsville	Rockingham
Bristol	Mathews	Smyth
Caroline*	Mecklenburg	Stafford
Carroll	Middlesex	Staunton
Charlotte	Montgomery	Tazewell
Charlottesville	Nelson	Virginia Beach
Chesapeake	New Kent	Waynesboro
Fairfax	Newport News*	Westmoreland
Fauquier	Norfolk	Wise & Norton
Franklin	Northumberland	
Fredericksburg	Page	
Gloucester	Patrick	
Halifax	Petersburg	
Hampton	Pittsylvania	

Combined General District Courts

Alleghany*
Amelia
Bath
Bland
Botetourt*
Buena Vista
Charles City
Craig
Culpeper
Cumberland
Dickenson*
Falls Church

Floyd
Fluvanna*
Galax
Giles
Goochland*
Grayson
Highland
Hopewell*
King George
Lee*
Louisa
Lunenburg*

Orange*
Powhatan
Prince Edward
Radford
Richmond County*
Rockbridge*
Russell
Salem*
Surry
Sussex

Fiscal Year 2009 Budgetary Analysis

Appendix B

Analysis of Budgeted and Actual Revenue by Funding Source

<u>Funding Source</u>	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual Revenue</u>
General Fund appropriations	\$10,487,543	\$10,479,108	\$10,479,108
Special revenue	<u>869,754</u>	<u>869,754</u>	<u>1,019,572</u>
Total revenues	<u>\$11,357,297</u>	<u>\$11,348,862</u>	<u>\$11,498,680</u>

Appropriation Adjustments

General Fund	\$10,487,543
Required adjustments	<u>(8,435)</u>
Adjusted General Fund appropriation	<u>10,479,108</u>
Special fund	<u>869,754</u>
Total appropriations	<u>\$11,348,862</u>

Revenues – Deposits to the General Fund of the Commonwealth

Circuit courts	\$ 277,540
Center for Innovative Technology	38,029
Department of Medical Assistance Services (State portion)	<u>80,675</u>
General Fund total	<u>\$ 396,244</u>

Analysis of Budget versus Actual Expenses by Funding Source

<u>Funding Source</u>	<u>Adjusted Budget</u>	<u>Expenses</u>	<u>Variance</u>
General Fund appropriations	\$10,479,108	\$ 9,901,912	\$ 577,196
Special revenue	<u>869,754</u>	<u>869,754</u>	<u>-</u>
Total	<u>\$11,348,862</u>	<u>\$10,771,666</u>	<u>\$ 577,196</u>

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