



COMMONWEALTH of VIRGINIA

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MEMORANDUM

TO: The Honorable L. Louise Lucas
Chair, Joint Subcommittee for Health and Human Resources Oversight

FROM: Dr. Cameron Webb
State Health Commissioner, Virginia Department of Health

SUBJECT: 2025 Grants Management Practices Report

This report is submitted in compliance with the Appropriation Act - Item 283 I. (Regular Session, 2025), which states

The Virginia Department of Health (VDH) shall report on progress made on implementing the recommendations based on the Department of Planning and Budget's evaluation of VDH's grant management practices to improve its grants management capabilities to the Joint Subcommittee on Health and Human Resources Oversight no later than September 1, 2025.

Should you have any questions or need additional information, please feel free to contact me at (804) 864-7002.

CW/KB
Enclosure

Pc: The Honorable Marvin B. Figueroa, Secretary of Health and Human Resources

IMPLEMENTATION OF RECOMMENDATIONS IN DEPARTMENT OF PLANNING AND BUDGET EVALUATION OF VDH GRANT MANAGEMENT PRACTICES

REPORT TO THE JOINT SUBCOMMITTEE ON
HEALTH AND HUMAN RESOURCES OVERSIGHT

2025

VIRGINIA DEPARTMENT OF HEALTH



PREFACE

The Virginia Department of Health (VDH) was tasked with implementing recommendations from the Department of Planning and Budget's evaluation of VDH's grant management practices and reporting on its progress. The report is to be submitted to the Joint Subcommittee on Health and Human Resources Oversight by September 1, 2025.

STUDY CONTRIBUTORS

Virginia Department of Health

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IMPLEMENTATION OF RECOMMENDATIONS FROM DPB EVALUATION

The Department of Planning and Budget (DPB) evaluation contains twenty-eight recommendations. A summary of the implementation status is in the table below with a full breakdown in the following pages.

Status	Count
Complete	21
In Progress	7
Total	28

THE STATUS OF THE INDIVIDUAL RECOMMENDATIONS

No.	Topic(s)	Recommendation	Action Plan	Status
1	Salary Allocation Practices	VDH needs to determine if all grant-funded fiscal and administrative positions moved during re-organizations have been performing work that directly benefits the funding grant. This recommendation resulted in further VDH evaluation.	DPB completed further analysis and evaluation of this topic in early 2025. VDH then implemented changes in how administrative positions were funded, based on that DPB evaluation.	Complete
2	Authorizing Official Gaps/ Reduce Reliance on Contractors	VDH needs to update the Authorized Organization Representative (AOR) for all grants where the currently listed AOR has separated from VDH or been reassigned. The AOR should be an employee of VDH. It is the AOR who is responsible for final review of the grant proposal and grant budget prior to submission to the federal government. We recommend further DPB evaluation of VDH's "front end" grant support, to include processes for reviewing grant proposals, developing grant budgets,	VDH has reviewed the current list of AORs and all AORs are employees of VDH. This was completed in April 2025.	Complete

		selecting the AOR, and the performance of the AOR's duties.		
3	Timely Federal Financial Reports (FFRs)	The Office of Financial Management (OFM) Agency Grants team needs to monitor due dates for FFRs, timely prepare preliminary FFRs for program office review, and consistently meet federal deadlines for submission.	Since this report was written, VDH has created an Office of Grants Administration and moved grant functions out of the Office of Financial Management. All references to OFM conducting grant activities are now the responsibility of the Office of Grants Administration. VDH is monitoring due dates for FFRs and has created a process to prepare the FFRs in a timely manner. The Office of Grants Administration communicates with program grant offices well ahead of FFR due dates to ensure compliance.	Complete
4	Drawdowns	OFM must timely and accurately draw down grant funds. See Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 20605, pages 15-16.	<p>VDH has already initiated numerous improvements to the drawdown process, reducing instances of overestimation or unforeseen expenses and eliminating manual processes. However, VDH is working to continue to enhance these critical procedures to ensure accuracy and timeliness in line with the expected expenditures for non-reimbursement federal programs.</p> <p>These improvements will enable VDH to conduct drawdowns on a more frequent cadence, thereby improving the timeliness of draws.</p>	Complete

5	Indirect Costs	OFM needs to be more efficient at indirect cost recovery, to include regular and timely drawdowns of indirect costs for all grants where such costs are recoverable.	<p>VDH has implemented improvements to enhance the timeliness of indirect cost calculations. Furthermore, ongoing efforts are underway to streamline the draw calculations, optimize the actual draw process, and minimize the time from draw to journaling. VDH is continuing to work to automate this process and to execute the indirect draws closer to the direct draw from grants.</p> <p>By executing these actionable steps, VDH aims to further enhance the efficiency and timeliness of indirect cost drawdowns, ensuring smoother financial operations and better compliance with expenditure schedules.</p>	In Progress
6	Indirect Costs/ Communication	OFM needs to clearly communicate, in writing, information about what costs are included in its indirect cost rates, versus what must be direct-billed, to all program and administrative staff involved in developing grant budgets.	<p>VDH has taken steps to enhance clarity and efficiency in its indirect cost management processes. This includes providing written guidance to program offices outlining the cost categories included in its indirect cost plan. Additionally, VDH is actively developing supplementary written guidance to delineate which costs, previously incorporated in grant budgets, should now be allocated to indirect cost recoveries or other state funds. By executing these actionable steps within the specified timelines, VDH aims to improve transparency and consistency in indirect cost management practices, thereby optimizing resource allocation and financial accountability across its programs.</p>	Complete

7	Consistent Chart of Accounts	OFM must consistently enter grants into the Chart of Accounts in compliance with 2 CRF 200.302(b), which requires “the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.” VDH must also consistently differentiate grant years for multi-year grants and identify the relevant federal account codes.	VDH has consolidated key grant information including the mapping of grants to financial data in its financial system (F&A). These efforts to capture key grant data to align with the requirements of 2 CFR 200.302(b). By executing these actionable steps within the specified timelines, VDH aims to enhance the accuracy, consistency, and efficiency of its grant management processes, thereby ensuring compliance with regulatory requirements and optimizing resource allocation across its grant portfolio.	Complete
8	Reduce Reliance on Contractors	VDH needs to fill vacant positions and achieve adequate staffing levels in OFM Agency Grants and in Grants Support.	VDH has filled vacancies in the Office of Financial Management and reduced the number of contractors in that work unit. VDH is actively filling positions in the Office of Grants Administration. The VDH Office of Human Resources (OHR) has created a new Contingent Worker Policy which requires work units to eliminate long-term contractors and to focus on hiring classified employees.	Complete
9	Process Travel Vouchers Timely	OFM must process employee reimbursement vouchers within five working days as required by CAPP Topic No. 20336 (page 10), so delayed reimbursement does not financially burden staff. This topic is recommended for internal audit.	In October 2025 VDH launched the use of a new online travel reimbursement application called Emburse. This application is currently used by Virginia colleges and universities and by the private sector. The application builds in controls and allows VDH to see all travel requests pending for review. Additionally, the agency has developed a new travel policy that simplifies and clarifies how travel reimbursement is to be administered. These changes will	Complete

			result in more timely reimbursement for staff.	
10	Better Utilization of Existing IT Systems	VDH should begin using the two “agency use” chartfields in the Cardinal system to record grant information. Possible uses include the grant’s Catalog of Federal Domestic Assistance (CFDA) and/or Federal Award Identification Number (FAIN) and the federal sub-account code. See CAPP Manual Topic No. 20605, page 10.	<p>In alignment with the CAPP Manual, VDH is actively working to streamline the utilization of Project and Task codes for recording grant activity. The objective is to transition towards a unified strategy for the use of these codes and to comprehensively document the relationships between grant FAINs, sub-accounts, budget years, and project/task code accounting. VDH is including these requirements in the development of new financial and grant systems.</p> <p>By executing these actionable steps within the specified timelines, VDH aims to achieve greater consistency, efficiency, and transparency in the utilization of Project and Task codes for recording grant activity, ultimately enhancing its grant management processes and financial reporting accuracy.</p>	In Progress
11	Better Utilization of Existing IT Systems	VDH should update the F&A production report used by fiscal staff responsible for drawing down grant funds to add chartfields that would help them differentiate grant years, including but not limited to the “COA” chartfield.	As noted in recommendation #7, VDH is working on developing new finance and grant systems that will include additional data fields on grants, as discussed in the recommendation.	In Progress
12	Lack of Policies	VDH needs to update its existing policies concerning grant management and create new written policies to communicate its policy decisions.	VDH has updated many financial policies over the last year including policies on Expenditures, Accounts Receivable, Fixed Assets and Inventory, Lease Accounting, Petty Cash, and Subscription Based Information Technology Arrangements (SBITA). A new agency policy on Subrecipient	Complete

			Monitoring is under review and will be finalized shortly.	
13	Lack of Procedures	VDH needs to establish, and make easily accessible to all employees, standard operating procedures for basic fiscal processes. Clear processes are a pre-requisite to successful development of VDH's new financial management system.	VDH has reviewed and published many procedure documents on agency intranet pages since this report. The agency is developing new financial and grant systems which will include updated processes.	In Progress
14	Timely FFRs/ Communication	The OFM Agency Grants team should routinely provide VDH's grant program directors with copies of the FFRs submitted for the grants they oversee.	The process is documented in the FFR Process documentation and started in 2024.	Complete
15	De-Fragment Fiscal Processing	OFM Agency Grants team needs to assign fiscal staff to specific grants, instead of assigning work by transaction type.	VDH has hired Business Operations Managers (BOMs) and staff to support them across all program offices. These staff are responsible for execution of basic transactions for grants and work with the Office of Grants Administration (OGA) staff on FFRs.	Complete
16	Organizational Clarity	VDH should consider having both grant teams in the Office of the Grants Administration report to the same manager, with that manager held accountable for the lifecycle of grant fiscal processing.	VDH created OGA in April 2025.	Complete
17	Organizational Clarity/ Communication	To meet the needs of program offices while avoiding duplication of effort, the VDH OGA needs to clarify and communicate to all stakeholders the specific roles/responsibilities of its two different grants teams, "OFM Agency Grants" and "Grants Support."	VDH is working to clarify roles and responsibilities for grants management as it moves to a hybrid model of grants management within the agency.	In Progress

18	Improve Communication/ In Progress	OFM Agency Grants and Grants Support need to continue their recent monthly meetings with program offices.	OGA staff will begin regular, recurring meetings with program grant staff as soon as the specific positions doing this work are filled.	In Progress
19	Improve Communication	OFM Agency Grants, Grants Support, and program offices need to regularly share up-to-date staff assignments and contact information.	VDH has updated information on its agency intranet page for how to access grant support.	Complete
20	Succession Planning/ Improve Staff Training	OGA needs to improve succession planning and cross-training, to prevent “single point of failure” when an employee leaves.	To address “single point of failure” risks, the OGA is documenting office processes and procedures and cross training staff.	In Progress
21	Reduce Reliance on Contractors	VDH may wish to consider a compensation study to evaluate whether its hiring ranges for fiscal positions are sufficiently competitive to attract and retain qualified talent.	A compensation study for financial positions at VDH was completed as part of the follow up to the JLARC study.	Complete
22	Succession Planning	VDH may wish to consider a climate survey to assess employee morale in the OGA	VDH completed an employee engagement survey with data by office.	Complete
23	Reduce Reliance on Contractors	VDH should review the length of time it is taking Human Resources to fill posted vacancies. This could be a topic for internal audit.	VDH has hired Recruiters and a Talent Acquisition Coordinator to manage them and the recruitment process. The agency has provided training and documentation for staff and has focused recruiter efforts on key vacancies, including those in finance. This has resulted in an improvement in the time to fill rate for the agency.	Complete
24	Improve Staff Training	VDH would benefit from creating training materials related to grant fiscal processing, for use when training new staff.	VDH has implemented new training for staff including procuring online grants training for all VDH staff. This resource was implemented in December 2025.	Complete

25	Consider All Stakeholders/ Communication	OFM needs to consider the needs of program managers and other stakeholders when developing its new financial management system, to avoid lost opportunities during development of the grants module.	VDH is working with stakeholders in offices and districts as it develops its new financial system.	Complete
26	Consistent Chart of Accounts	VDH should cease generating its own grant numbers for federal awards and use only the numbers assigned by awarding federal agencies.	VDH ceased this practice in 2024.	Complete
27	Control the Unique Entity Identifier (UEI) Numbers	VDH needs to transition to a single UEI. This involves selecting the primary UEI and gradually phasing out all the other UEIs as any associated grants/contracts close. The Grants Support team at VDH is in the process of implementing this recommendation.	The Chief Financial Officer directed the agency that only one UEI would be used in the future. Other agency UEIs will be removed as the grant cycles on them end.	Complete
28	Grants Repository	VDH is in the process of building a Grants Repository, which is a best practice. To maintain the Grant Repository, VDH will need applicable written policy and dedication of resources.	VDH has collected grants data into its current financial system and is reviewing best practices to determine how a grants repository will function in its new financial system.	Complete

**APPENDIX A – VIRGINIA ACTS OF THE ASSEMBLY –
APPROPRIATION ACT - ITEM 283 I. (2025)**

The Virginia Department of Health (VDH) shall report on progress made on implementing the recommendations based on the Department of Planning and Budget's evaluation of VDH's grant management practices to improve its grants management capabilities to the Joint Subcommittee on Health and Human Resources Oversight no later than September 1, 2025.

APPENDIX B – ACRONYMS AND ABBREVIATIONS

This is a listing of the acronyms and abbreviations appearing throughout the report and its appendices.

AOR – Authorized Organization Representative

BOM – Business Operations Managers

CAPP – Commonwealth Accounting Policies and Procedures Manual

CFDA – Catalog of Federal Domestic Assistance

DPB – Department of Planning and Budget

FAIN – Federal Award Identification Number

FFR – Federal Financial Reports

OGA – Office of Grants Administration

OFM – Office of Financial Management

OHR – Office of Human Resources

SBITA – Subscription Based Information Technology Arrangements

UEI – Unique Entity Identifier

VDH – Virginia Department of Health