



**Review of Prior Year Results
Presentation of Annual Work Plan**

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Overview

- Strategic Planning
- Legislative Impact on APA Work Plan
- Proposed Salary Scales
- Proposed 2017 Work Plan
- Prior Work Plan Results
- Work in Progress

Other Accomplishments

On March 7th, the APA was recognized as one of Richmond's Top 60 Workplaces in the Metro Business section of the Richmond Times-Dispatch.



Strategic Planning – Mission Statement

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

Strategic Planning - Established Core Values

Professional

Engaged

Collaborative

Knowledgeable

Strategic Planning – Strategic Goals

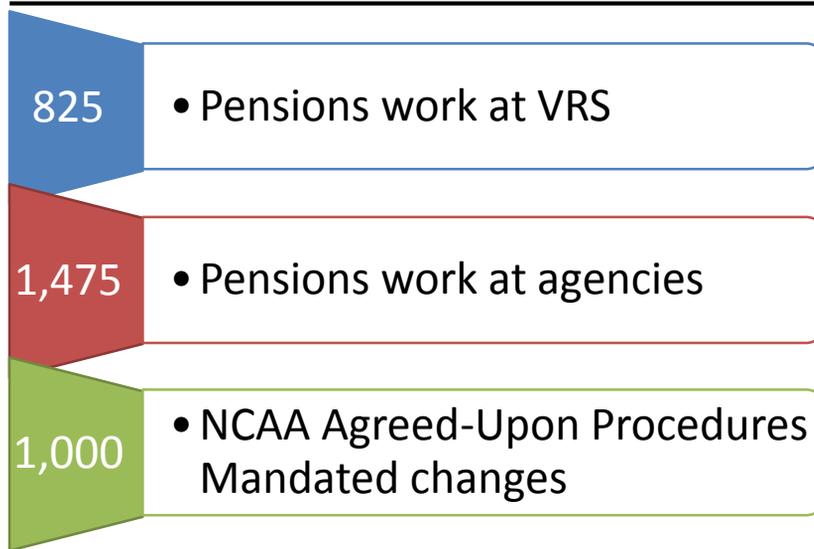
Build Our Culture

Be a Leader in the Profession

Strengthen and Retain Our Staff

Communicate Our Value

Impact of New Mandated Work in 2016 Work Plan (hours)



Impact of 2015 Legislation

- Chapter 704
 - Intercollegiate athletics programs
- Appropriation Act
 - § 4-9.04 Implement JLARC Recommendations

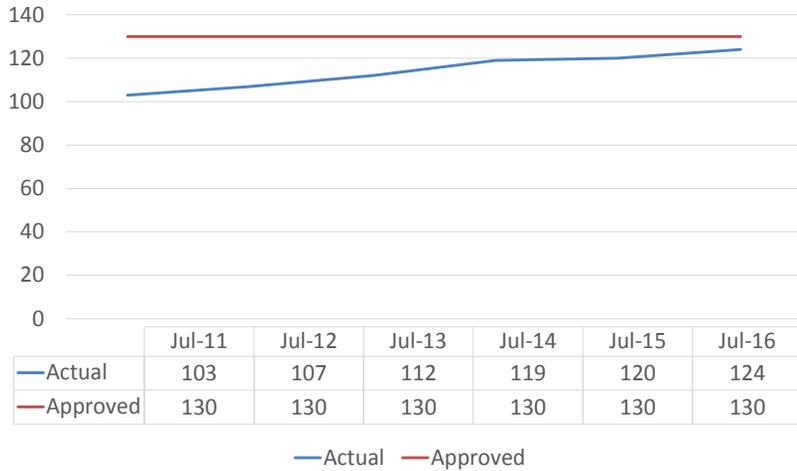
Impact of 2016 Legislation

- Chapter 547
 - Including salaries in Data Point
 - Enhancing Data Point with graphs, charts and other visual displays and FAQs
- Chapter 724/725
 - Audit of BVU Authority by 7/1/2016
- New audits in Executive Branch
 - Virginia International Trade Corporation
 - Virginia Research Investment Fund

Impact of 2016 Legislation, continues

- Chapters 759/769
 - Auditing of adherence to cash flow requirements of certain capital projects
- Several bills that created entities that will require ongoing audits
 - Virginia Shoreline Resiliency Fund
 - Virginia Growth and Opportunity Board and Fund
 - Virginia Collaborative Economic Development Performance Fund

APA Staffing Levels



APA Budget Overview

	FY16 Amount	%
Personnel, training and travel	\$11,611,063	92
Building rentals and insurance	306,560	2
Other (includes audit services, computer hardware and software)	695,343	6
Total	\$12,612,966	100

Hardware and Software Support

Key Software Support:	
Tableau	\$ 60,108
PeopleSoft	22,340
Oracle	18,926
Checkpoint	9,086
Total FY 2016	\$110,460
Estimated FY2017	\$134,221

Hardware Requirements:	
16 servers	Costs from \$6,000 to \$20,000 each
110 laptops	\$1,400 each, 3 year refresh
30 desktops	\$950 each, 3 to 4 year refresh

Salary Scales

- Adjustments reflect salary increase in budget approved by General Assembly
- Minimum and maximum scales increase 3% effective November 10, 2016
- Bonuses may also be given during the year to reward exceptional performance or passing professional exams
- Raises may be given within the salary bands and will follow our compensation plan and budget

Salary Scales

Position	Number of Positions		Present Scale	Proposed Scale Effective November 10, 2016
	2016	2017		
Deputy Auditor	1	1	\$93,070 - \$172,883	\$95,862 - \$178,070
Project Leader	14	15	71,248 - 160,108	73,385 - 164,912
Auditor	88	87	47,723 - 104,901	49,155 - 108,048
Staff	27	27	29,358 - 71,721	30,239 - 73,873
Total	130	130		

Proposed 2017 Work Plan

- Annual work plan = work performed during most of fiscal year 2017
- CAFR, Statewide Single Audit, mandatory and special projects are major focus
- Use risk factors to determine the audit work to be performed with remaining resources

Work Plan Comparison (hours)

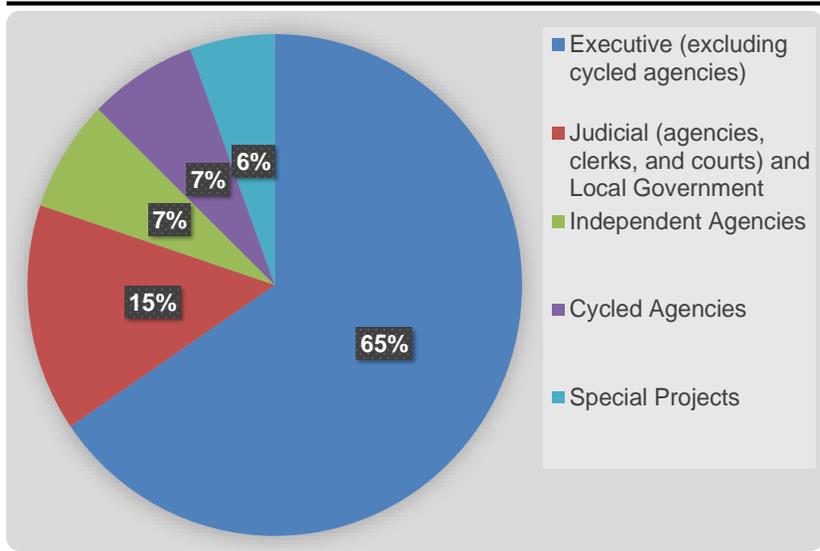
Proposed FY 2017 Work Plan	133,786
Prior Year Work Plan	<u>133,523</u>
Increase	263

FY 2017 work plan allows for completion of projects carried forward from the prior year.

Total Hours by Function

Function	Hours
Statewide and Agency Projects:	
Special Projects	7,426
Executive Departments	87,587
Cycled Agencies	9,500
Independent Agencies	9,633
Judicial (Agencies, Clerks, and Courts) and Local Governments	19,640
TOTAL WORK PLAN	133,786

Total Hours by Function



Hours by Executive Departments (Total 87,587)

Department	Hours
Executive Offices and Administration	2,271
Commerce and Trade	3,677
Education (including Higher Ed)	44,804
Finance	17,734
Health and Human Resources	9,395
Natural Resources	650
Public Safety	3,316
Technology	425
Transportation	5,225
Veterans Affairs and Homeland Security	90

Types of Special Projects

- Projects Required by Legislation, Statute, or Appropriation Act

- Projects Determined by an Analysis of Risk

Special Projects: Required by Legislation, Statute, or Appropriation Act - Recurring

- *Commonwealth Data Point* Internet Database
- Review of Performance Measures
- Capital Project Cash Flow Requirements
- MEI Project Approval Commission
- PPEA Comprehensive Agreement Review
- APA Annual Report

Special Projects: Required by Legislation, Statute, or Appropriation Act - Nonrecurring

Audit of the Bristol Virginia Utilities Authority

Objectives:

- Examine financial operations and governance
- Identify and disclose deficiencies within the financial and operational practices
- Identify and evaluate corrective actions take to date and planned for the future

Special Projects: Risk Based Analysis

- Progress Report on Selected Systems Development Projects in the Commonwealth
- State of Information Security in the Commonwealth
- Capital Project Monitoring

Special Projects: Risk Based Analysis

- Comparative Report for Higher Education
- Statewide Analysis of Cardinal
- Review for Potential Improper Benefit Payments

Requested Actions

- Approval of the Overall Work Plan
- Approval of Salary Scales

Prior Work Plan Results

- Issued 600 Reports
 - Including financial statement, financial related and special reviews
 - Including audit of the Commonwealth's financial statements (CAFR) and federal programs (Single Audit)

CAFR and SSA Results

CAFR Internal Control and Compliance Findings			
	2015	2014	2013
Systems Controls			
<i>Access Controls</i>	15	15	15
<i>System Security</i>	28	35	12
<i>Application Controls</i>	2	3	2
<i>General Controls</i>	27	0	2
Retirement System Data	8	4	0
Financial Reporting	7	3	5
Statement of Economic Interest	3	0	0
Payroll	2	4	0
Fixed Assets	1	1	0
Procurement	1	1	0
Expenditures	0	3	4
Other	3	11	11
TOTALS	97	80	51

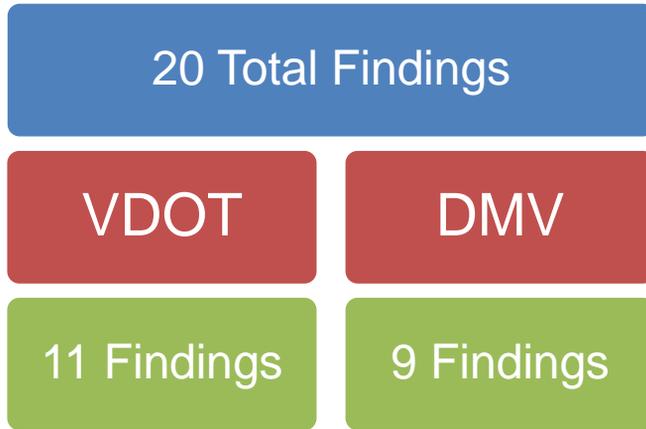
CAFR and SSA Results

Federal Compliance Findings			
	2015	2014	2013
Special Tests and Provisions	6	8	6
Activities Allowed or Unallowed	2	0	0
Allowable Costs/Cost Principles	1	0	0
Cash Management	1	3	1
Reporting	1	5	5
Sub-recipient Monitoring	1	3	2
Eligibility	0	1	0
Davis-Bacon Act	0	0	1
Procurement	0	2	0
Other/Internal Control	1	3	2
TOTALS	13	25	17

Audit Results: Secretary of Health and Human Resources



Audit Results: Secretary of Transportation



Audit Results: Virginia Employment Commission

Report includes:

- 10 internal control and compliance recommendations
 - 3 classified as material weaknesses
 - 7 repeat findings
- Status of system development projects
- Results from review for potential improper benefit payments

Virginia Health Workforce Development Authority

- Authority should identify additional funding to ensure its sustainability
- 11 recommendations for improvement
 - Define Employee Responsibilities
 - Maintain Personnel Files
 - Report Accurate Information to DOA
 - Reconcile Bank Statements Timely (Repeat)
 - Properly Code Expenses (Repeat)
 - Make Vendor and Tax Payments By Due Date

Virginia Health Workforce Development Authority

- 11 recommendations for improvement (cont.)
 - Follow Procurement Rules (Repeat)
 - Insufficient Policies and Procedures (Repeat)
 - Improve Budget Process (Repeat)
 - Ensure Accounts are Designated as Public Deposits
 - Properly Separate Duties (Repeat)

Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards

- Commonwealth expends approximately \$13.5 billion in federal funds annually
- Approximately \$2.5 billion is passed through to non-state entities creating a sub-recipient relationship
- Selected 15 of 37 agencies that reported disbursements to sub-recipients

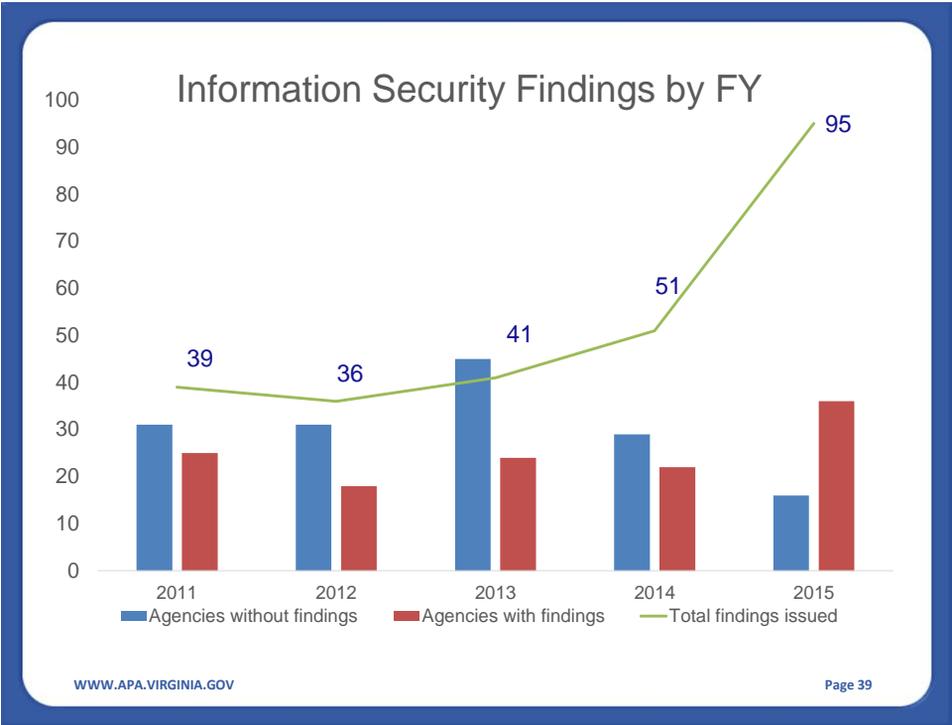
Agency	Policies	Practices
Aging and Rehabilitative Services	✓	✓
Agriculture and Consumer Services	✓	No
Comprehensive Services	No	No
Criminal Justice Services	✓	No
Education	✓	No
Emergency Management	✓	No
Environmental Quality	✓	✓
Housing and Community Development	✓	No
Old Dominion University	✓	No
Social Services	✓	✓
Transportation	✓	No
Veterans Services	No	No
Virginia Commonwealth University	✓	No
Virginia Information Technologies Agency	No	No
Virginia Tech	✓	No

Analysis of Statewide Sub-recipients

- Pooled the disbursement to non-state sub-recipients to determine which received over \$500,000 (245)
- Searched Federal Audit Clearinghouse to determine if they had an audit completed (225 audits were located)
- 20 sub-recipients did not have a Single Audit

Sub-recipients: Recommendations

- Agencies work with DOA to update the Federal Grants Management requirements and set expectations for confirming that sub-recipients met their audit requirements
- DOA develop statewide reports to identify which sub-recipients received more than \$500,000
- Consider adding CFDA numbers to Cardinal



Information Security Findings by Major Control Area

Area Tested	# Agencies Tested	# Findings	%
Access Control	53	33	59
Risk Assessment	21	16	76
Configuration Management	19	13	68
Contingency Planning	18	13	75
Database	17	11	65
Web Application Review	15	8	53
System and Information Integrity	14	10	71
Physical and Environmental Protection	14	8	57

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Review of the Commonwealth's Mobile Devices

- Chapter 806 of the 2013 Virginia Acts of Assembly
 - *The Chief Information Officer and the State Comptroller shall develop statewide requirements for the use of cellular telephones and other telecommunication devices by in-scope Executive Department agencies, addressing the assignment, evaluation of need, safeguarding, monitoring, and usage of these telecommunication devices. The requirements shall include an acceptable use agreement template clearly defining an employee's responsibility when they receive and use a telecommunication device.*

Mobile Devices, continued

- Commonwealth agencies spent \$12,774,440 in wireless services in 2013
- 18 out of 24 agencies and institutions of higher education surveyed do not have adequate internal policies and procedures over mobile devices

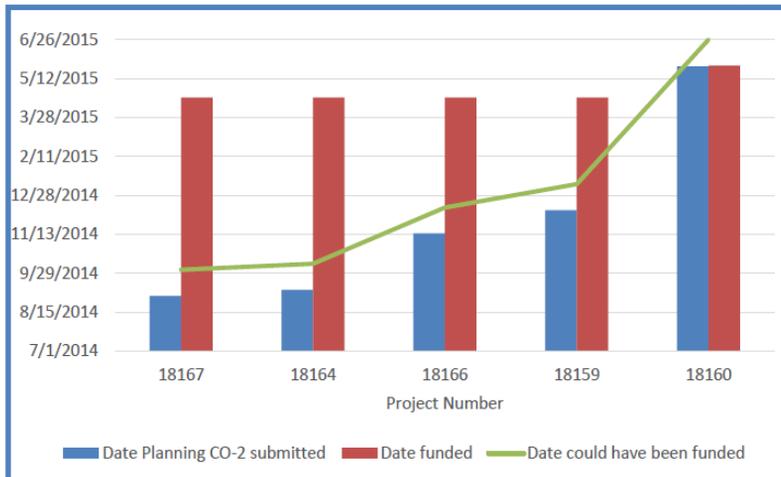
Mobile Devices, continued

Findings	
990,525	Unused minutes in pooled plans
\$558,435	Recurring minute and data overage charges
\$130,196	Roaming charges
\$1,590,533	Mobile devices unused for 6 – 12 months of a year
\$16,979	34 mobile devices purchased at full price
\$9,528	143 pagers at one agency not in use

Capital Projects Cash Flow Requirements

- 2nd Annual Report on cash flows requirements for projects in Chapter 806
- Advisory Committee meets quarterly to evaluate capital projects
- Expenditures have stayed within the \$250 million annual limit
- Found delays in obtaining planning funds from the Central Capital Planning Fund

Central Capital Planning Fund Funding Analysis



Source: Fiscal year 2015 CO-2 Forms from BITS for Chapter 2 projects
Commonwealth Accounting and Reporting System

Governance over Enterprise Applications

- Enterprise applications are applications used by multiple state agencies
- Currently no formal governance structure in place
- Without a governance structure, each agency independently decides when to modernize their applications, the best approach to take, and the software to use

Governance over Enterprise Applications

- **Alternative 3:** Create a governance structure of legislative representatives and executive branch data stewards to advise the Secretary of Technology on application decisions (when and how to replace and how to fund)
 - HAC and SFC representatives
 - Secretaries of Technology, Finance and Administration
 - State Comptroller and Commonwealth's CIO
 - Directors of DPB, DGS and DHRM

Governance over Enterprise Applications

- **Alternative 2:** Modify existing language under Section 2.2-225 of the Code of Virginia relative to the Secretary of Technology's authority over enterprise applications
 - Current language may not provide clear authority for the Secretary to make enterprise application decisions or to intervene to solve problems between agencies that cross secretariats
 - Also create governance structure as in Alternative 3

Governance over Enterprise Applications

- **Alternative 1:** Establish a Deputy Chief of Staff position with responsibility over governance. Also create a governance structure (like Alternative 3) to advise the Deputy in:
 - establishing a Commonwealth strategic direction over enterprise applications
 - setting long-term goals
 - prioritizing system replacement and upgrade, and providing transparency of their choices via a six-year plan

Review of eVA and Cardinal Interface Efforts

- The current efforts to integrate the Cardinal finance module and eVA procurement system are expected to cost \$8 million and provide an interface for only roughly 11,000 transactions annually, resulting in a cost that outweighs the efficiency and transparency benefits it would add.

Review of Agency Performance Measures

	FY 2012	FY 2014
Key Measures	224	295
Productivity Measures	78	96
Other Agency Measures	1,135	547
Total Performance Measures	1,437	938

Virginia's Performance Measurement Structure



Performance Measures: Issue Highlighted in Report

- Performance measures results were accurate and reliable for 88 percent of the key performance measures reviewed
- There were certain understandability issues with some of the measures reviewed, but overall progress has continued
- Some measures developed by the administration for inclusion in the Executive Agreements did not conform to DPB's guidelines (2015)

Work in Progress: Special Reports

- Review of Independent Financial Systems and Recommendations of Future Cardinal Functionality – Part 2
- Statewide Review of Travel – Part 2
- Comparative Report for Higher Education (FY2015)
- Statewide Review of Vehicle Usage
- Study of Bureau of Facilities Management

Projects Moved to 2017 Work Plan

- Statewide Review of Voyager Fuel Card Program
- Department of Conservation and Recreation Follow-up Review