

## ***Quarterly Report Summary***

***July 1, 2007 to September 30, 2007***

### ***Standardization of Procurement Process Will Have Savings***

The lack of a Commonwealth standard vendor table, procurement process, and integration causes duplication and increases the cost of procurement and the risk of errors. As part of the Commonwealth's Enterprise Application Project, Forrester Consulting assessed General Services' eVA application, which is the Commonwealth's procurement tool. These are similar to recommendations previously made by this Office. Failure to act will slow the process of modernizing the Commonwealth's systems. (page 1)

### ***More Work Is Necessary To Improve Performance Measures Information***

While Virginia Performs is a work in progress, the Council on Virginia's Future and the Department of Planning and Budget will need to continue to work together to refine the newly implemented performance management system. There have been improvements in the process, but we believe some of the previously reported issues continue because no one has sole responsibility for the completeness and accuracy of the information on Virginia Performs. (page 2)

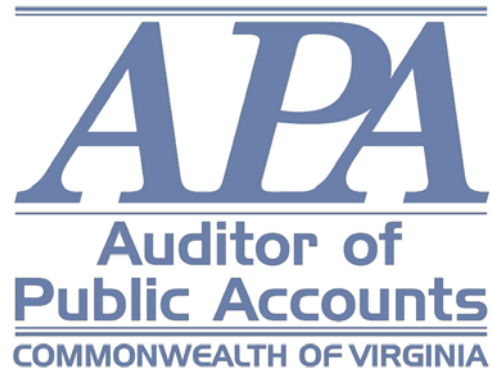
### ***Systems Planning & Operations Should Support the Supreme Court's Strategic Plan***

The Supreme Court's Information Technology Department should ensure that their projects support the Court's strategic direction and that they manage these projects using formal project management processes. The Information Technology Department needs to work with Supreme Court management to provide an information security environment that adequately addresses several areas, such as the business impact analysis, risk analysis, continuity of operations, and incident response procedures. (pages 2 to 3)

### ***Indigent Defense Commission Making Progress***

The Commission has made significant progress in addressing a number of financial and managerial issues. However, several organizational issues exist which make determining the Commission's financial and managerial direction difficult. The most fundamental of these issues is how the Commission and its staff address the operation and funding of individual offices. (pages 3 to 4)

This Quarterly Report Summary includes reports that may be of special interest to the members of the Commission. The summaries do not include all findings within a report or all reports with findings. We will be happy to provide you, any reports in their entirety or you can find all reports listed in this document at our website <http://www.apa.virginia.gov/reports.htm>. We welcome any comments concerning this report or its contents.



**- TABLE OF CONTENTS -**

<b>Department of General Services.....</b>	<b>1</b>
<b>Review of Performance Measures.....</b>	<b>2</b>
<b>Supreme Court of Virginia Review of Systems Planning and Operations.....</b>	<b>2-3</b>
<b>Indigent Defense Commission.....</b>	<b>3-4</b>
<b>SUMMARY OF REPORTS ISSUED.....</b>	<b>6-8</b>

***Department of General Services***  
for the fiscal year ended June 30, 2006

In addition to this report, we will be issuing reports on Fleet Management and the management of capital outlay.

**EFFICIENCY ISSUE ALERT**

During the course of our audits, we encounter issues that are beyond the corrective action of management and require the action of either another agency, outside party, or the method by which the Commonwealth conducts its operations. We feel that these practices or conditions represent an opportunity for the Commonwealth to improve its practices and potentially save resources.

**Addressing eVA Standards**

As part of the Commonwealth's Enterprise Application Project, Forrester Consulting assessed General Services' eVA application. In order to prepare for an enterprise application procurement and purchasing system, Forrester identified a number of actions that the Commonwealth needs to undertake to position itself for the use of an enterprise application. Their recommendations for preparation follow.

- Create a statewide, standardized procurement environment, including creating standardized workflow, approvals, and reports available for all eVA agencies to use.
- Create a single statewide vendor table, which includes all information about all registered vendors in one location.
- Develop ways to integrate eVA into the agencies' accounting system, including integrating the chart of accounts into eVA, combining eVA data with invoice data, budget checking, and receiving.

The Auditor of Public Accounts concurs with these recommendations and the first two recommendations are findings previous cited by this Office in the implementation of eVA. We, however, do not believe that General Services alone can execute the process necessary to address these issues raised by the consultant. To effect a change of this nature will require the cooperation not only of a number of central agencies, but most of state agencies and institutions.

Therefore, we are recommending that the Secretaries of Administration, Finance and Technology work with General Services and the Commonwealth's Enterprise Application Project Director to develop and implement the framework for achieving these three recommendations.

Further, we also believe that achieving these three recommendations, even if the Commonwealth delays implementation of the enterprise application, will save the Commonwealth resources, reduce redundancy and improve accountability and internal controls. Finally, these recommendations move the Commonwealth to a more efficient and effective approach to dealing with its vendor community.

***Review of Performance Measures***  
for the Year Ended June 30, 2006

Our review this year focused on agency performance measure information on Virginia Performs. Virginia Performs, launched in January 2007, is the Commonwealth's new performance management website. The Council of Virginia's Future (the Council) and the Department of Planning and Budget (Planning and Budget) implemented the new website as part of the statewide implementation of a new performance management structure. The new structure seeks to provide a stronger link between the budget and performance management information. Virginia Performs provides statewide as well as agency strategic planning and performance information.

Our review focused on agency performance measures reported on Virginia Performs for fiscal year 2006, and included those items the Governor identified as significant to an agency's mission and goals, referred to as key measures. We reviewed the completeness, accuracy, and reasonableness of 42 key agency performance measures. Our review found that 26 of the 42 measures (62 percent) had some type of error, and several of the measures had multiple errors. The majority of these errors related to information that was not complete; however, these errors when taken as a whole, bring into question the usefulness of the information reported.

We recognize that Virginia Performs is a work in progress and the Council and Planning and Budget will need to continue to work together to refine the newly implemented performance management system. While there have been improvements in the process since our first review, we believe some of the issues reported here continue to exist because no one has sole responsibility for the completeness and accuracy of the information on Virginia Performs. This is a shared responsibility between Planning and Budget and the agencies. Our report includes recommendations on the following issues.

- The Governor needs to address the shared responsibility aspect of Virginia Performs, and clearly define and document the various roles and responsibilities over performance information reported on Virginia Performs.
- Agencies and Planning and Budget need to strengthen procedures to improve the completeness of performance information reported on Virginia Performs.
- Agencies and Planning and Budget need to strengthen procedures to improve the accuracy and reasonableness of performance information reported on Virginia Performs.
- Planning and Budget needs to strengthen access controls over information in Virginia Performs.

***Supreme Court of Virginia Review of Systems Planning and Operations***  
as of August 30, 2007

Before the Information Technology Department undertakes new projects funded by the Court Technology Fund, they should ensure that the project supports the strategic direction of the Supreme Court and that they manage these projects using formal project management processes. The Information Technology Department needs to work with management of the Supreme Court to provide an information security environment that adequately addresses several areas we believe need improvement, such as their business impact analysis, risk analysis, continuity of operations and their incident response procedure.

Below are some of our recommendations.

- We recommend that as the Supreme Court updates its strategic plan the Department ensure that its IT plan supports all of the Supreme Court's strategies. This approach will help the Department modernize the systems and reduce inefficiencies in the courts system. We also recommend the Department's plans consider how to effectively spend their CTF money.
- We recommend that the Department establish and follow industry best practices for managing IT projects. Although not required to, the Department may wish to adopt and follow Virginia Information Technologies Agency's Project Management Standard since this standard mirrors industry best practices.
- We recommend the Chief Justice of the Supreme Court establish a plan to work with circuit court clerks on creating data standardization guidelines including critical data for information sent to other state agencies as necessary.
- We recommend that the Department document and implement an incident response plan in accordance with industry best practices. We recommend that the Department ensure that IBM develops and documents a business impact analysis and risk assessment that will be beneficial to the Department and its IT environment. We also recommend that the Department continue their plans for a formal security awareness and training program in accordance with industry best practices.

There are other recommendations in our report.

### ***Indigent Defense Commission***

for the period July 1, 2005 through June 30, 2006

The Commission has made significant progress in addressing a number of financial and managerial issues. However, several organizational issues exist which make determining the Commission's financial and managerial direction difficult. The most fundamental of these issues is how the Commission and staff address the operation and funding of individual offices.

In order to understand this issue, it is helpful to review the evolution of the Commission and how staff perform their work. The Commission and its predecessor agencies provided guidance to public defenders as the General Assembly funded individual offices. At the establishment of the individual office, the General Assembly would fund the office and staff. Subsequent increases for salaries or general expenses were shared among the offices based on either their employment level or existing budget.

Each office has a base budget, which staff view as the individual office's minimum amount, and the Commission can only make temporary one time saving allocations out of that office for use elsewhere. This base fiscal budget with an associated staffing restricts, if not eliminates, the central office's ability to manage the Commission's resources and assist in providing any meaningful salary relief.

Additionally, to maintain the base budget, the central office staff must coordinate and wait on information from the various offices to determine and allocate resources. Finally, this approach requires annual restoration of funding back to the base to ensure budget neutrality.

Much of how the Commission staff process transactions and respond to issues arise not from a deliberate organizational structure, but one that is perceived and without management goals. Fundamental to the long-term direction of this organization is setting management goals and objectives and having an organizational structure that will efficiently and effectively allow the Commission to achieve those goals and objectives.

The Commission is in the process of setting its strategic plan and this provides an ideal vehicle for the Commission and staff to discuss the way in which they would like to operate. Staff are attempting to control financial and operational issues in an organizational structure which is a combination of these two very different organizational models. Consequently, the results are not fully effective and methods to convert policy to process in this environment are cumbersome and burdensome on both the central office staff and field staff.

Our findings on the payroll process, system security and other matters are a reflection of attempting to fit a change in organization model that does not have a clear direction, and which makes assigning accountability and responsibility difficult. To continue the progress of addressing our prior findings and establishing sound directions, the Commission and the staff must address this organizational model issue as part of its strategic planning efforts.

## **SUMMARY OF REPORTS ISSUED**

The following reports on audit were released by this Office during the period July 1, 2007, to September 30, 2007. Those reports which included findings in the area of internal controls or compliance are indicated by an (\*) asterisk.

### **State Agencies and Institutions**

#### **Judicial Branch**

Indigent Defense Commission for the period July 1, 2005 through June 30, 2006\*  
Review of the Supreme Court's Systems Planning and Operations as of August 30, 2007\*  
Virginia Board of Bar Examiners for the period July 1, 2004 through June 30, 2006  
The Virginia State Bar for the Years Ended June 30, 2005 and 2006\*

#### **Independent Agencies**

Mega-Millions – State Lottery Department Report on Applying Agreed-Upon Procedures for the period April 1, 2006 through March 31, 2007  
The State Lottery Department: Report on applying agreed-upon procedures for the period March 1, 2006 through March 31, 2007  
State Lottery Department Report on Audit for the year ended June 30, 2007\*

#### **Executive Departments**

##### **Administration**

Department of General Services for the fiscal year ended June 30, 2006\*  
Virginia War Memorial Foundation for the Year Ended June 30, 2006

##### **Education**

##### **Colleges and Universities**

Norfolk State University for the fiscal year ended June 30, 2006\*  
Virginia Community College System for the Year Ended June 30, 2006\*

##### **Health and Human Resources**

Commonwealth Health Research Board for the period July 1, 2004 through June 30, 2006  
Department of Mental Health, Mental Retardation and Substance Abuse for the fiscal year ending June 30, 2006\*  
Virginia Tobacco Settlement Foundation for the year ended June 30, 2007

## **Public Safety**

Department of Juvenile Justice for the fiscal year ending June 30, 2006\*

## **Special Reports**

Auditor of Public Accounts 2007 Report to the General Assembly  
Auxiliary Enterprises Accounting and Reporting Issues at Virginia's State-Supported Universities as of  
September 21, 2007\*  
Review of Performance Measures for the Year Ended June 30, 2006

## **Clerks of the Circuit Courts**

### **Cities:**

City of Alexandria for the period April 1, 2006 through June 30, 2007  
City of Martinsville for the period October 1, 2005 through March 31, 2007  
City of Virginia Beach for the period January 1, 2006 through March 31, 2007

### **Counties:**

County of Albemarle for the period April 1, 2006 through May 31, 2007  
County of Charles City for the period April 1, 2006 through March 31, 2007\*  
County of Clarke for the period January 1, 2006 through March 31, 2007  
County of Dinwiddie for the period April 1, 2006 through March 31, 2007  
County of Frederick for the period January 1, 2006 through March 31, 2006  
County of Giles for the period October 1, 2005 through June 30, 2007\*  
County of Goochland for the period October 1, 2005 through March 31, 2007  
County of Hanover for the period January 1, 2006 through March 31, 2007  
County of Henrico for the period April 1, 2006 through March 31, 2007  
County of Isle of Wight for the period January 1, 2006 through March 31, 2007  
County of King George for the period January 1, 2006 through March 31, 2007  
County of King William for the period January 1, 2006 through March 31, 2007  
County of Louisa for the period January 1, 2006 through March 31, 2007  
County of Lunenburg for the period April 1, 2006 through March 31, 2007  
County of Madison for the period January 1, 2006 through March 31, 2007  
County of Middlesex for the period April 1, 2006 to March 31, 2007  
County of Page for the period April 1, 2006 through May 31, 2007  
County of Powhatan for the period January 1, 2006 through March 31, 2007\*  
County of Rockingham for the period January 1, 2006 through February 28, 2007\*  
County of Smyth for the period July 1, 2005 through December 31, 2006\*  
County of Surry for the period January 1, 2006 through March 31, 2007  
County of Sussex for the period January 1, 2006 through March 31, 2007  
County of Washington for the period January 1, 2006 through March 31, 2007\*  
County of Westmoreland for the period January 1, 2006 through March 31, 2007  
County of Wythe for the period January 1, 2006 through March 31, 2007

## **State Accounts**

### **Cities:**

City of Buena Vista for the period July 1, 2006 through June 30, 2007  
City of Chesapeake for the period July 1, 2006 through June 30, 2007  
City of Covington for the period July 1, 2006 through June 30, 2007  
City of Danville for the period July 1, 2006 through June 30, 2007  
City of Harrisonburg for the period July 1, 2006 through June 30, 2007  
City of Hopewell for the period July 1, 2006 through June 30, 2007\*  
City of Lexington for the period July 1, 2006 through June 30, 2007  
City of Lynchburg for the period July 1, 2006 through June 30, 2007  
City of Norton for the period July 1, 2006 through June 30, 2007

### **Counties:**

County of Accomack for the period July 1, 2006 through June 30, 2007  
County of Amelia for the period July 1, 2006 through June 30, 2007  
County of Appomattox for the period July 1, 2006 through June 30, 2007  
County of Arlington for the period July 1, 2006 through June 30, 2007  
County of Bath for the period July 1, 2006 through June 30, 2007  
County of Bedford for the period July 1, 2006 through June 30, 2007\*  
County of Bland for the period July 1, 2006 through June 30, 2007\*  
County of Bristol for the period July 1, 2006 through June 30, 2007  
County of Brunswick for the period April 1, 2006 through March 31, 2007  
County of Brunswick for the period July 1, 2006 through June 30, 2007  
County of Buchanan for the period July 1, 2006 through June 30, 2007  
County of Buckingham for the period July 1, 2006 through June 30, 2007  
County of Campbell for the period July 1, 2006 through June 30, 2007  
County of Carroll for the period July 1, 2006 through June 30, 2007\*  
County of Charles City for the period July 1, 2006 through June 30, 2007  
County of Charlotte for the period July 1, 2006 through June 30, 2007  
County of Chesterfield for the period July 1, 2006 through June 30, 2007  
County of Craig for the period July 1, 2006 through June 30, 2007  
County of Cumberland for the period April 1, 2006 through March 31, 2007  
County of Dickenson for the period July 1, 2006 through June 30, 2007  
County of Fluvanna for the period July 1, 2006 through June 30, 2007  
County of Giles for the period July 1, 2006 through June 30, 2007  
County of Gloucester for the period July 1, 2006 through June 30, 2007  
County of Greensville for the period July 1, 2006 through June 30, 2007  
County of Halifax for the period July 1, 2006 through June 30, 2007  
County of Hanover for the period July 1, 2006 through June 30, 2007  
County of Henrico Turnover for the period July 1, 2006 through September 1, 2007\*  
County of Highland for the period July 1, 2006 through June 30, 2007  
County of James City for the period July 1, 2006 through June 30, 2007  
County of King and Queen for the period July 1, 2006 through June 30, 2007  
County of King William for the period July 1, 2006 through June 30, 2007  
County of Lunenburg for the period July 1, 2006 through June 30, 2007  
County of Middlesex for the period July 1, 2006 through June 30, 2007  
County of New Kent for the period July 1, 2006 through June 30, 2007

County of Northampton for the period July 1, 2006 through June 30, 2007  
County of Nottoway for the period July 1, 2006 through June 30, 2007  
County of Patrick for the period July 1, 2006 through June 30, 2007  
County of Poquoson for the period July 1, 2006 through June 30, 2007  
County of Rappahannock for the period July 1, 2006 through June 30, 2007\*  
County of Rockingham for the period July 1, 2006 through June 30, 2007  
County of Russell for the period July 1, 2006 through June 30, 2007  
County of Spotsylvania for the period July 1, 2006 through June 30, 2007  
County of Sussex for the period April 1, 2006 through March 31, 2007  
County of Wythe for the period July 1, 2006 through June 30, 2007

\*Denotes management control finding