

**DEPARTMENT OF GENERAL SERVICES**

**REPORT ON AUDIT  
FOR THE YEARS ENDED  
JUNE 30, 2011 AND JUNE 30, 2012**

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**Auditor of  
Public Accounts**

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**COMMONWEALTH OF VIRGINIA**

## **AUDIT SUMMARY**

Our audit of the Department of General Services for the period of July 1, 2010, through June 30, 2012, found:

- proper recording and reporting of all transactions, in all material respects, in the PeopleSoft Financial and Commonwealth Accounting and Reporting Systems;
- certain matters involving internal control and its operation necessary to bring to management's attention which are discussed in the section entitled "Audit Findings and Recommendations"; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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## AUDIT FINDINGS AND RECOMMENDATIONS

### Improve Application Controls – Repeat Finding

As noted in the fiscal year 2007/2008 and fiscal year 2009/2010 audits, the Department of General Services (General Services) continues to exhibit weaknesses surrounding information system application controls. Specifically, General Services does not adequately monitor application access for its critical applications to evaluate user access and prevent or detect unauthorized or unnecessary access to those systems timely. We reviewed access controls for the PeopleSoft, CARS, and eVA applications to ensure adequate segregation of duties, timely termination of user access, and that user privileges are reasonable based on responsibilities. Our review found the following deficiencies:

- Three employees continue to maintain “ALLPAGES” access within PeopleSoft. This access is extremely high risk, as it allows individuals total control of all functions within the PeopleSoft system. Two employees also continue to have access to both voucher entry and voucher approval. Five employees have access to update receivable balances and enter and approve entries to the general ledger. The lack of adequate segregation of duties significantly increases the risk of unauthorized transactions in PeopleSoft.
- One terminated employee maintained access to PeopleSoft and still had access to the system for an extended period of time after leaving employment. Although the risks associated with the untimely removal were minimized, due to the timely termination of this employee’s network access, some risks associated with untimely deletion still exist.
- Sixteen terminated employees maintained access to the purchasing system, eVA, beyond the 24-hour period after their separation date allowed by the “eVA Electronic Procurement System Security Standard.” Of these 16 exceptions noted, five occurred after the June 30, 2011, corrective action implementation date included in General Service’s response to the fiscal year 2009/2010 audit report.
- Additionally, PeopleSoft administrators are not maintaining adequate documentation of periodic reviews of user access. General Services leaves itself prone to the risk of errors or fraud by not performing these reviews. The exceptions noted above illustrate that the current annual reviews, if completed, are not adequate.

We recommend General Services strengthen its policies and procedures governing system access controls and also remove the high risk user access noted above. General Services should also perform and maintain documentation for all periodic reviews to ensure access is in agreement with the user responsibilities and terminated employees are removed in a timely manner. User account reviews allow system administrators to better monitor users’ responsibilities, ensure the appropriate assignment of roles, and prompt removal of terminated employees’ access. Continuous monitoring of access to information systems that are critical to the agencies’ financial operations also helps to mitigate the risk of errors and fraud.

## Create Written Policies and Procedures for IREMS Access

The Division of Real Estate Services (DRES) does not have formal written policies and procedures in place governing access to the Integrated Real Estate Management System (IREMS) including:

- Granting, monitoring, and terminating access to General Services employees.
- Granting, monitoring, and terminating access to agency users that are not General Service employees (Agency Users).

Currently, DRES does not identify or assign an Information Security Officer (ISO) at each agency that is responsible for IREMS access within the agency.

IREMS is a web-based system that is accessible from any computer with internet connectivity. There are 338 agency users at 40 different state agencies. Any user that has access can obtain confidential information. If an individual is not properly authorized to have access to the system, no longer a state employee, or not in a position that requires IREMS access, they should be deleted from the system timely.

We recommend DRES create and implement policies and procedures addressing IREMS system access including granting, monitoring, and terminating access. This will ensure that user access is consistent with management's expectation. These policies should dictate those individuals with authorization to grant access, individuals with authorization to approve access for agencies, the process required for granting and removing access, and the frequency of system access reviews. Creating IREMS system access policies and procedures will reduce the risk of unauthorized access or changes to IREMS.

## AGENCY HIGHLIGHTS

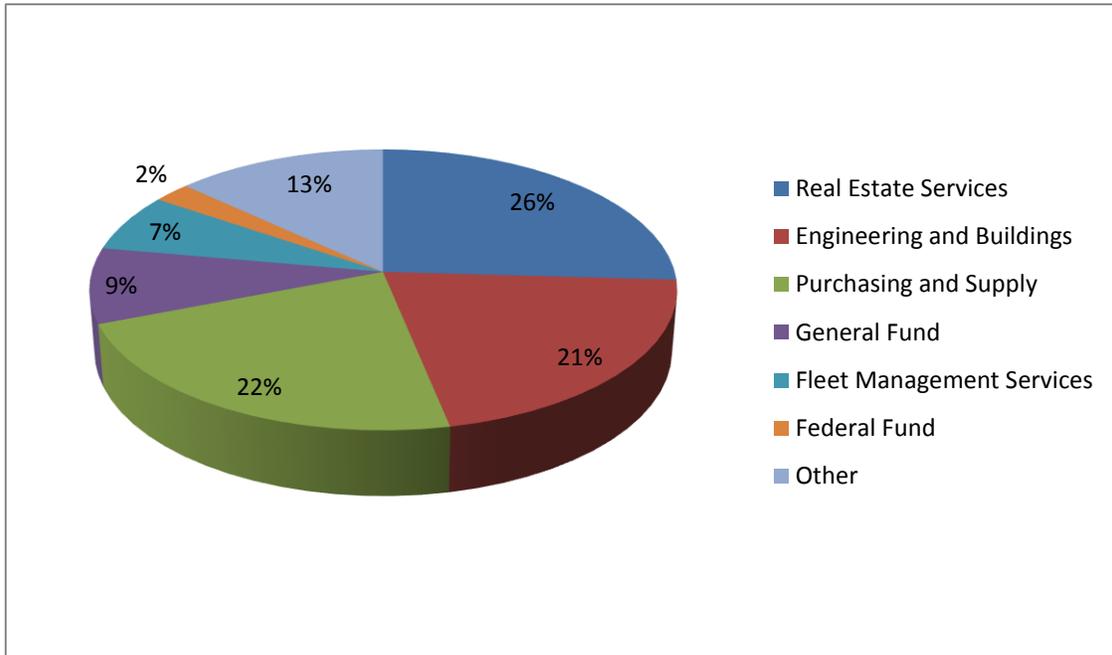
The Code of Virginia created the Department of General Services (General Services) and permits the Director to organize the divisions of the agency to best meet the needs of the Commonwealth and to promote effectiveness and efficiency. Currently, the agency is organized as follows:

Office of the Director  
Division of Real Estate Services  
Division of Purchases and Supply  
Division of Engineering and Buildings  
Division of Consolidated Laboratory Services

The following sections will highlight the operation of the Director's office along with the largest divisions within General Services. With respect to expenses, the Division of Real Estate Services, the Division of Purchases and Supply, and the Division of Engineering and Buildings are General Services' largest divisions, as illustrated below.

### **General Services Expenses by Fund Fiscal Years ended June 30, 2011 and 2012**

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During fiscal years 2011 and 2012, General Services received approximately \$39 million in general funds and spent approximately the same. Approximately 73 percent of these expenses were personal service costs, which include salaries and benefits. General Services spent the remaining 27 percent primarily on building rentals, postal services, telecommunication and information system

services, and other service contracts. A complete budget to actual comparison of the General Fund expenses of General Services is below for the fiscal years ending June 30, 2012, and 2011.

**General Fund Budget to Actual by Program  
For the Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Procurement Services	\$ 2,193,151	\$ 2,243,151	\$ 2,240,644
Physical Plant Management Services	1,235,435	1,235,435	1,233,795
Real Estate Services	-	-	-
Laboratory Services	11,062,985	11,462,985	11,461,239
Administrative and Support Services	<u>4,101,078</u>	<u>4,364,081</u>	<u>4,363,172</u>
Grand Total	<u>\$18,592,649</u>	<u>\$19,305,652</u>	<u>\$19,298,850</u>

**General Fund Budget to Actual by Program  
For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Procurement Services	\$ 2,193,151	\$ 2,193,151	\$ 2,192,618
Physical Plant Management Services	1,407,961	1,407,961	1,398,242
Real Estate Services	-	-	-
Laboratory Services	10,520,863	10,862,985	10,859,403
Administrative and Support Services	<u>4,101,078</u>	<u>5,225,213</u>	<u>4,919,939</u>
Grand Total	<u>\$18,223,053</u>	<u>\$19,689,310</u>	<u>\$19,370,202</u>

*OFFICE OF THE DIRECTOR*

Fiscal Services Section

The Fiscal Services Section, under the direction of the Controller, uses PeopleSoft to not only provide fiscal management services to General Services, but also act as a fiscal service bureau for some smaller agencies of the Commonwealth. Internally, Fiscal Services uses 29 funds to account for General Services' revenues and expenses. Most notably, there are eight special revenue funds and ten internal service funds.

Fiscal Services also provides administrative support for the following agencies:

- Department of Employment Dispute Resolution
- Department of Minority Business Enterprises
- Council on Human Rights

As of July 1, 2012, the Department of Employment Dispute Resolution was absorbed into the Department of Human Resource Management and the Council on Human Rights was absorbed into the Office of the Attorney General. Fiscal Services continues to provide administrative support for the Department of Minority Business Enterprises.

#### Procurement Services Section

Procurement Services provides the internal purchasing of goods, non-construction and non-professional service procurements for General Services. The Procurement Services Director also has responsibility for mail services provided to agencies in the Capitol Square area and surrounding counties. In addition, the Director supervises the Commonwealth's state and federal surplus material business unit.

#### Human Resource Management Section

The Human Resource Management Section handles employment processing including vacancy management, application screening, employee hiring, processing and orientation, employee records management, leave tracking, and employee benefits for all General Services' Divisions and other business units. This section maintains records for over 600 classified and hourly employees.

#### Information Systems and Services Section

The Information Systems and Services Section provides security and oversight of the use of General Services' multiple information system applications. The Section also participates in the solicitation and evaluation process for any new applications that General Services may need.

#### Management Audit and Review Team

The Management Audit and Review Team provides an internal audit function and reports directly to the Director of General Services. This office conducts several audits annually and acts as the law enforcement liaison during fraud investigations.

#### Surplus Property Management Office

The Surplus Property Management Office seeks to re-use surplus or used material property, or to sell it to the public at competitive prices. General Services receives both state and federal surplus equipment. The State Surplus Program provides a method for state agencies and institutions to properly dispose of equipment they no longer need. After receiving approval of the Surplus

Director, an agency can dispose of its surplus material by transferring it to one of the surplus warehouses in Richmond or Wytheville.

The Federal Surplus Property Program receives federal surplus and used assets from various federal agencies. The federal government declares property not used within the federal system as surplus. A portion of the federal surplus is available to states for distribution to eligible participants. The Surplus Property Management Office must manage the federal property received in accordance with its federal surplus property “State Plan of Operation.”

#### Office of Graphic Communications

Graphic Communications provides the public bodies of the Commonwealth with graphic design services. These services not only include the design of logos but also assistance with creating graphical presentations. Funding for graphic communications comes from fees charged to its customers. The Graphic Communication budget is less than one percent of the total budget for General Services in any given year.

#### *DIVISION OF REAL ESTATE SERVICES*

The Division of Real Estate Services (Real Estate Services) contracts with C.B. Richard Ellis to serve as a lease broker between Commonwealth agencies and various property owners in order to secure lower costs for leased office space for customer agencies. Real Estate Services provides day-to-day management including payment of rents and other charges to property owners for individual leases, and in-turn charges agencies an administrative fee for their services.

Real Estate Services contracted with Bricsnet FM America to deliver a consolidated, fully integrated Real Estate Management System to manage the Commonwealth’s real estate assets. The resultant system, IREMS (Integrated Real Estate Management System) is a web based system that allows access from any location and provides property, lease, and process information to authorized users.

Real Estate Services bills agencies for the rent plus an administrative fee, and then pays the property owner. Real Estate Services charged a four percent fee for agencies under a “co-location master lease” and a three percent fee for agencies under a “single lease” during fiscal years 2011 and 2012.

During fiscal years 2011 and 2012, Real Estate Services received all of its revenue from the rental of leased property. Rental revenue includes the base lease fee which is passed through to the underlying property owner, any additional rents charged by property owners, the Division’s service charge for managing the underlying lease, and one time fees charged to agencies for various duties performed. Below is a summary of revenues and expenses for Real Estate Services for fiscal years 2011 and 2012.

**Real Estate Services  
Schedule of Activities  
For the Years Ended June 30, 2012 and 2011**

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	<u>2012</u>	<u>2011</u>
Revenues:		
Rent	\$57,566,730	\$59,156,843
Other	<u>1,140,489</u>	<u>498,627</u>
Total revenues:	<u>\$58,707,219</u>	<u>\$59,655,470</u>
Expenses:		
Plant rentals	\$55,451,813	\$56,531,557
Payroll	1,441,225	1,523,721
Other	<u>1,507,130</u>	<u>1,486,715</u>
Total expenses	<u>\$58,400,168</u>	<u>\$59,541,993</u>

*DIVISION OF PURCHASES AND SUPPLY*

The Division of Purchases and Supply (Purchases and Supply) establishes state policies and procedures for purchasing non-information technology and non-professional goods and services based on the Virginia Public Procurement Act. Furthermore, they establish statewide goods and service contracts and assist agencies with the purchase of high-dollar goods and non-professional services.

Procurement Services

Purchases and Supply provides a number of procurement services to Commonwealth agencies and local governments including regular procurement training, procurement review services, and policy assistance and consulting. Purchases and Supply provides three separate certification programs for state and local government employees and provides the necessary training to maintain those certifications. Purchases and Supply also sponsors an annual Procurement Forum for buyers and vendors that do business with the Commonwealth in order to provide updated training on procurement in the Commonwealth. Procurement Services also negotiates and maintains a state-wide catalog of contracts available for all state agencies and local governments to use for certain common supplies and services. These activities are funded through the General Fund.

Electronic Procurement – eVA

Purchases and Supply manages the Commonwealth’s electronic procurement system (eVA). The Division contracts with CGI, an international technology application service provider and consulting firm, to provide the hosted electronic procurement application and consult with Division management to provide technical support and periodic improvements to the application as required by Commonwealth agencies. The current five-year contract period ends on June 30, 2016. During fiscal year 2011, the Division collected a 0.1 percent fee from agencies and a one percent fee from vendors who use eVA to pay for the total cost of maintaining the application. During fiscal year

2012, the one percent vendor transaction fee was temporarily reduced to 0.75 percent; however, the 0.1 percent fee collected from agencies remained unchanged. Both agency and vendor fees were capped at \$1,500 per order, unless the vendor was an e-VA Registered Department of Minority Business Enterprise Certified Small business, in which case the fee was capped at \$500 per order.

The Division funds the system through the collection of fees from agencies and registered vendors. The Division also provides local governments with access to use the system at no cost to the local government, in order to expand vendor fee revenue and to further subsidize the cost to state agencies.

During fiscal years 2011 and 2012, the Division spent approximately \$27.3 million on contractual commitments with CGI, of which approximately \$25.1 million was spent on base contract payments. Further, the Division spent approximately \$638,300 on negotiated and scheduled system improvements during fiscal year 2011 and \$1.5 million during fiscal year 2012.

**eVA Internal Service Fund  
Schedule of Activities  
For the Years Ended June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Vendor transaction fees	\$12,704,182	\$14,775,517
State agency transaction fees	4,246,245	3,388,903
Other	<u>2,259</u>	<u>5,717</u>
Total revenues	<u>\$16,952,686</u>	<u>\$18,170,137</u>
Expenses:		
Management services	\$14,618,739	\$12,751,931
Payroll	2,803,360	2,782,619
Agency service charges	1,062,211	1,134,636
Other	<u>454,125</u>	<u>357,782</u>
Total expenses	<u>\$18,938,435</u>	<u>\$17,026,968</u>

Virginia Distribution Center

Purchases and Supply also operates the Virginia Distribution Center (Distribution Center), which is an economic order quantity purchasing and distribution operation for food and nonfood items for resale to state agencies, local governments, and public schools. The Distribution Center continues to charge a 12 percent fee on its cost of goods sold, which covers purchasing, distribution and inventory management expenses. The Distribution Center is a mandatory source supplier for the items they stock. The stock includes, but is not limited to, frozen and staple food, food related items, housekeeping and janitorial supplies, paint, flags, and paper products such as toilet paper.

The Distribution Center currently uses a perpetual inventory system to track all inventory transactions including receipts, orders, invoices, sales, counts, etc. The Distribution Center performs

on-going cycle counts during the fiscal year to ensure the accuracy of inventory balances. The Distribution Center is also in the process of procuring a new inventory system. The objective of implementing a new system is to reduce continuous efforts to update inventory and rely on real time efforts.

**Distribution Center  
Schedule of Activities  
For the Years Ended June 30, 2012 and 2011**

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	<u>2012</u>	<u>2011</u>
Revenues:		
Sales to state agencies	\$27,893,673	\$26,936,599
Sales to local governments	6,768,324	5,795,969
Other	<u>3,197</u>	<u>561</u>
Total revenues	<u>\$34,665,193</u>	<u>\$32,733,129</u>
Expenses:		
Merchandise	\$29,499,356	\$27,902,307
Freight charges	1,454,069	1,549,624
Payroll	1,550,265	1,598,888
Other	<u>1,330,768</u>	<u>939,071</u>
Total expenses	<u>\$33,834,458</u>	<u>\$31,989,890</u>

*DIVISION OF ENGINEERING AND BUILDINGS*

As the largest Division of General Services, Engineering and Buildings provides architectural and property management services through two bureaus: Capital Outlay Management and Facilities Management. The Director of Engineering and Buildings is also the Building Official for all construction projects on state-owned land.

Capital Outlay Management

Capital Outlay Management is the sole issuer of building permits and certificates of use and occupancy for any buildings constructed or renovated on state-owned property except for the University of Virginia and College of William and Mary, who have delegated authority over their own property. Capital Outlay Management also grants other permits for items such as temporary structures, industrialized buildings, towers, antennae, and demolition. Capital Outlay Management must perform a substantial completion inspection for all capital projects; however, agencies can request Capital Outlay Management to perform other necessary inspections as well.

Capital Outlay Management performs cost and scope reviews of proposed state construction in coordination with the Department of Planning and Budget during the budgeting process. In addition, Capital Outlay Management develops and maintains the Commonwealth's policies and

procedures for the procurement of professional and construction services. Capital Outlay Management provides training and assistance to state agencies, public bodies, and the private sector on the policies and procedures for procurement of construction and related professional services and administers the Virginia Construction Contracting Officer exam and certification.

Capital Outlay Management does not perform project management duties over state construction projects; it is the agencies' responsibility to employ staff or hire consultants to perform these functions. However, Capital Outlay Management does provide the necessary project management policies and forms that help agencies manage projects properly and effectively.

Capital Outlay Management reviews capital project designs of state buildings for compliance with all applicable building code requirements during each of the three project design phases (schematics, preliminary drawings, and working drawings) and upon completion of construction. In addition, Capital Outlay Management also reviews construction designs to determine whether the design enables the project to comply with the Commonwealth's procurement regulations during construction bidding.

Capital Outlay Management can recommend design changes to make the building more efficient and reduce costs. However, Capital Outlay Management cannot require agencies to alter the design to reduce costs. It is the owning agency's decision whether to incorporate any recommendations. These reviews also help avoid change orders due to design errors and omissions; although, change orders for other reasons can occur. The result of these reviews is to have a code compliant capital project that is constructible within scope and budget and complies with the Commonwealth's procurement laws.

### Bureau of Facilities Management

The Bureau of Facilities Management (Facilities Management) provides for the maintenance, repair, and operation of state-owned facilities in the Capitol Square Complex. The Capitol Square Complex includes approximately 40 office buildings, 20 parking facilities, and the Capitol Grounds. Facilities Management charges a lease fee annually to agencies using their facilities, which cover normal expenses for the maintenance and upkeep of the buildings and grounds. Facilities Management also performs maintenance and repair work for state-owned buildings not under the purview of General Services. These agencies pay General Services either annually or semi-annually for the work under negotiated service agreements. Facilities Management administers ongoing capital outlay projects assigned to General Services and oversees the procurement and management of professional and non-professional services for construction and maintenance projects undertaken at Capitol Square.

During fiscal years 2011 and 2012, Facilities Management received approximately \$54.5 million (or 69 percent) of its revenues from its rental plans or master space agreements, approximately \$9.5 million (or 12 percent) of its revenues from service agreements for state-owned buildings not under the purview of General Services, and approximately \$8.9 million (or 11 percent) of its revenues from special work orders requested by different state agencies.

Facilities Management's significant expenses included utilities, agency service charges, architectural and engineer services, mechanical and maintenance services, and skilled services. The

Master Space or Service Agreements between the State Agencies and Facilities Management determines where Facilities Management will incur the majority of their expenses. Salaries are other significant expenses of Facilities Management. Facilities Management employs a number of trade technicians who perform the upkeep on the capitol complex. When performing services for state agencies, the trade technicians charge an hourly rate which the Joint Legislative Audit Review Committee (JLARC) approves.

**Facilities Management  
Schedule of Activities  
For the Years Ended June 30, 2012 and 2011**

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	<u>2012</u>	<u>2011</u>
Revenues:		
State building rent	\$27,390,156	\$27,097,790
State building maintenance	4,099,280	5,417,948
Buildings and grounds	5,282,946	3,643,902
Other	<u>2,767,428</u>	<u>3,308,614</u>
Total revenues	<u>\$39,539,810</u>	<u>\$39,468,254</u>
Expenses:		
Payroll	\$ 9,557,071	\$ 9,944,321
Utilities	7,134,220	6,937,372
Mechanical maintenance service	4,480,281	3,425,588
Custodial services	2,822,131	3,069,207
Skilled services	1,494,894	1,511,663
Other	<u>14,234,605</u>	<u>13,772,421</u>
Total expenses	<u>\$39,723,202</u>	<u>\$38,660,572</u>

In addition to the Bureau's maintenance and lease operations, it also manages a number of Capital Outlay projects funded by the Virginia Public Building Authority (VPBA). During fiscal years 2011 and 2012, Facilities Management spent approximately \$16.6 million on Capital Outlay projects. Specific projects included the construction and renovation of the Taxation Building, and the acquisition and renovation of the Main Street Center. Below is a summary of significant VPBA activity for fiscal years 2011 and 2012.

**VPBA Capital Outlay Projects  
Schedule of Activities  
For the Years Ended June 30, 2012 and 2011**

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	<u>2012</u>	<u>2011</u>
Revenues:		
Capital appropriations	\$22,117,788	\$27,003,425
Total revenues:	<u>\$22,117,788</u>	<u>\$27,003,425</u>
Expenses:		
Building improvements	\$4,681,595	\$6,459,701
Architectural and engineering services	472,969	1,377,767
Skilled services	767,048	1,593,132
Other	<u>818,468</u>	<u>513,078</u>
Total expenses	<u>\$6,740,080</u>	<u>\$9,943,678</u>



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 12, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon, III  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the Department of General Services (General Services) for the years ending June 30, 2011, and June 30, 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System and the PeopleSoft Financial System, review the adequacy of General Services' internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

General Services' management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenues and Billings  
Contractual Service Expenses  
Supplies and Material Expenses  
Continuous Charge Expenses  
Capital Outlay Projects  
Payroll  
Plant and Improvement Expenses  
Purchase Card Expenses  
Information System Security

We performed audit tests to determine whether General Services' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of General Services' operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

#### Conclusions

We found that General Services properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System and PeopleSoft Financial System. General Services records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations." The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

General Services has not taken adequate corrective action with respect to the audit finding reported in the prior year.

#### Exit Conference and Report Distribution

We discussed this report with management on February 20, 2013. Management's response to the findings identified in our audit is included in the section entitled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LJH/clj



# COMMONWEALTH of VIRGINIA

*Department of General Services*

Richard F. Sliwoski, P.E.  
Director

Joseph F. Damico  
Deputy Director

March 1, 2013

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Martha S. Mavredes  
Auditor of Public Accounts  
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Richmond, VA 23219

Dear Ms. Mavredes,

Thank you for the opportunity to respond to your latest audit of the Department of General Services (DGS) for the period of July 1, 2010, through June 30, 2012. We appreciate the time and effort the APA staff spent reviewing our financial transactions and operations.

Regarding the findings of our audit, I offer the following:

Improve Application Controls – Repeat Finding

This finding focuses on controls within Peoplesoft and eVA applications. Regarding Peoplesoft segregation of duties, these issues will be addressed during our Peoplesoft version upgrade which is currently in progress. The scheduled completion date of the upgrade is June 30, 2013. Additionally, we will begin maintaining documentation of our periodic review of user accounts.

Regarding eVA security, there is a revised eVA security policy being drafted that will solve the deactivation issue. We anticipate issuing this policy in April or May 2013.

Create Written Policy and Procedures for IREMS Access

The Division of Real Estate Management (DRES) has oversight of the Integrated Real Estate Management System (IREMS). In January 2013 DRES issued written policies and procedures for IREMS access. These policies address the key areas identified by the APA, including granting and terminating access, identification of responsible individuals, and system access reviews.

Please let me know if you have any questions or concerns.

Sincerely,

Richard F. Sliwoski, P. E.

DEPARTMENT OF GENERAL SERVICES

Lisa Hicks-Thomas  
Secretary of Administration

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

Joseph Damico  
Deputy Director, Department of General Services

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Controller, Department of General Services