

Trends

No Data Available

## Legend:

↑ Increase, ↓ Decrease, ↔ Steady

Key Performance Areas

No Data Available

Productivity

No Data Available

## Legend:

↑ Improving, ↓ Worsening,  
↔ Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov/agencylevel/index.cfm](http://www.vaperforms.virginia.gov/agencylevel/index.cfm)

Background & History

In 1927, the General Assembly created the Division of Accounts and Controls in the Department of Finance, and in 1966, it was renamed the Department of Accounts (DOA). Under the direction of the State Comptroller, DOA is responsible for: providing a unified financial accounting and control system for state funds; developing a comprehensive system of checks and balances between state agencies entrusted with the collection, receipt and disbursement of state revenues; and maintaining a central accounting system for all state agencies and institutions. DOA's primary statutory authority resides in § 2.2-800 - § 2.2-816, Code of Virginia. Other statutory authority is included in § 2.2-1512, § 2.2-2825, and § 2.2-1819-1825.

DOA is committed to excellence in all service areas. The major service areas within DOA are General Accounting, Payroll Operations, Financial Reporting, Finance and Administration, Financial Systems Development and Maintenance, Payroll Service Bureau and Financial Oversight for Enterprise Applications.

Primary Product & Services

DOA's most visible and widely used products are the statewide accounting applications, including:

- Commonwealth Accounting and Reporting System (CARS): general ledger and disbursement control system
- Cardinal: replacement general ledger system currently being implemented
- Commonwealth Integrated Payroll Personnel System (CIPPS): central payroll system
- Fixed Asset Accounting and Control System (FAACS): fixed asset system

In addition, there are several state and federal mandates that DOA must satisfy:

- Cash Management Improvement Act of 1990: establishes federal/state agreements regulating interest payment responsibilities
- Statewide Indirect Cost Allocation Plan: used to recover allowable indirect and overhead costs for agencies receiving federal grants and contracts
- Statewide Single Audit Report: requires preparation of a "Schedule of Resolution of Prior Year Audit Findings" and the "Schedule of Expenditures of Federal Awards" for inclusion in the report
- Internal Revenue Service (IRS) Payroll Requirements: deposit and reporting of payroll taxes on behalf of state agencies
- Governmental Accounting Standards Board (GASB) Standards: comply with GASB standards for financial reporting in order to obtain an unqualified audit opinion on the Comprehensive Annual Financial Report (CAFR)
- Locality Distributions: distribution of approximately \$1 billion to local governments each year as part of the administration of various shared-tax programs

Customer Base

DOA's customers are primarily those served by our major systems (i.e. state agencies, localities, and employees). In addition to our primary customers, DOA serves the citizens of the Commonwealth by preparing both the CAFR and the Virginia Financial Perspective, a report to the citizens of the Commonwealth otherwise known as the "popular report".

Customer Listing

## Agency Executive Progress Report

No Data Available

### Key Agency Statistics

The following statistics provide a comprehensive snapshot of the magnitude of DOA operations during Fiscal Year 2012.

#### Finances

DOA receives general fund appropriation for its operations. The agency has four nongeneral funds, the Commonwealth Charge Card Rebate Fund, the Payroll Service Bureau, the Enterprise Application-Cardinal Fund, and the Enterprise Application-Performance Budgeting Fund. The Commonwealth Charge Card Rebate Fund accounts for the rebate and administrative cost associated with the purchase charge card program. The Payroll Service Bureau provides payroll services to 61 other agencies; this fund accounts for the agency fees and administrative costs. The Enterprise Application Funds account for the charges to agencies for the ongoing operating costs of the Commonwealth's two enterprise application systems, Cardinal and Performance Budgeting. The Payroll Service Bureau and Enterprise Application Funds are internal service funds. These type of funds are created to account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

#### Fund Sources

No Data Available

#### Revenue Summary Statement

The largest source of nongeneral fund revenue for DOA is related to the statewide Small Purchase Charge Card Program. The Program is mandatory for state agencies and optional for political subdivisions. DOA receives a rebate on the total spending for each fiscal year. The rebate earned is based on a rebate grid containing basis points for different Annual U.S. Dollar Card Volume Tiers. Once the rebate is reviewed and agreed upon by DOA and Bank of America, Bank of America makes a payment to DOA. DOA receives a reimbursement of oversight costs for Higher Education level 3 institutions from the rebate. Additionally, DOA disburses a rebate to political subdivisions, less a management fee of 2.5 basis points, and a federal share of the rebate is returned to the federal government. Certain DOA charge card administration expenses are also charged to the rebate. The remainder is provided to the Commonwealth as general fund revenue, a portion of which is disbursed to certain Higher Education Institutions the following fiscal year.

The other major source of revenue at DOA comes from fees charged to other agencies for services rendered by the Payroll Service Bureau. The Bureau is operated on a cost-reimbursement basis with fees charged equaling the costs to administer the bureau.

As of July 1, 2012, the Commonwealth Health Research Board is no longer accounted for under DOA.

### Key Risk Factors

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Several factors will have a significant impact on the agency over the next few years:

**Budget Reductions:** Aggregate past budget reductions have weakened DOA's organizational depth, staffing back-up and succession planning capabilities. As a result, DOA has little capacity for new initiatives or requirements.

**Aging Workforce:** DOA has 14% of staff who are currently eligible for retirement and 18% of staff eligible or over the age of 60. Transition and succession planning is critical to ensure that critical skills are transferred and proper cross-training is ongoing.

**Adequate Supply of Accounting Personnel:** Currently there is a high demand for qualified accounting personnel in both private and public sectors. This increases the difficulty of being able to recruit and retain qualified staff for open positions. As the responsible organization for establishing and ensuring compliance with accounting policy in the Commonwealth, this impediment affects DOA significantly. If DOA as an agency or other state agencies have difficulty securing qualified staff, the reliability of state financial information can be put at risk. In the long run, this may impact the quality of the CAFR and the bond rating of Virginia.

## Agency Executive Progress Report

**New Accounting Policies:** The Governmental Accounting Standards Board (GASB) continues to issue new pronouncements, and there is a continuous challenge to appropriately evaluate and implement the new reporting requirements. As the statements continue to be technically challenging, additional stresses are being placed on the accounting professionals at DOA as well as the Commonwealth agencies to continue to produce more with fewer resources.

**Information Technology:** Compliance with new and evolving security policies, procedures, and monitoring is a challenge. DOA continues to expand and improve its IT disaster recovery plan to address the challenges resulting from the transformation to the Virginia Information Technologies Agency (VITA) in order to reduce downtime in the event of a disaster.

### Performance Highlights

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A key measure that has a direct impact on the financial state of the Commonwealth as a whole is the continued receipt of an unqualified opinion on the CAFR and the Certificate of Excellence in Financial Reporting from the Government Financial Officers Association. The audited CAFR is prepared on the basis of generally accepted accounting principals (GAAP) and is used extensively by rating agencies, investment banks and others involved in the issuance and marketing of Commonwealth bonds. Virginia has produced a GAAP-basis report that has received an unqualified audit opinion every year since 1986.

DOA also measures the cost per transaction of providing core system administration for the statewide financial management systems. It is anticipated that as agencies move their applications from the mainframe, the cost for those agencies remaining on the mainframe will change. DOA anticipates the transition of systems from the mainframe environment (CARS) to a client/server environment (Cardinal) will offer more progressive and efficient self-service delivery services, more flexibility in system design and development, a mitigation of the risk of mainframe rates rising significantly as more users go from the mainframe to client/server, and more opportunities for taking advantage of proven emerging technology.

### Performance Measures

## Management Discussion & Analysis

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### General Information about the Ongoing Status of the Agency

DOA's mission to provide a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth's financial resources continues to be the driving focus of DOA's services. DOA strives to provide high level service to its customers through its payroll and fiscal service bureaus and its statewide accounting operations. DOA is expanding its service bureaus to gain further statewide efficiencies. A major initiative for DOA is the replacement of the Commonwealth's accounting system; this is discussed further under IT initiatives.

### Information Technology

Major IT initiatives underway include:

**System Modernization and Replacement:** The Commonwealth is currently in the process of replacing its aged financial accounting system implemented in the late 1970s with a modern, off-the-shelf application. The software selected, PeopleSoft 9.1, is a robust, client server application that will greatly enhance the Commonwealth's ability to manage and account for its financial resources. It will equip policy-makers with complete and timely data, while providing the transparency demanded by taxpayers today. The system, known as Cardinal, will develop data standards that improve the sharing of information across agencies, allow the Commonwealth to reduce the risk inherent in operating 30 year old legacy systems and keep pace with future technology improvements. More importantly, the financial base system provides a solid foundation for the Commonwealth to expand system functionality and facilitate better integration of key administrative systems across the state. This foundation will enable the state to re-engineer activities taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related cost. Cardinal Financials is being implemented in three parts. The first part implemented the Virginia Department of Transportation's financial system in December 2011. The second part implemented the base statewide financial system at DOA in October 2012. The third part of the project includes transitioning all other state agencies to the Cardinal base system anticipated to occur during fiscal years 2014 and 2015.

**Archival Solutions:** DOA is implementing archival solutions to manage document storage. This initiative is intended to improve security over documents and improve the efficiency with which these documents and related information are accessed. Types of documents include permanently retained electronic data interface (EDI) security forms, human resource files, Line of Duty Act records, Payroll Service Bureau records and accounts payable documentation.

### Workforce Development

## Agency Executive Progress Report

DOA is made up of many staff who are in professional accounting roles, including 21 Certified Public Accountants. There is a significant demand in both the public and private sectors for qualified accounting professionals. This demand is currently far outpacing supply. As a result, it has become increasingly difficult to recruit experienced, professional accountants. In addition it continues to be challenging to retain staff as private sector salaries prove to be more competitive than what DOA is currently able to offer.

Another challenge affecting DOA is its aging workforce. Twelve employees have more than 30 years of service and are over 50 and therefore eligible to retire. Another 19 are within five years of joining the 30 year and over 50 group. In addition, there are four employees who are over 60 but do not have 30 years of service but who may be leaving the workforce in the near future. This group near retirement makes up over 32% of our workforce. Each area of the agency will monitor the plans for their staff and perform succession planning well in advance of staff departures.

### Physical Plant

DOA is centrally located in the James Monroe Building in downtown Richmond. DOA leases this space from the Department of General Services.