

Strategic Plan  
(2012-2014 Version 1)

Department of Accounts (151)  
Agency Plan

Mission Statement

Provide a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth's financial resources while supporting and enhancing the recognition of Virginia as the best managed state in the nation.

Vision Statement

To be nationally recognized for accounting and financial reporting excellence; to enhance the reputation of Virginia as the best managed state in the union; to showcase Department of Accounts (DOA) employees as statewide and national leaders in the financial accounting and reporting arena; maintain financial accounting, payroll, and fixed asset systems that support the needs of the Commonwealth; and to treat employees and customers with fairness and respect.

Information Technology

**Current Operational IT Investments**

DOA IT staff provide DOA with the necessary information to meet the many diverse business functions of the agency. This staff maintains the statewide general ledger system Commonwealth Accounting and Reporting System (CARS), the statewide payroll system Commonwealth Integrated Payroll and Personnel System (CIPPS), and the statewide Fixed Assets and Accounting Control System (FAACS) as well as many other databases and IT applications.

DOA IT staff plan to devote more time to researching and exploring emerging technology in order to adopt this technology as appropriate for delivering more efficient/effective agency services.

DOA has focused on providing agencies and employees a variety of secure, web-based systems to assist with the submission of required financial information and for employees to view/print personnel payroll information.

DOA has emphasized improvement to the agency Continuity of Operations Plan to meet Virginia Department of Emergency Management standards. In addition, additional resources will be necessary to ensure that all Virginia Information Technologies Agency (VITA) security enhancements can be met.

**Factors Impacting the Current Agency IT**

Legislation is always a concern for information technology resources due to the potential system enhancements and timeframes required to meet the new requirements.

DOA is in the process of modernizing its 25 plus year-old mainframe applications and systems and moving them to a client/server environment. Some of DOA's IT staff, while proficient in the Common Business Oriented Language (COBOL) and other mainframe technologies are transitioning to web and client server technologies. Once COBOL, mainframe-oriented IT staff are trained in client/server technologies, there will be a risk of losing staff because they will have more marketable and in-demand skills. As staff leave or retire, there is an agency loss of business knowledge and technical expertise.

The ongoing support activities that are necessary as a result of the transformation to VITA place a demand on agency IT personnel to ensure adherence to VITA standards and alignment with VITA requirements.

The one to three-day system downtime (i.e., switch-over timeframe to back-up VITA site) currently embedded in the VITA disaster recovery and business continuity plan is inadequate and DOA is investigating better solutions to mitigate that delay.

**Succession Planning/Staff Back-up**

The lack of adequate staffing levels at DOA engender two critical threats to the continuity of IT service provided for DOA systems. First, due to low staffing levels, there is limited capacity for cross-training to build staff resource backup capacity in the event of an emergency. Second, due to inadequate staffing levels, there is little or no succession planning to ensure continuity of service due to normal attrition.

**Proposed IT Solutions**

DOA expects IT (VITA) costs to continue to rise and these increased costs force DOA to reduce expenditures for its programs and services that benefit the Commonwealth's citizens. It is also anticipated that as agencies move their applications from the mainframe, those agencies remaining on the mainframe will incur higher charges per transaction since the total cost is a fixed amount. DOA anticipates the transition of systems from the mainframe environment to a client/server environment in order to offer more progressive and efficient self-service delivery services, in order to have more flexibility in system design and development, in order to mitigate the risk of mainframe rates rising significantly as more users go from the mainframe to client/server, and in order to have more opportunities for taking advantage of proven and emerging technology.

Financial Overview

The Department of Accounts receives general fund appropriation for its operations. The agency has four nongeneral fund accounts, the Commonwealth Charge Card Rebate Fund, the Payroll Service Bureau, and the Enterprise Application Funds - Performance Budgeting and Cardinal Systems. The Commonwealth Charge Card Rebate Fund accounts for the rebate and administrative cost associated with the program. The Payroll Service Bureau provides payroll services to 58 other agencies; this fund accounts for the fees and administrative costs. The Enterprise Application Funds account for the charges to agencies for the ongoing operating costs of the Commonwealth's enterprise applications. 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.

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	9,998,542	1,852,882	9,998,542	1,852,882

Changes to Base	20,551	-1,030,926	849,156	-1,030,926
<b>Total</b>	<b>10,019,093</b>	<b>821,956</b>	<b>10,847,698</b>	<b>821,956</b>

#### Agency Goals

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

##### Goal Summary and Alignment

DOA provides a uniform system of accounting, financial reporting and internal controls and provides sound financial information on which financial and budgeting decisions can be made. DOA management recognizes the increasing value of information generation as a service. Supporting our customers by operating the statewide general ledger system (CARS), the statewide payroll system (CIPPS), and the statewide fixed asset system (FAACS) is a key part of DOA's mission. Consistently maintaining a 95% up time is crucial to meeting the need of our agency customers. This goal aligns well with the agency mission statement because by maintaining the integrity of the accounting and payroll systems, the financial data is reliable and protected.

##### Long Term Goal

Be recognized as the best-managed state in the nation.

Societal Indicator: Government Operations

- Strengthen oversight and improve agency internal controls.

##### Goal Summary and Alignment

The Sarbanes/Oxley Act, federal legislation enacted in 2002, was enacted in response to frauds that were committed by publically-traded private companies such as Enron. Sarbanes/Oxley requires an overall strengthening of internal controls to prevent such frauds. Although it does not directly apply to the governmental sector, it is considered to contain best practices. Management has always been responsible for implementing a strong set of internal controls and this goal intends to strengthen internal controls in the Commonwealth. DOA is enhancing vigilance over internal controls by: - Providing training to enhance knowledge of fiscal officers in Virginia. - Publishing and training agencies on an internal control directive that highlights the Virginia policy, risk assessment requirements and tools with which to assist agencies in carrying out internal control requirements. - Implementing a recovery audit program by hiring a firm that identifies duplicate or erroneous payments made by state agencies.

##### Long Term Goal

Be recognized as the best-managed state in the nation.

Societal Indicator: Government Operations

- Produce a comprehensive annual financial report (CAFR) that receives an unqualified audit opinion and receives the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

##### Goal Summary and Alignment

The achievement of an unqualified opinion on the financial statements and the receipt of the GFOA Certificate of Excellence in Financial Reporting demonstrates excellence in financial reporting and enhances the integrity of the financial information of the Commonwealth. This supports the mission of the agency directly and is the outcome and culmination of all financial management activities the agency performs.

##### Long Term Goal

Be recognized as the best-managed state in the nation.

Societal Indicator: Bond Rating

- Coordinate and develop enterprise systems.

##### Goal Summary and Alignment

Manage planned increases in agency IT operating costs and control the delineation of VITA IT infrastructure responsibilities in context of DOA's statewide disbursement control and financial management system responsibilities. The Commonwealth is currently in the process of replacing its aged financial accounting system implemented in the late 1970's with a modern, off-the-shelf application. The software selected—PeopleSoft 9.1—is a robust, web-based application that will greatly enhance the Commonwealth's ability to manage and account for its financial resources equipping policy makers with complete and timely data, while providing the transparency demanded by taxpayers today. DOA has partnered with the Virginia Department of Transportation (VDOT) to leverage Commonwealth resources in implementing this complex project. Phase I—executed December 2011—brought VDOT live; and Phase II implementation for DOA's in-house, fiscal services went live in FY 2013. Phase III will involve the staggered implementation of remaining state agencies with a full implementation date of July 1, 2017.

##### Long Term Goal

Be recognized as the best-managed state in the nation.

Societal Indicator: Government Operations

- Retain and develop staff.

*Goal Summary and Alignment*

Enhance DOA's internal training via the addition of Database Administration's Managed Online Awareness Training (MOAT) program, compensation, and recognition programs. This is intended to encourage retention of top-performing employees and to provide the means to improve their performance further. Recognition of significant accomplishments is intended to reward and encourage employees. The ability to pay in accordance with market trends and with recognition of the skills required to accomplish the work will enhance the ability to retain staff.

*Long Term Goal*

Be recognized as the best-managed state in the nation.

*Societal Indicator:* Government Operations

- Efficiently and effectively operate service bureaus to serve the payroll and accounting needs of agencies participating.

*Goal Summary and Alignment*

DOA operates a payroll service bureau serving 58 agencies and an accounting/accounts payable service bureau serving 8 agencies in addition to DOA. The purpose of the service bureaus is to provide more reliable and efficient processes with a high degree of professionalism while complying with state accounting and payroll policies and procedures. This goal aligns with the mission of the agency by enhancing the quality of accounting and payroll processing for participating agencies.

*Long Term Goal*

Be recognized as the best-managed state in the nation.

*Societal Indicator:* Government Operations

Programs and Service Areas for Agency

- 71106: Financial Oversight for Enterprise Applications
- 72401: Financial Systems Development
- 72402: Financial Systems Maintenance
- 72404: Computer Services
- 73701: General Accounting
- 73702: Disbursements Review
- 73703: Payroll Operations
- 73704: Financial Reporting
- 799: Administrative and Support Services
- 82601: Payroll Service Bureau

Customers

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	Commonwealth Agencies and Institutions	241	241	Stable
Local or Regional Government Authorities	Local Political Subdivisions	340	340	Stable
Resident	Citizens of the Commonwealth	8,037,736	8,037,736	Increase
State Government Employee	Commonwealth Employees	110,235	110,235	Stable
Wholesale/Retail Trade	Bond Ratings Agencies	3	3	Stable
State Government Employee	Legislative Branch Members and Employees	510	510	Stable

Key Risk Factors

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.

**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.

**Products and Services**

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

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

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

- o Cash Management Improvement Act of 1990: establishes federal/state agreements regulating interest payment responsibilities
- o Statewide Indirect Cost Allocation Plan: used to recover allowable indirect and overhead costs for agencies receiving federal grants and contracts
- o 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
- o Internal Revenue Service (IRS) Payroll Requirements: deposit and reporting of payroll taxes on behalf of state agencies
- o 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)
- o Locality Distributions: distribution of approximately \$1 billion to local governments each year as part of the administration of various shared-tax programs

**Trends**

**Rankings & Customer Trends**

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".

Trend Name	Trend Area
Number of Customers	Steady
Revenue	Steady
Information Technology Costs	Steady

**Performance Highlights: Service Performance & Productivity Initiatives**

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.

**Management Discussion & Analysis**

**Future Direction, Expectations, and Priorities**

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.

**71106: Financial Oversight for Enterprise Applications**

**Description**

Amounts for the Financial Oversight for Enterprise Applications represents an internal service fund derived from charges to agencies for the ongoing operating costs of the Commonwealth's enterprise applications. The State Comptroller shall recover the cost of services provided for the administration of the funds through interagency transactions.

**Mission Alignment and Authority**

The enterprise application directly supports the mission of the agency by providing a new uniform system of accounting.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

The Department of Accounts (DOA) has partnered with the Virginia Department of Transportation (VDOT) to leverage Commonwealth resources in implementing a new enterprise application system called Cardinal to replace the aging Commonwealth Accounting and Reporting System. Phase I brought VDOT live in December 2011. Phase II implementation for DOA's in-house, fiscal services went live in October 2012. Phase III will involve the staggered implementation of remaining state agencies with a full implementation date scheduled for July 1, 2017.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	State Agencies & Institutions	270	270	Stable
Local or Regional Government Authorities	Localities	340	340	Stable

**Partners for this Service Area**

Partner	Description
Department of Planning and Budget	Owner of the Performance Budgeting module.
Virginia Department of Transportation	DOA has partnered with VDOT to leverage Commonwealth resources in implementing this complex project. Phase I brought VDOT live in December 2011; and, Phase II implementation for DOA's in-house, fiscal services went live October 2012. Phase III will involve the staggered implementation of remaining state agencies with a full implementation date scheduled for July 1, 2017.
Virginia Information Technology Agency	Cardinal is a web based application run on servers operated and supported by Virginia Information Technologies Agency/Northrop Grumman.

**Products and Services**

**Factors Impacting the Products and/or Services**

**PPEA ERP**

DOA has invested significant resources on the core project team and steering committee of the Commonwealth's PPEA Enterprise Resource Planning project. The Commonwealth completed an ambitious comprehensive study of the Commonwealth's business processes at the enterprise level, which will lead toward the replacement of all central administrative systems with commercial off-the-shelf software. Accounting and Reporting staff are working with VEAP (VITA's Enterprise Applications Division) and the Virginia Department of Transportation (VDOT) in efforts ongoing on several fronts including business process re-engineering and change management, chart of accounts, and software requirements and Requests for Proposal (RFP). This requires significant staff effort.

**Anticipated Changes to the Products and/or Services**

Cardinal is being implemented to replace CARS as the Commonwealth's official general ledger accounting system based on modern PeopleSoft technology. With the implementation of the new system, business processes throughout the Commonwealth will necessarily change to be compatible with the new technology.

**Listing of Products and / or Services**

This service area is an internal service fund that oversees the collection of charges to agencies for the ongoing operating costs of the Commonwealth's enterprise applications.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	0	0	0	0
Changes to Base	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Objectives for this Service Area

Objectives for this Service Area

**Objective**

Ensure that Performance Budgeting, an enterprise application system, is available for use by state agency customers.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Coordinate and develop enterprise systems.

*Measures*

- Percent of time that the Performance Budgeting System, administered by the Departments of Accounts and Planning and Budget, is available to customer state agencies.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Department of Planning and Budget (DPB) and Department of Accounts (DOA), system owners of enterprise application systems, are responsible for providing system availability to state agency customers. Virginia Information Technologies Agency/Northrop Grumman (VITA/NG) provides the infrastructure to deliver this system to customers and provides the data for this measure to ensure DPB and DOA service levels are met. The percentage is calculated by dividing the number of work days the system is available to customer state agencies by the total number of work days for the period.

**Objective**

Ensure that Cardinal, an enterprise application system, is available for use by state agency customers.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Coordinate and develop enterprise systems.

*Measures*

- Percentage of time the state's enterprise application system Cardinal, administered by the Department of Accounts, is available to customer state agencies.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Department of Accounts (DOA), system owner of Cardinal, is responsible for providing system availability to its customer state agencies. The Virginia Information Technologies Agency/Northrop Grumman (VITA/NG) provides the infrastructure to deliver the system to DOA's customers and provides the data for this measure to ensure DOA service levels are met. The percentage is calculated by dividing total number of work days the system is available to customer state agencies by the total number of work days in the period.

**72401: Financial Systems Development**

**Description**

Department of Account's (DOA) management recognizes the increasing value of information generation as a service. Integration between systems continues to increase, particularly between mainframe and desktop processing environments. This functional activity supports the operation of the statewide general ledger system (CARS), the statewide payroll system (CIPPS), and the statewide fixed asset system (FAACS), as well as other related statewide financial information systems.

This area includes the ongoing planning needed to promote the coordinated development and integration of hardware, database systems, application programs, and communications within DOA and between DOA and its customers. All planning is done in conformance with the guidelines of the Virginia Information Technology Agency (VITA). Weekly management status meetings and the annual update to the agency information technology plan are used to support this activity.

**Mission Alignment and Authority**

This service area develops new applications that support the activities of the agency's financial IT systems, CARS, CIPPS, and FAACS, which aligns perfectly with the agency's mission of maintaining a uniform accounting system. This service area also implements new web applications that DOA requires. Examples of web applications developed over the last several years include Redi Virginia (Electronic Data Interchange information system), Payline (employee pay and leave information), and Reportline (DOA electronic reports system). Development is distinguished from maintenance in that development involves creating new functionality, whereas maintenance supports the continued use of existing functionality.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

None.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	CARS, CIPPS, and FAACS serve most agencies in the Commonwealth	270	270	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency, all state agencies are considered partners as they make use of the statewide accounting systems of record.

**Products and Services**

**Factors Impacting the Products and/or Services**

DOA is in the process of modernizing its 25+ year-old mainframe applications and systems and moving them to a client/server environment. Some of DOA's IT staff, while proficient in Common Business Oriented Language (COBOL) and other mainframe technologies are transitioning to web and client servers. Once COBOL, mainframe-oriented IT staff are trained in client/server technologies, there will be a risk of losing staff because they will have more marketable and in-demand skills. As staff leave or retire, there is an agency loss of business knowledge and technical expertise.

The Commonwealth is currently in the process of replacing its aged financial accounting system implemented in the late 1970's with a modern, off-the-shelf application. The software selected—PeopleSoft 9.1—is a robust, web-based application that will greatly enhance the Commonwealth's ability to manage and account for its financial resources equipping policy makers with complete and timely data, while providing the transparency demanded by taxpayers today.

DOA has partnered with the Virginia Department of Transportation (VDOT) to leverage Commonwealth resources in implementing this complex project. Phase I brought VDOT live in December 2011; and, Phase II implementation for DOA's in-house, fiscal services went live in October 2012. Phase III will involve the staggered implementation of remaining state agencies with a full implementation date scheduled for July 1, 2017.

The ongoing support activities that are necessary as a result of the transformation to VITA place a demand on agency IT personnel to ensure adherence to VITA standards and alignment with VITA requirements.

The one to three-day system downtime (i.e., switch-over timeframe to back-up VITA site) currently embedded in the VITA disaster recovery and business continuity plan is inadequate and DOA is investigating better solutions to mitigate that delay.

**Succession Planning/Staff Back-up**

The lack of adequate staffing levels at DOA engender two critical threats to the continuity of IT service provided for DOA systems. First, due to low staffing levels, there is limited capacity for cross-training to build staff resource backup capacity in the event of an emergency. Second, due to inadequate staffing levels, there is little or no succession planning to ensure continuity of service due to normal attrition.

**IT Initiatives**

DOA plans to strengthen its project management expertise and to move toward the development of a Project Management Office to improve non-routine, non-operational project planning and execution.

DOA is researching possible 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 to be considered include permanently retained Electronic Data Interface (EDI) security forms, Human Resources (HR) files, line of duty records, Payroll Service Bureau records and accounts payable documentation.

**Anticipated Changes to the Products and/or Services**

**Information Technology**

Compliance with new and evolving security policies, procedures, and monitoring is a challenge. DOA is challenged to address security within the transformed environment. DOA plans to continue spending considerable resources to comply with all VITA security standards and guidelines and to implement a comprehensive IT security program. DOA also continues to expand and improve the IT disaster recovery plan in order to reduce downtime in the event of a disaster.

**Listing of Products and / or Services**

This area produces program code that operates the financial accounting systems in DOA.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	736,513	0	736,513	0
Changes to Base	0	0	0	0
<b>Total</b>	<b>736,513</b>	<b>0</b>	<b>736,513</b>	<b>0</b>

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**

Comply with established deadlines to implement system enhancements to meet legislative mandates.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of time legislated deadlines for updating statewide financial systems are met.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

System owner monitors legislated deadlines on an annual basis. The number of mandates are tracked by the General Accounting, Financial Reporting, and Payroll Operations Divisions. To calculate the percentage, divide the number of updates implemented by deadlines established by either state or federal mandate by the total number of updates to statewide financial systems containing a deadline established by either state or federal mandate.

**72402: Financial Systems Maintenance**

**Description**

This service area maintains existing agency financial systems, including the statewide general ledger system called Commonwealth Accounting and Reporting System (CARS), the statewide payroll system called Commonwealth Integrated Payroll and Personnel System (CIPPS), and the statewide fixed asset system called Fixed Asset and Accounting Control System (FAACS). This service area also maintains existing web applications such as Reportline, Payline, and Redi Virginia. Maintenance is distinguished from development in that development involves creating new functionality, whereas maintenance supports the continued use of existing functionality.

**Mission Alignment and Authority**

This service area supports the mission of the Department of Accounts (DOA) by maintaining the systems that provide a uniform system of accounting for the Commonwealth.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

None.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Government Employee	Employees at Commonwealth agencies and institutions that use the statewide systems	2,027	2,027	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency, all state agencies are considered partners as they make use of the statewide accounting systems of record

**Products and Services**

**Factors Impacting the Products and/or Services**

Factors impacting this service area are discussed in the description of the Financial Systems Development service area (15172401).

**Anticipated Changes to the Products and/or Services**

Anticipated changes impacting this service area are discussed in the description of the Financial Systems Development service area (15172401).

**Listing of Products and / or Services**

The product for this area is programming code.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	1,060,044	0	1,060,044	0
Changes to Base	0	0	0	0
<b>Total</b>	1,060,044	0	1,060,044	0

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**

Comply with deadlines for installing system maintenance upgrades.

*Description*

*Objective Strategies*

*No Strategies for this Objective*

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of time statewide financial system maintenance upgrade deadlines are met.

Measure Class **Other Agency** Measure Type **Output** Preferred Trend **Stable** Frequency **Annually**

Data Source and Calculation

The number of statewide financial system maintenance upgrades are tracked by the Systems and Programming Division. To calculate the percentage, divide the number of statewide financial system maintenance upgrades implemented by established deadlines by the total number of statewide financial system maintenance upgrades containing a deadline.

**72404: Computer Services**

**Description**

Integration between systems continues to increase, particularly between mainframe and desktop processing environments. This service area supports the operation of the statewide general ledger system (CARS), the statewide payroll system (CIPPS), and the statewide fixed asset system (FAACS), as well as other related statewide financial information systems. DOA transitioned to Virginia Information Technologies Agency (VITA) in July, 2004. DOA continues to monitor the performance of these functions, in conjunction with VITA.

**Mission Alignment and Authority**

This service area includes services provided by a production control group as well as computer room operators. Production control ensures that nightly programs are executed in CARS, CIPPS, and FAACS when they are required to be run. Responsibilities include the procurement, installation and maintenance of the agency hardware environment, which includes the networked desktop environment, which supports more than 120 users. It also includes related services provided to other agencies such as remote print distribution. On a typical day 600,000 lines of print will be distributed electronically to remote sites.

**Customers for this Service Area**

**Anticipated Changes to Customers Base**

None.

**Current Customer Base**

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Government Employee	Employees at Commonwealth Agencies and Institutions that use the statewide systems	2,027	2,027	Stable
Local Government Employee	Employees at Local Political Subdivisions that use the statewide systems	340	340	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency, all state agencies are considered partners as they make use of the statewide accounting systems of record.

**Products and Services**

**Factors Impacting the Products and/or Services**

The factors noted in the service area titled Financial Systems Development are applicable to this service area.

**Anticipated Changes to the Products and/or Services**

Cardinal, the Commonwealth's new general ledger enterprise application system, is being phased into production and will eventually replace the CARS system. Refer to the service area titled Financial Systems Development for more information.

**Listing of Products and / or Services**

Statewide systems, CARS, CIPPS, FAACS

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	1,650,000	0	1,650,000	0
Changes to Base	-76,101	0	-76,101	0
<b>Total</b>	<b>1,573,899</b>	<b>0</b>	<b>1,573,899</b>	<b>0</b>

**Objectives for this Service Area**

**Objectives for this Service Area**

**Objective**  
 Ensure that agency systems are available for use by Department of Accounts (DOA) customers.

*Description*

*Objective Strategies*

*No Strategies for this Objective*

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Cost per transaction of providing core system administration for the statewide financial management systems (CARS and CIPPS).

Measure Class  Preferred Trend  Frequency

Data Source and Calculation

To calculate the percentage, divide the salaries and fringes of all DOA departments involved in the support of these systems (obtained from CARS) plus the Virginia Information Technologies Agency Computer Operating Service charges by the number of statewide financial system transactions (tracked by the Systems and Programming Division).

- Percent of time that financial management systems administered by the agency are available to customer state agencies.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Department of Accounts (DOA), system owner of financial management systems, is responsible for providing system availability to its state agency customers. Virginia Information Technologies Agency/Northrop Grumman (VITA/NG) provides the infrastructure to deliver these systems to DOA's customers and provides the data for this measure to ensure DOA service levels are met. The percentage is calculated by dividing the number of work days the systems administered by DOA are available to customer state agencies by the total number of work days for the period.

## 73701: General Accounting

### Description

The Department of Accounts (DOA) maintains the official accounts for the Commonwealth in the Commonwealth Accounting and Reporting System (CARS). Deposit and disbursement transactions are entered by agencies online during the workday and computer edited against authorized spending levels in nightly batch runs. A daily reconciliation of the state's cash position in the books of the Comptroller to the books of the State Treasurer is performed. Various accounting reports are generated for use by agency and DOA staff to reconcile the accounts each day and identify and resolve any discrepancies that are identified.

All disbursements of public funds must be processed through CARS. This service area also includes management of the state-aid-intercept program.

#### Appropriation Control

This service area involves the internal control procedures used by state government to enforce compliance with appropriation law. Following enactment of the Appropriation Act, both DOA and the Department of Planning and Budget (DPB) become responsible for ensuring that appropriation law is followed. DPB authorizes the expenditure of appropriated funds through the allotment process, while DOA enforces this authorization through the automated edits and manual procedures that support the general ledger. This service area includes the preparation of year-end reconciliations that account for all expenditures as authorized in the Appropriation Act.

#### Support Locality Revenue Deposits

DOA has general oversight for deposit reconciliation for all sources of state revenue. However, a separate service involves the processing of deposits from local governments and the court system. Given the many different administrative environments found among local governments and the various state courts, DOA has assumed a higher level of processing responsibility for these deposits. Each month, DOA handles an average of 2,800 local deposit certificates. Following a decentralization initiative begun in early 2003, entry of these deposit transactions into the central accounting system is largely executed by localities. A related responsibility is the monthly summarization and certification of recordation taxes, a portion of which are ultimately due to localities. This service also includes procedures for refunding forfeited bail bonds as ordered by a court.

#### Interest Calculation

Virginia statutory and appropriation law frequently allocates interest income earned by the Treasurer to specific nongeneral funds. This requires detailed calculations and recordkeeping necessary to allocate interest and demonstrate compliance with the related legal provisions.

#### Debt Setoff Program

Section 2.2-4806, Code of Virginia, authorizes the recovery of overdue debts owed to the Commonwealth from suppliers for amounts to be paid for procured goods and services. This is a debt setoff program similar to that used by the Department of Taxation (TAX) to recover debts from state tax refunds. Since its inception in 1991 through FY 2012, this program has recovered in excess of \$153.7 million in overdue debts owed to the Commonwealth. The \$153.7 million includes funds initially setoff but ultimately returned to the vendors because the debt was recovered by other means.

#### Loan, Line of Credit and Grant Coordination

The Appropriation Act provides for intra-governmental loans and lines of credit from the Department of Treasury to support state programs that are anticipating nongeneral funds from federal grants and contracts, bond sales, and similar situations. The Comptroller's office is responsible for development of procedures for agencies to follow in applying and justifying such requests. DOA must administer these financial transactions including interest calculation, timing of repayment, and proper accounting and reporting. This service includes the processing of state grants to nonstate agencies as authorized by the Appropriation Act and regulated by DPB.

#### Financial Electronic Data Interchange (FEDI)

FEDI increases administrative efficiency and reduces costs through the replacement of check payments with automated transactions. The program was implemented in 1994. The Commonwealth has over 122,880 trading partners accepting electronic payments including vendors, localities, state agencies/employees and grant recipients. In May 2013, DOA implemented a systemic change whereby employees who have direct deposit for payroll were automatically enrolled in the EDI program.

#### Distributions to Local Governments

The State Comptroller is mandated by law to distribute certain funds to local governments. Such distributions include funds allocated to localities pursuant to the sales and use tax based upon school age population, a percentage of Department of Alcoholic Beverage Control (ABC) profits based on total population, and recordation tax for which the total distribution is fixed but each locality's share is based upon their collections as compared to total collections.

#### Personal Property Tax Relief Act (PPTRA)

DOA disburses funds to local governments pursuant to the Personal Property Tax Relief Act.

#### Purchase Charge Card Program

The Purchase Charge Card Program which includes the Small Purchase Charge Card (SPCC), Gold Card, and ePayables, was initiated to reduce the volume and cost of accounts payable transactions. The SPCC program was implemented January 1, 1995, and offers state agencies and institutions an alternative payment method when making small purchases under \$5,000. The "Gold" card program assists in capturing payments over the \$5,000 threshold. ePayables was implemented in June 2011 to capture card spending after an accounting voucher has been entered for payment for enrolled vendors. In 2012, over \$441 million was purchased under this program and the Commonwealth received over \$8 million in rebates from the charge card vendor.

#### Travel Card Program

The travel card program is comprised of the Airline Travel Card (ATC) and the Individual Liability Travel Card. The ATC is used by agencies to book airline and mass rail tickets; whereas, the Individual Liability Travel Card is for travelers to use while in travel status. ATC cards are paid monthly by each agency to the charge card vendor. Typically, individuals traveling more than two times per year hold an Individual Liability Travel Card for official state business travel. Employees request and receive reimbursement for travel expenses as they complete travel, but must pay their travel charge bills monthly. In 2012 there were over 40 agencies with ATC's and over 2,600 Individual Liability Travel Cards.

### Mission Alignment and Authority

The General Accounting service area directly supports the mission of the agency by ensuring the integrity of the general ledger system and providing a uniform system of accounting.

### Customers for this Service Area

#### *Anticipated Changes to Customers Base*

None.

**Current Customer Base**

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	State agencies and institutions	270	270	Stable
Local or Regional Government Authorities	Localities	340	340	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency, all state agencies are considered partners as they make use of the statewide accounting systems of record.

**Products and Services**

**Factors Impacting the Products and/or Services**

**Tax Increase and Prevention Act of 2005**

Internal Revenue Service (IRS) Code section 3402 (t) requires states to withhold 3% of every payment of \$10,000 or more for payments for property or services effective, January 1, 2012. Funds withheld must be deposited and reported in accordance with IRS regulations, which is similar to requirements associated with payroll taxes. This project requires additional staff and consultants to develop and implement the project plan required to modify CARS to comply with this federal mandate. This development project may entail implementation and maintenance of a statewide vendor table. Following development, implementation and testing of the system capacity, the additional staff will train agencies on the processing requirements, monitor the process, reconcile system accounts, ensure payments are processed to the IRS properly and timely to avoid penalties, and field questions from agencies and the vendor community.

**Enterprise Risk Management**

DOA continues strengthening and improving the Enterprise Risk Management (ARMICS) guidance providing state agencies with tools and information regarding overall risk management and reviewing efforts to ensure adequate internal controls exist in agencies

**Adequate Supply of Accounting Personnel**

Currently there is a high demand for qualified accounting personnel in both the non-governmental and governmental community. This increases the difficulty of being able to find qualified staff for open positions. This impediment affects not only DOA as an agency but DOA as the responsible organization for establishing and ensuring compliance with accounting policy in the Commonwealth. If DOA as an agency or other state agencies have difficulty securing qualified staff, the reliability of state financial information is at risk. In the long run, this may impact the Comprehensive Annual Financial Report of the Commonwealth (CAFR) and/or the bond rating of Virginia.

**PPEA ERP**

DOA has invested significant resources on the core project team and steering committee of the Commonwealth's PPEA Enterprise Resource Planning project. The Commonwealth completed an ambitious comprehensive study of the Commonwealth's business processes at the enterprise level, which will lead toward the replacement of all central administrative systems with commercial off-the-shelf software. Accounting and Reporting staff are working with VEAP (VITA's Enterprise Applications Division) and the Virginia Department of Transportation (VDOT) in efforts ongoing on several fronts including business process reengineering and change management, chart of accounts, and software requirements and Requests for Proposal (RFP). This requires significant staff effort.

The Commonwealth is currently in the process of replacing its aged financial accounting system implemented in the late 1970's with a modern, off-the-shelf application. The software selected—PeopleSoft 9.1—is a robust, web-based application that will greatly enhance the Commonwealth's ability to manage and account for its financial resources equipping policy makers with complete and timely data, while providing the transparency demanded by taxpayers today.

DOA has partnered with VDOT to leverage Commonwealth resources in implementing this complex project. Phase I brought VDOT live in December 2011; and, Phase II implementation for DOA Fiscal went live in October 2012. Phase III will involve the staggered implementation of remaining state agencies with a scheduled completion July 1, 2017.

**Anticipated Changes to the Products and/or Services**

**Information Technology**

Compliance with new and evolving security policies, procedures, and monitoring is a challenge. DOA is challenged to address security within the ongoing transformation changes. DOA plans to spend considerable resources to comply with all VITA security standards and guidelines and to implement a comprehensive IT security program. DOA also continues to expand and improve the IT disaster recovery plan in order to reflect the transformation and in order to address the new challenges resulting from the transformation in order to reduce downtime in the event of a disaster.

**Listing of Products and / or Services**

This service area provides all accounting reports for state agencies through the CARS system.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	1,017,670	803,695	1,017,670	803,695
Changes to Base	0	18,261	1,170,731	18,261
<b>Total</b>	<b>1,017,670</b>	<b>821,956</b>	<b>2,188,401</b>	<b>821,956</b>

**Objectives for this Service Area**

Objectives for this Service Area

**Objective**

Process legislatively mandated distributions to localities.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Strengthen oversight and improve agency internal controls.

*Measures*

- Percent of financial assistance distributions to local governments processed within legislated time frames.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's General Accounting Division maintains a list of mandated distributions and a record of the timing of the distributions. To calculate the percentage, divide the total number of distributions to local governments processed within legislated time frames by the total number of distributions to local governments processed.

**Objective**

Ensure compliance with original legislative appropriations.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Strengthen oversight and improve agency internal controls.

*Measures*

- Percent of time the original legislative appropriations are recorded and reconciled within seven days of receipt from the Department of Planning and Budget (DPB).

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's General Accounting Division maintains data including the date of receipt of appropriation and when it is recorded and reconciled. To calculate the percentage, divide the number of original legislative appropriations recorded and reconciled within seven days by the total number of original legislative appropriations recorded and reconciled.

**Objective**

Enhance the Commonwealth of Virginia's internal controls by reconciling cash in the Commonwealth Accounting and Reporting System (CARS) and cash in the state Treasurer's system, and identifying and resolving general ledger anomalies and agency-identified reconciliation discrepancies within one month.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Strengthen oversight and improve agency internal controls.

*Measures*

- Percent of all general ledger anomalies and reconciliation discrepancies resolved within one month.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The General Accounting Division collects and performs analysis on monthly financial certifications and statewide reconciliations submitted by state agencies, identifying any anomalies or discrepancies that are in need of a resolution. To calculate the percentage, divide the number of general ledger anomalies and reconciliation discrepancies resolved within one month by the total number of general ledger anomalies and reconciliation discrepancies.

**Objective**

Maximize efficiency and minimize processing costs related to the Commonwealth purchasing card.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of eligible purchases made with the small purchase charge card by state agencies.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's General Accounting e-commerce Division maintains detailed data regarding purchases made by state agencies and the payment method used. To calculate the percentage, divide the number of eligible purchases made with the small purchase charge card by state agencies by the total number of eligible purchases.

**73702: Disbursements Review**

Description

**Compliance Assurance**

This service area's organizational objective is to compile, review and produce the Comptroller's Report on Statewide Financial Management and Compliance, and to review, evaluate and report on current statewide decentralized agency compliance with expenditure and disbursement policies defined in the Commonwealth Accounting Policies and Procedures (CAPP) manual. This service area also provides professional and technical training programs and timely assistance for improving agency compliance with CAPP procedures. This service area provides a pre-audit function for non-decentralized agencies as well as follow up on agency corrective action workplans for deficiencies noted in Auditor of Public Accounts (APA) audit reports.

**Decentralized Pre-audit**

Since 1992, the Department of Accounts (DOA) has been in the process of decentralizing the pre-audit function to individual agencies under a delegation of authority from the State Comptroller. This activity includes the identification of qualified agencies, negotiation of delegation agreements, and quality control reviews that monitor delegated pre-audit performance for compliance with published policies and procedures and advice to agencies of corrective measures that may be needed.

**Quarterly Financial Report**

This service area is responsible for the Report on Statewide Financial Management and Compliance. Each quarter, DOA provides the Governor, the Governor's Cabinet and state agency heads with a comprehensive report on various measures used to monitor the degree to which agencies have complied with various accounting and financial management policies, procedures and standards of performance.

Mission Alignment and Authority

This service area aligns very well with DOA's mission as its purpose is to evaluate and report on agency financial accountability and compliance. This is achieved via the goal of assisting agencies in meeting their responsibilities for providing reliable and accurate financial information, for protecting Commonwealth resources and for supporting, and enhancing the recognition of Virginia as the best managed state in the union.

Customers for this Service Area

*Anticipated Changes to Customers Base*

None.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Government Employee	Fiscal staff of agencies in the Commonwealth	2,027	2,027	Stable

Partners for this Service Area

Partner	Description
All state agencies	Since DOA is a central service agency, and this section compiles the Comptroller's Report on Statewide Financial Management and Compliance, all agencies are considered partners.

Products and Services

**Factors Impacting the Products and/or Services**

**Technological Advances**

As technology continues to change and advance, the disbursements review unit must stay abreast of these changes and modify their audit approach to ensure proper testing is completed.

**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 new requirements. The disbursements review unit must keep up to date on changes to policy in order to properly audit decentralized agencies records for compliance.

**Anticipated Changes to the Products and/or Services**

None.

**Listing of Products and / or Services**

This service area produces audit reports when they review decentralized agencies disbursement records. These audit reports serve to inform agencies on where they deviated from state accounting policies and procedures and how to improve their future performance.

Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	1,331,670	0	1,331,670	0
Changes to Base	0	0	-345,618	0
<b>Total</b>	<b>1,331,670</b>	<b>0</b>	<b>986,052</b>	<b>0</b>

Objectives for this Service Area

Objectives for this Service Area

**Objective**

Monitor agencies and institutions responses to Auditor of Public Accounts (APA) audit reports as required by Department of Accounts policy.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Strengthen oversight and improve agency internal controls.

*Measures*

- Percentage of corrective action workplans (CAWS) that are submitted in accordance with Department of Accounts (DOA) policy.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

A review of responses is published quarterly in the Comptroller's Report on Statewide Financial Management and Compliance. To calculate the percentage, divide the number of CAWS submitted in accordance with DOA policy by the total number of CAWS required to be submitted.

- The number of recurring Auditor of Public Accounts (APA) internal control findings.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

This measure is calculated by identifying the number of recurring APA internal control findings published in APA audit reports for the previous fiscal year. This data can be found in the Comptroller's Quarterly Report in the 'Audit Reports' section. This measure may be adjusted for certain complex findings whose corrective action may involve multiple agencies and institutions and entail multi-year efforts. The Department of Accounts tracks and follows up with agencies to ensure they are resolving the recurring findings.

**73703: Payroll Operations**

**Description**

The State Payroll Operations service area administers the central payroll system (CIPPS) and ensures and facilitates the calculation of payroll and benefits for state employees. Most state employees are served by CIPPS, although the largest state-supported colleges and universities operate independent payroll systems. Agencies may calculate several payrolls on a weekly, biweekly, semimonthly or monthly basis, or "as needed" to cover special situations and demands. About 1,000 payroll staff at over 200 agencies and institutions are granted secure access to the central payroll system. The distribution of pay is either by direct deposit (about 99.8% of all salaried employees) or by payroll check.

Employers are subject to severe financial penalties for inaccurate reporting of federal tax withholding. The Department of Accounts (DOA) deposits about \$220 million each quarter on behalf of over 200 state agency employers. This activity includes the administration of the Federal Automated Deposit program (FAD), preparation and electronic filing of quarterly withholding reports (Internal Revenue Service Form 941), preparation of year end filings for over 121,000 W-2 forms, electronic reporting to the IRS and the Social Security Administration, and preparation and filing of adjusted forms as needed (Forms 941C, W-2C, and W-3C).

Accounting and disbursements processing for benefits covers the deduction, reconciliation, disbursement and accounting for all amounts deducted from employee pay for both state benefit and supplemental deduction programs. The major benefit deductions include health care, Section 125 flexible spending accounts, and the Section 457 deferred compensation program. This service also includes the transmission of data to the Virginia Retirement System (VRS) for retirement service credit recording, as well as the accounting of funds for employees who are eligible and have elected to participate in one of the three optional retirement programs offered in place of VRS. All deducted amounts are reconciled before the funds are disbursed to the appropriate receiving party. Deductions for other purposes are also supported including, CVC (charitable foundation contributions), child support orders, garnishment fees, dues for employee associations and premiums for supplemental insurance coverage and tax-deferred annuities.

**Mission Alignment and Authority**

This service area supports the mission of the agency by processing payrolls efficiently, effectively and accurately.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

None.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Government Employee	Employees of the Commonwealth	121,000	121,000	Stable
State Agency(s),	Fiscal staffs in agencies	200	200	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency and this division is responsible for facilitating the calculation of payroll and benefits for state employees, all state agencies whose employees are served by CIPPS are considered partners.

**Products and Services**

**Factors Impacting the Products and/or Services**

While currently staffed at an appropriate level, the payroll operations division's services could be impacted by the loss of institutional knowledge if key employees were to leave DOA through a change in job or through retirement.

Additionally, any federal or state legislation affecting payroll requirements must be monitored closely in order to determine the impact on the calculation and processing of payroll.

**Anticipated Changes to the Products and/or Services**

None.

**Listing of Products and / or Services**

Processes payrolls daily which results in the distribution of funds to state employees.

Prepares the Report on Statewide Financial Management and Compliance.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF

Base	1,142,831	0	1,142,831	0
Changes to Base	0	0	0	0
<b>Total</b>	<b>1,142,831</b>	<b>0</b>	<b>1,142,831</b>	<b>0</b>

Objectives for this Service Area

*Objectives for this Service Area*

**Objective**

Process payroll requests timely.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of payrolls reviewed and processed by the final certification date.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's Payroll Operations Division maintains a log of certification information each pay period which is compiled and stored by semi-monthly pay period. To calculate the percentage, divide the number of payrolls that are reviewed and processed by the final certification date by the total number of payrolls in the period.

**Objective**

Meet quarterly IRS reporting requirements and payment deadlines.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of Internal Revenue Service (IRS) reporting requirements and payment deadlines met.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Payroll Operations Division tracks and maintains the quarterly reconciliation reporting and payment data. To determine the percentage, divide the number of IRS reporting requirements and payment deadlines met by the total number of IRS reporting requirements and payment deadlines.

**Objective**

Process employee W-2's timely.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of Department of Treasury-Internal Revenue Service (IRS) wage and tax statements (W-2's) processed by the employee deadline of January 31.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's Payroll Operations Division maintains the database of W-2 processing dates. The percentage is calculated by dividing the number of W-2's processed by January 31 by the total number of W-2's processed.



**73704: Financial Reporting**

**Description**

The Virginia Constitution requires accounts be maintained and reported based upon when cash is received and paid out. This service area involves ongoing reporting of cash activity in the state accounts throughout the year. The Department of Accounts (DOA) reports cash activity in state accounts throughout the year for the Governor, Secretary of Finance and General Assembly, including the monthly report on the cash position of the Commonwealth. A general fund preliminary report is prepared by August 15 each year, as required by law.

This service area produces the Comprehensive Annual Financial Report (CAFR) of the Commonwealth, which is audited by the Auditor of Public Accounts. Generally accepted accounting principles (GAAP) for states and local governments are promulgated by the Governmental Accounting Standards Board (GASB) and include the recognition of accrued assets and liabilities along with other non-cash accounting requirements. In order to obtain all of the financial information necessary to prepare the CAFR, DOA issues the state Agency, Higher Education, and Component Unit Financial Statement Directives. These directives provide guidance and assistance to state agencies, institutions of higher education, and component units on the GAAP presentation of financial statement information.

This service area summarizes and simplifies the presentation of information contained in the CAFR in a report often referred to as the "popular report." This report is intended to better inform the public about the Commonwealth's financial condition without excessive detail or the use of technical accounting terms. This service area also produces the Schedule of Expenditures of Federal Awards for inclusion in the Statewide Single Audit Report. The schedule is prepared in accordance with the requirements of the Office of Management and Budget (OMB) Federal Circular A-133.

The Code of Virginia (§2.2-4801 et seq., the Virginia Debt Collection Act) assigns DOA the responsibility to provide oversight reporting and monitoring for the procedures used by state agencies to collect accounts receivable. Data on accounts receivable balances are compiled quarterly. These data are also used for the CAFR and Popular Annual Financial Report (PAFR).

This service area prepares two indirect cost allocation plans. The first is prepared in accordance with OMB Circular A-87 and is used by agencies entitled to recover indirect costs from federal grants and contracts. The plan is audited and approved by the federal government on behalf of the Commonwealth and recovered over \$260 million from federal sources in FY 2012. In addition, a second "full costing" plan is developed for Department of Planning and Budget (DPB) that supports the recovery of indirect costs borne by the general fund on behalf of nongeneral funded agencies and programs. The Appropriation Act is used to recover these costs for the general fund. In FY 2012, \$4.3 million was recovered for the general fund through this program.

This service area accounts for all major land, building and equipment assets of the Commonwealth. Also included is the accounting for certain capital leases, which are reflected as assets in the Commonwealth financial statements. Typically about 45,000 fixed asset transactions are processed annually.

**Financial Reporting Quality Assurance**

The audited December 15 Comprehensive Annual Financial Report (CAFR) is prepared on the basis of generally accepted accounting principles (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. This activity involves selecting state agencies for quality assurance reviews based on risk analysis. A review of the agency prepared financial reporting attachments is conducted and documented. A report is prepared detailing findings and recommendations for improvement in the process and is discussed with agency management. This activity improves the reliability of accounting data submitted for inclusion in the CAFR and helps to define agency training needs as it relates to financial reporting.

**American Recovery and Reinvestment Act (ARRA) Oversight**

The ARRA carries stringent federal reporting requirements to ensure accountability and to allow accurate and transparent reporting. This activity involves reviewing and evaluating internal controls and processes in place at the agencies receiving ARRA funding. Review efforts are focused towards ensuring appropriate use of the funds received and verifying reporting accuracy/transparency. While the majority of the funding originally provided by ARRA has been spent, some agencies will continue to utilize these funds on an ongoing basis, requiring continued DOA oversight.

**Cash Management Improvement Act**

The Financial Reporting area administers the requirements of the federal Cash Management Improvement Act (CMIA) of 1990. CMIA governs the timely transfer and expenditure of funds between the federal government and the states for major federal assistance programs. It provides an interest calculation and exchange incentive for the time the state and/or federal government hold each other's money to compensate each other for the time value of the funds. As part of this process, states negotiate an annual agreement with the United States Department of the Treasury that specifies the funds transfer procedures for the major federal assistance programs in the agreement.

**Mission Alignment and Authority**

This service area supports the mission of the agency by enhancing the integrity of the Commonwealth's financial reporting. The unqualified audit opinion and the receipt of the Certificate of Excellence in Financial Reporting are evidence of the value of this area.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

None.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	Fiscal areas in state agencies	241	241	Stable
Local or Regional Government Authorities	Some non-state agencies are required to comply with financial reporting directives	26	26	Stable
Business and Finance	Standard and Poor's, Moody's, Fitch	3	3	Stable

**Partners for this Service Area**

Partner	Description
All state agencies	Since DOA is a central service agency, and this service area produces the Comprehensive Annual Financial Report of the Commonwealth, all state agencies are considered partners.

#### Products and Services

##### Factors Impacting the Products and/or Services

###### Adequate Supply of Accounting Personnel

Currently there is a high demand for qualified accounting personnel in both the non-governmental and governmental community. This increases the difficulty of being able to find qualified staff for open positions. This impediment affects not only DOA as an agency but DOA as the responsible organization for establishing and ensuring compliance with accounting policy in the Commonwealth. If DOA or other state agencies have difficulty securing qualified staff, the reliability of state financial information is at risk. In the long run, this may impact the CAFR and/or the bond rating of Virginia.

##### Anticipated Changes to the Products and/or Services

###### 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 in DOA as well as in the Commonwealth as a whole to continue to produce more with fewer resources.

##### Listing of Products and / or Services

The Comprehensive Annual Financial Report (CAFR) for the Commonwealth of Virginia.

The Preliminary Annual Report of the Commonwealth.

The Popular Annual Financial Report (PAFR).

#### Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	2,233,210	0	2,233,210	0
Changes to Base	0	0	0	0
<b>Total</b>	<b>2,233,210</b>	<b>0</b>	<b>2,233,210</b>	<b>0</b>

#### Objectives for this Service Area

##### Objectives for this Service Area

###### Objective

Produce a quality Comprehensive Annual Financial Report (CAFR). The CAFR contains an overview on Virginia's economy, audited financial statements, the auditor's report, and a statistical section. The CAFR is used by public officials, investors, and the general public to stay informed of Virginia's financial position.

###### Description

###### Objective Strategies

No Strategies for this Objective

###### Alignment to Agency Goals

- Produce a comprehensive annual financial report (CAFR) that receives an unqualified audit opinion and receives the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

###### Measures

- Number of consecutive years the agency receives the Certificate of Excellence in Financial Reporting.

Measure Class  Measure Type  Preferred Trend  Frequency

###### Data Source and Calculation

The unqualified opinion is rendered by Auditor of Public Accounts (APA) upon audit of the CAFR and the Certificate of Excellence in Financial Reporting is provided by the Government Finance Officers of America (GFOA). Typically notification of receipt of the Certificate of Excellence is received in August of the following fiscal year. The first year the Certificate was received was for the CAFR for fiscal year 1986, and the measure result will increase each year the certificate is received.

###### Objective

Ensure statewide compliance with the Prompt Payment Act. The Prompt Payment Act sets guidelines that agencies must follow in paying vendors to ensure they receive their payment in a timely manner.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percentage of statewide vendor payments paid by the due date.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's Financial Reporting Division maintains detailed statistical data regarding payments made by state agencies. The percentage is calculated by dividing the number of statewide vendor payments paid by the due date by the total number of statewide vendor payments.

**Objective**

Develop statewide Indirect Cost Allocation Plans. The statewide Indirect Cost Allocation Plans are developed by the Department of Accounts (DOA) and approved by the federal government. The plans guide agencies in recovering indirect costs associated with federal programs from federal funds.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Rate of completion for developing the annual Full-Costing Statewide Indirect Cost Allocation Plan and Federal Indirect Cost Allocation plan in accordance with federal circular A-87.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The agency's Financial Reporting Division maintains the completed data for these plans. The measure result will be 100% if an annual Full-Costing Statewide Indirect Cost Allocation Plan and Federal Indirect Cost Allocation plan is completed in accordance with federal circular A-87.

**Objective**

Accurately analyze and report general fund revenues by the current two business day deadline.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Strengthen oversight and improve agency internal controls.

*Measures*

- Percentage of monthly revenue reports produced within two business days of the Commonwealth Accounting and Reporting System (CARS) monthly close.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Financial Reporting Division maintains the monthly revenue reports and records submission of the data. To calculate the percentage, divide the number of monthly revenue reports produced within two business days of CARS monthly close by twelve.

**799: Administrative and Support Services**

**Description**

The Department of Account's (DOA) Finance and Administration Division is an administrative service bureau that supports the routine technical aspects of administrative operations for more than one agency, to include processing payroll, accounts payable and receivable, and accounting reconciliation services. To accomplish this, the DOA administrative services staff adopted a customer-oriented approach to their work which emphasized quality attention to service needs regardless of whether the service was for DOA or another supported agency. Currently, the division provides at least one but up to and including all of these services to the Departments of Accounts, Treasury, and Planning and Budget, the State Council of Higher Education in Virginia, the Commonwealth Health Research Board, the Virginia Racing Commission, the Virginia Board of Accountancy, and the Office of the State Inspector General, and the Virginia College Savings Plan.

To provide uniform accounting procedures for state government, DOA publishes the Commonwealth Accounting Policies and Procedures Manual (CAPP). The CAPP is a four volume set of prescribed accounting practices which is used by all agencies of state government. An Electronic Publishing Unit manages the frequent revisions to the CAPP which are required by changes in state or federal law, generally-accepted accounting principles, or administrative policy. The CAPP manual consists of 2,400 pages spanning 150 topics and is updated regularly and posted online.

This service area also manages the process for Line of Duty Act claims for the Commonwealth. DOA is responsible for making lump sum payments to the beneficiaries of certain public safety personnel (e.g., police, fire, rescue) who die from work-related causes and an increasing number of monthly payments for health insurance for disabled public safety personnel injured in the line of duty and their spouses and dependents.

§ 2.2-814, Code of Virginia, requires the state Comptroller be served for claims against the Commonwealth whenever the specific responsible state official cannot be determined.

DOA's public records unit is the official repository for all documents pertaining to cash deposit and disbursement transactions, unless that responsibility has been delegated by the state Comptroller pursuant to the decentralization initiative described earlier. A residual responsibility remains for the storage of records pertaining to non-decentralized agencies, including those of elected officials, and for the records generated by DOA's own central processing activity.

Finance and Administration manages a web-based, reports distribution system used by statewide fiscal staff, human resources personnel, and localities to access DOA system-generated reports. The system is called Reportline and has in excess of 2,000 statewide users. The system is available to Commonwealth of Virginia agency personnel, as well as local Treasurer and Clerk of the Court personnel.

Human Resources accurately manages the payroll, fringe benefit, leave administration, and Virginia Sickness and Disability Program functions for three additional state agencies--Department of Planning and Budget, Virginia College Savings Plan, and the Department of the Treasury--for a total of over 330 classified and hourly employees.

**Mission Alignment and Authority**

This area handles the accounting, budgeting, payroll, and human resources activities for DOA and other agencies.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

Beginning in fiscal year 2013, the Fiscal Service Bureau has begun providing services to the Office of State Inspector General.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	All state agencies and institutions	270	270	Stable
Local or Regional Government Authorities	Localities	340	340	Stable

**Partners for this Service Area**

Partner	Description
Commonwealth Health Research Board	Services are provided to this board by the Finance and Administrative Services Division
Department of Planning and Budget	Services are provided to this agency by the Finance and Administrative Services Division
Board of Accountancy	Services are provided to this agency by the Finance and Administrative Services Division
Office of the State Inspector General	Services are provided to this agency by the Finance and Administrative Services Division
Department of the Treasury	Services are provided to this agency by the Finance and Administrative Services Division
State Council of Higher Education in Virginia	Services are provided to this agency by the Finance and Administrative Services Division
Virginia College Savings Plan	Services are provided to this agency by the Finance and Administrative Services Division
Virginia Racing Commission	Services are provided to this agency by the Finance and Administrative Services Division

**Products and Services**

**Factors Impacting the Products and/or Services**

New Accounting System

The Commonwealth is currently in the process of replacing its aged financial accounting system, CARS, implemented in the late 1970's, with a modern, off-the-shelf application, Cardinal. The software selected-PeopleSoft 9.1--is a robust, web-based application that will greatly enhance the Commonwealth's ability to manage and account for its financial resources equipping policy makers with complete and timely data, while providing the transparency demanded by taxpayers today.

The implementation of the new system will directly affect the fiscal services center in that the service center will complete and maintain all accounting records and reconciliations related to the new system. This includes managing the invoicing and receipt of payment for usage of the system by other agencies. For more information, refer to the Financial Oversight for Enterprise Applications (71106) service area.

In addition, the change in nomenclature between the old CARS system and new Cardinal system will necessitate an update to the CAPP manual.

**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 these new requirements.

**Anticipated Changes to the Products and/or Services**

The Fiscal Service Bureau continues to expand and there could be opportunities to create efficiencies statewide by providing services to additional agencies.

**Listing of Products and / or Services**

Fiscal Service Bureau which provides fiscal services to other state agencies.

The Commonwealth Accounting Policies and Procedures (CAPP) manual that provides policy guidance to agencies of the Commonwealth.

Line of Duty Act claim and insurance payments.

Reportline, a web-based reports distribution system used by agency and locality fiscal personnel.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	826,604	0	826,604	0
Changes to Base	96,652	0	100,144	0
<b>Total</b>	923,256	0	926,748	0

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**  
 Ensure Department of Accounts compliance with the Prompt Payment Act. The Prompt Payment Act sets guidelines that state agencies must follow when paying vendors to ensure they receive their payment in a timely manner.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Maintain the integrity of the accounting and payroll systems of the Commonwealth to provide for accurate financial and accounting information.

*Measures*

- Percent of Department of Accounts vendor payments paid by the due date.

Measure Class  Measure Type  Preferred Trend  Frequency

*Data Source and Calculation*

The agency's Finance and Administration Division maintains reports that shows performance related to Prompt Payment. To calculate the percentage, divide the number of Department of Accounts vendor payments paid by the due date by total number of Department of Accounts vendor payments.

**82601: Payroll Service Bureau**

**Description**

The Department of Accounts (DOA) operates a payroll service bureau (PSB) that supports agency-level payroll, leave, and certain human resource and benefit data entry activities for over 19,600 employees in 58 state agencies. In addition to performing the processing responsibilities for payroll, leave accounting and benefit administration, the PSB also prepares payroll-related reconciliations and certifications required by the Commonwealth Accounting Policies and Procedures (CAPP) Manual. These reconciliations include retirement benefits, healthcare benefits, Leave Liability attachment, reciprocal tax administration, certification of the Quarterly and Annual Taxable Wages, explanations for Commonwealth Integrated Payroll and Personnel System/Personnel Management Information System (CIPPS/PMIS) exceptions and gross pay differences. To support the Department of Human Resource Management (DHRM) policies governing wage employees, the PSB prepares and files the monthly Employee Position Report (EPR) information and maintains the 1,500 Hour Wage Reporting.

**Mission Alignment and Authority**

This area improves the effectiveness of processing pay for 58 agencies in the Commonwealth.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

The PSB continues to expand and it is anticipated that additional agencies will continue to be added in the future.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Government Employee	Agency employees paid.	19,675	19,675	Stable

**Partners for this Service Area**

Partner	Description
Agencies served by the PSB	There are 58 other state agencies who are served by the PSB

**Products and Services**

**Factors Impacting the Products and/or Services**

New legislative payroll and/or leave requirements at both the federal and state level directly affect the PSB and must be monitored closely in order to determine the impact.

**Anticipated Changes to the Products and/or Services**

As the PSB continues to expand to provide services to more agencies, it will be responsible for completing the timely payroll for an increasing number of employees.

**Listing of Products and / or Services**

The product for this area is the timely payment of more than 19,600 employees each pay period.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	0	0	0	0
Changes to Base	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**

Provide high quality payroll, fringe benefit and leave administration services for agencies participating in the Payroll Service Bureau (PSB).

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Efficiently and effectively operate service bureaus to serve the payroll and accounting needs of agencies participating.

*Measures*

- Rate of receipt of a 'satisfactory ranking' on the overall customer service survey for each agency served by the Department of Account's (DOA) Payroll Service Bureau (PSB).

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

A customer service survey is distributed to all participating state agencies to determine the level of service being provided. The survey is done annually in September of each year covering service in the previous fiscal year. Results are collected by DOA's Payroll Service Bureau division and interpreted. To determine the percentage, divide the total number of surveys that received a ranking of at least 'satisfactory' on overall customer service by the total number of agency surveys received.