

Trends

No Data Available

Legend:

▲ Increase,
 ▼ Decrease,
 ↔ Steady

Key Performance Areas

No Data Available

Productivity

No Data Available

Legend:

▲ Improving,
 ▼ Worsening,
 ↔ Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov/agencylevel/index.cfm

Background & History

The Department of the Treasury is an innovative, customer-driven, results-oriented state agency providing statewide financial management services for the Commonwealth. Treasury's philosophy of service through innovation is part of our culture and has been the hallmark of our program and service delivery. The agency has a long history of increased productivity and response to customer needs. Time and again, Treasury has been successful in identifying a customer need, developing a solution to fit the need, securing the authority and resources necessary to deliver the solution and then, most importantly, making it happen. As a result, Treasury has been a leader in identifying, developing and implementing new programs to better serve our customers.

Treasury consists of seven very distinct divisions that serve the Commonwealth. Debt Management directs financing for capital needs of the Commonwealth and its agencies, boards and authorities. Risk Management administers statewide insurance and self-insurance programs. Cash Management and Investments invests the Commonwealth's funds and maintains a statewide banking network. Unclaimed Property administers the Uniform Disposition of Unclaimed Property Act and the Escheats Generally Statute. Accounting and Trust Services provides support services to Treasury and related boards and authorities for budgeting and accounting for investments, trust and bond funds, and debt issuances. Check Processing and Bank Reconciliation provides support services for the receipt and disbursement of state funds. Administrative Services provides day-to-day management and control of the agency.

Primary Product & Services

In FY 2012, Treasury invested over \$9.0 billion in state and local government funds, participated in financing \$3.6 billion in debt obligations, processed 3.0 million checks, and collected \$112.6 million in unclaimed property revenue, returned to owners \$38.8 million, and transferred \$75.0 million to the Literary Fund for public education purposes. In addition, Treasury provided liability and property insurance for the Commonwealth, its agencies and institutions, and local officials and employees in over 550 political subdivisions and non-profit organizations. Treasury manages the Commonwealth's statewide banking network that accelerates the deposit and availability of state funds received from approximately 285 regional depositing locations.

Customer Base

Treasury continues to implement systems to improve services to the citizens of Virginia. The agency continues to harness the use of electronic technology to strengthen its ability to serve the citizens with greater efficiency and service. With the successful retention of an AAAM rating of the Local Government Investment Pool (LGIP) by Standard & Poor's, the number of pool shareholders will continue to grow. The investment portfolio for LGIP was \$3.0 billion in FY 2012. As Unclaimed Property continues to promote holder education of the requirements of the Unclaimed Property Act, the numbers of holders reporting to the Commonwealth will increase. In addition, outreach and increased media coverage of unclaimed property, will impact the volume of inquiries and claims. Over the past five years, the State Insurance Reserve Trust Fund has been statutorily required to provide insurance coverage to certain public service type private and not-for-profit organizations and individuals. It is anticipated there will be continued placement of additional groups under the protection of the state risk management plans.

Customer Listing

No Data Available

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Key Agency Statistics

The following statistics provide a comprehensive snapshot of Treasury's productivity during FY 2012:

Finances

Treasury's base budget is funded 45% from general fund dollars and 55% from nongeneral funds. In FY 2013, a one-time general fund allocation of \$1.1 million is included for a wrongful incarceration payout.

Fund Sources

No Data Available

Revenue Summary Statement

Treasury receives revenues from various services provided to its customers and constituencies. These nongeneral fund sources are from the receipt of unclaimed property used to administer the Commonwealth's unclaimed property laws; from charges to state agencies and localities for insurance coverage; from charges to select agencies for check printing services; from charges to debt issuing authorities and agencies for debt issuance and management services; for investment services provided to state and local governments; and for fees charged financial institutions and insurance carriers.

Key Risk Factors

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

Hiring and Retention of Staff, Replacement of Retiring Workforce – Treasury has an aging workforce. Presently, nearly half of our workforce is over age 50; higher among managers. Currently, 19 of our employees are either eligible or will be eligible for full retirement within the next three years, including several key employees. These include individuals who are currently age 60 or older plus individuals who are age 52 or older and have 27 years or more total service.

Potential Retirement of Critical Investment Management Staff - The sudden loss of institutional knowledge will be extremely disruptive, whether due to retirement or sudden absence from work. The loss of a manager without a successor in place would require external management at a substantial cost to the Commonwealth.

Exemptions to Unclaimed Property Act - While reported unclaimed property has increased in recent years, there are areas in state law where exemptions have been granted that provide limited consumer protection for property. In addition, unclaimed property holders are continually looking at ways to service charge different types of property for inactivity.

Failure of Federal Government to Report Unclaimed Property – Currently, federal government agencies do not report unclaimed property to Virginia that belongs to Virginia citizens, including such property as matured U.S. Savings Bonds, Internal Revenue Service tax refunds, Housing and Urban Development escrow funds and U.S. Postal Service Money Orders. Such failure hinders the ability of Treasury to recover such property for the rightful owners.

Service, Connectivity and Networking Issues - Treasury relies on Virginia Information Technologies Agency (VITA) to provide certain information systems infrastructure components.

Performance Highlights

Enhanced Security for Public Deposit Reporting Capabilities – With the instability in the banking industry over the last several years, Treasury has taken measures to enhance its procedures to monitor financial institutions' compliance with the Security for Public

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Deposits Act.

Insurance Services Customer Service Initiatives – Treasury's Information Systems upgraded and integrated several existing Risk Management web applications to include more functionality and security.

Increase in Electronic Payments and Reduction in Check Volume – Treasury's efforts to work with check-writing agencies to reduce check volume by converting payments to an electronic format thereby reducing risk of loss and costs. Since 2005, check volume has been reduced from 7.6 to 3.1 million checks. Treasury's payment card program has been essential in the reduction of checks.

Energy Leasing Program - \$23.2 million in energy efficiency projects were financed by agencies of the Commonwealth during the year. In addition, \$11.1 million in equipment was financed using the Master Equipment Leasing Purchase Program at favorable rates.

American Reinvestment and Recovery Act - Debt Management Division successfully utilized several of the bond programs implemented under the American Reinvestment and Recovery Act. Build America Bonds were issued for General Obligation projects, Virginia College Building Authority, Virginia Public School Authority, and Virginia Public Building Authority projects.

Payee Match Positive Pay Check Security Service – Treasury continues to use a check security feature offered by Commonwealth's disbursement banks that matches check payee name to the payee name submitted on the check issue files transmitted to the disbursement banks to detect alterations of payee names on checks.

Electronic Reporting by Unclaimed Property Holders - With the passage of Treasury initiated legislation in 2004, holders of 25 or more properties are required to report electronically. As the number of electronic reports has grown and efficiencies have been achieved, Treasury intends to extend an alternative electronic reporting tool for small to medium holders to continue to increase the number of holders filing electronic reports.

Update Imaging Technology - The Division of Unclaimed Property updated its imaging and document management technology for increased efficiency and to reduce the amount of space needed in the work area to store paper documents. The new Document Management System has been expanded to include Risk Management, Operations, and Human Resources.

50th Anniversary of Treasury's Division of Unclaimed Property – In 2011, Treasury's Division of Unclaimed Property (UCP) celebrated the 50th anniversary of the effective date of the Virginia Uniform Disposition of Unclaimed Property Act.

Performance Measures

Management Discussion & Analysis

General Information about the Ongoing Status of the Agency

Treasury continues to strive to achieve its mission to ensure excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs. The agency continues to promote innovation in electronic service and seeks to hire and retain a topnotch staff to provide leadership in the financial stewardship.

Information Technology

Treasury's Information Systems Division (IT) provides Treasury with an efficient, effective platform to perform the agency's business functions. IT performs the following functions for Treasury:

Implementation of document management system - The use of the imaging software to track and preserve agency documentation has been successful in several divisions. Other divisions and sets of documents remain to be implemented.

Consolidation and standardization of Insurance Services systems - IT continues to integrate Insurance Services systems into web-based mechanisms to better serve the public. These upgrades have led to more efficient and effective insurance

Creation of a secured communications environment - IT will implement digital signatures and encrypted messaging to allow for a secure and robust environment for business transactions.

Replacement of the current Unclaimed Property Search and Inquiry system -IT will implement a web based "Web Claims" system to eliminate redundant and inefficient processes.

Upgrade the existing Unclaimed Property System -System to be updated to meet current development standards and bring increased functionality and capability to the management of Unclaimed Property Data.

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Workforce Development

In order to provide the high level of performance and service required by a critical, high-level finance agency, Treasury employs financial professionals who are experts in their fields. Treasury is dealing with several challenges in maintaining a top-level staff. First, Treasury has an aging workforce. Almost half of the workforce is over age 50; higher among managers. Currently, 19 employees are either eligible or will be eligible for full retirement within the next three years, including several key employees. These include individuals who are currently age 60 or older plus individuals who are age 52 or older and have 27 years or more total service. Second, Treasury employees are recruitment targets by banking, finance, investment, and insurance firms, as well as Universities and other finance offices. Based on the five year period from 2006-2010, and as the country pulls out of this recession, Treasury can expect to lose on average approximately 10% of its workforce per year. Third, Treasury salaries are below market as compared with the private sector, Richmond area local government entities and even other state agencies. As a result of budget restrictions, the agency has not been able to make much progress to bring key, high performing employees' salaries in line with averages for comparable positions in other organizations. As the economy improves, Treasury will need to be able to offer competitive salaries in order to recruit, retain, and motivate its employees.

In order to maintain a high-level of service in light of budget constraints, Treasury has revised its training policy, using an extensive needs analysis to develop a training plan. The plan will develop specific job skills for existing staff that might be needed to step in and fill the void created by retirements, resignations and emergency situations. In addition, cross training has been augmented to address potential Continuity of Operations contingencies. Ultimately, salary issues will need to be addressed if and when funding becomes available.

Physical Plant

Treasury is situated on the third, fourth and fifth floors of the James Monroe Building. The Monroe Building is maintained by the Department of General Services.