

Strategic Plan  
(2012-2014 Version 1)

Department of the Treasury (152)  
Agency Plan

Mission Statement

As steward of the Commonwealth's financial resources, the Department of the Treasury's mission is to ensure excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs.

Vision Statement

The vision for the Department of the Treasury is to excel as a national leader in fiscal management, fiduciary oversight and customer service in a manner that ensures the trust and confidence of our citizens, customers and the financial community.

Values

**Integrity:**Maintaining the highest ethical standards and conducting our business and ourselves accordingly.

**Creativity:**Continually challenging ourselves to seek innovative and cost-effective methods to provide services.

**Accountability:**Acknowledging accountability for our actions.

**Working Environment:**Striving to create a working environment that maximizes the effectiveness and efficiency of our staff; provides clear, measurable objectives and accountability; and attracts, motivates, rewards and retains an outstanding workforce.

Information Technology

**Current Operational IT Investments**

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:

- Manage Virginia Information Technologies Agency (VITA) services to ensure that they provide a level of service that is acceptable to the agency.
- Manage third party IT vendors and system development. Third parties are responsible for following the same development practices as internal IT staff.
- Create and support custom applications used by agency staff and agency customers including the public.
- Provide greater than 99% uptime for all systems IT manages.
- Respond to help desk calls for systems that the agency IT staff manages.
- Secure Treasury information using standard secure practices.

**Factors Impacting the Current Agency IT**

Over time and with increased budget pressures, Treasury has relied more and more upon technology to support agency business. Treasury expects the trend to continue and increase over the next five years. Treasury IT will continue to be relied upon to increase automation, solve complex business problems, create new systems and replace outdated systems. Treasury staff expects timely support from its IT staff as well as VITA. Security related issues will continue to be a topic in the forefront of IT, as technology changes so the Treasury IT program will have to change.

Treasury IT will continue to increase security awareness over the next few years by providing enhanced user training programs and an improved detailed security awareness program. Security will also be increased by additional monitoring and reporting of agency systems. There will be an increased integration into the development process of the Information Security Officer (ISO) which will also assist in increasing system security.

The agency will be required to transform the remaining IT infrastructure onto the VITA network which will provide cost savings and also simplify network architecture as well as eliminate current security weaknesses.

**Proposed IT Solutions**

Treasury's IT has the following goals for the 2012-2014 biennium:

- Continue with the implementation of the document management system throughout the agency. Document management organizes data, eliminates paper and assists in document retention enforcement.
- Continue maintaining a baseline of support for agency staff and customers by monitoring VITA services and providing direct support for agency users, business and systems.
- Expand more services on the web by creating new web based applications and moving existing applications to the web.
- Enable electronic billing in web applications where applicable to save payment processing time for Operations and other divisions.
- Emphasize replacing systems that use Excel macros to eliminate security and other risks.
- Continue supporting the ability for Treasury staff to perform telecommuting by providing tools and software that enable them to perform the same work at home as at the office.
- Create and maintain policy and procedures that are aligned with Treasury business, security needs and VITA policy.
- Provide enhanced user training for systems and computer security improving overall computer literacy and information security.
- Maintain a close relationship with users by maintaining a support staff internal to the agency and providing timely support for system issues.
- Improve, consolidate and standardize Risk Management systems.
- Create more emphasis on security including software solutions, tools and training for users.
- Expand secure development practices.
- Expand VITA's security services to provide more intensive vulnerability scanning.
- Create a secured communications environment through the implementation of digital signatures and encrypted messaging.
- Replace the current Unclaimed Property Search and Inquiry system with a web based "Web Claims" system to eliminate redundant and inefficient processes.

- Replace the existing Unclaimed Property System to meet current development standards and bring increased productivity, functionality, and capability to the management of Unclaimed Property Data.
- Upgrade the existing Recon Plus system due to the product reaching end of support in December 2012. Identify, update or replace existing Recon Plus dependencies including Excel macros and Cash Concentration.

Goals listed above are future business needs and/or in-house enhancements to existing applications. At this time, the agency does not anticipate any proposed IT investments in order to continue to support business needs during the upcoming 2012-2014 budget biennium.

#### Financial Overview

Treasury's base budget is funded 42% from general funds (\$7.6 million) and 58% from non-general funds (\$10.7 million). The non-general fund sources are: \$5.0 million from the receipt of unclaimed property used to administer the Commonwealth's unclaimed property laws; \$2.3 million from charges to state agencies and localities for insurance coverage; \$2 million from charges to select agencies for check printing services; \$3 million from charges to debt issuing authorities and agencies for debt issuance and management services; \$8 million for investment services provided to state and local governments; and \$8 million for fees charged financial institutions and insurance carriers. In FY 2013, a one-time \$1 million payment was allocated for a wrongful incarceration payout.

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	7,796,907	10,752,123	7,796,907	10,752,123
Changes to Base	882,532	-14,329	-29,826	-14,329
<b>Total</b>	<b>8,679,439</b>	<b>10,737,794</b>	<b>7,767,081</b>	<b>10,737,794</b>

#### Agency Goals

- Encourage a culture of continuous improvement, delivering the highest quality, customer-focused services possible and driven by a diverse, well-trained workforce capable of accomplishing the agency's mission and being accountable for their actions.

##### Goal Summary and Alignment

This goal aligns to the Enterprise Strategic Priority of enhancing the productivity and efficiency of state government operations. This goal also aligns with the agency's mission of serving the Commonwealth by ensuring excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs.

##### Long Term Goal

Be a national leader in the preservation and enhancement of our economy.

Societal Indicator: Business Climate

- Deliver high-quality cash management services, driven by cost effective solutions, creativity and fiduciary prudence.

##### Goal Summary and Alignment

This goal aligns to the Enterprise Strategic Priority of continuing to successfully manage the Commonwealth's long-term investments, assets, and liabilities. In order for the Department of the Treasury to accomplish its mission of ensuring excellence in the management of its banking, investing, and financing services, the Department must (1) provide for the effective management of state and local government funds to maximize investment earnings within levels of prudence established by statute and guidelines, (2) manage and administer a Local Government Investment Pool (LGIP) that provides value to local governments which choose to invest their funds in the LGIP, and (3) work with agencies and institutions, as well as financial institution partners, to implement an effective and efficient statewide banking network developed to provide state-of-the-art cash management services to ensure the highest quality services are available to our customers.

##### Long Term Goal

Be a national leader in the preservation and enhancement of our economy.

Societal Indicator: Business Climate

- Deliver debt management and issuance services in the most efficient and effective manner while striving to maintain the Commonwealth's high debt ratings.

##### Goal Summary and Alignment

This goal aligns to the Enterprise Strategic Priority of maintaining Virginia's AAA bond rating. In order for the Department of the Treasury to accomplish its mission of ensuring excellence in the management of its banking, investing, and financing services, the Department must (1) provide for debt financing in the most efficient and cost-effective manner, while ensuring the most favorable borrowing rates available, (2) ensure debt financings are provided in compliance with statutes and regulations to maintain the tax-exempt status of bonds, and (3) provide advice, assistance, access to programs and accurate information to customers.

##### Long Term Goal

Be a national leader in the preservation and enhancement of our economy.

Societal Indicator: Business Climate

- Deliver the highest quality, cost effective risk management services to meet the needs of the Commonwealth.

*Goal Summary and Alignment*

This goal aligns to the Enterprise Strategic Priority of continuing to successfully manage the Commonwealth's long-term investments, assets, and liabilities. In order for the Department of the Treasury to accomplish its mission of ensuring excellence in the administration of unclaimed property and insurance programs, the Department must provide for protection of the assets of the Commonwealth through (1) superior insurance and risk management services, (2) excellent claims and litigation management, (3) expert consultation services and loss prevention and control training (4) prudent and cost effective management of the State Insurance Reserve Trust Fund, and (5) outstanding customer service.

*Long Term Goal*

Be a national leader in the preservation and enhancement of our economy.

*Societal Indicator:* Business Climate

- Deliver the most efficient and responsive unclaimed property program possible in an effort to meet the needs of our citizens and holders.

*Goal Summary and Alignment*

This goal aligns to the Enterprise Strategic Priority of ensuring a focus on customer service across all state agencies. In order for the Department of the Treasury to accomplish its mission of ensuring excellence in the administration of unclaimed property and insurance programs, the Department must administer an unclaimed property program in accordance with the Uniform Disposition of Unclaimed Property Act and the Escheats Generally Statute that provides for the return of unclaimed property to the rightful owners and the return of abandoned real property to an active tax status. This program must provide for (1) effective outreach efforts to enhance the location of owners, (2) efficient claims verification and processing made in an expeditious manner to return property to the rightful owners, (3) aggressive holder compliance and enforcement efforts to enhance the required reporting of unclaimed property, and (4) effective administration of an escheat program for abandoned real property.

*Long Term Goal*

Be a national leader in the preservation and enhancement of our economy.

*Societal Indicator:* Business Climate

- Deliver statewide and agency accounting, budgeting, trust, and operational services timely and accurately while striving to improve efficiency, promote accountability, and reduce costs.

*Goal Summary and Alignment*

This goal aligns to the Enterprise Strategic Priority of maintaining Virginia's AAA bond rating. In order for the Department of the Treasury to accomplish its mission of ensuring excellence in the management of its banking, investing, and financing services, the Department must provide for (1) the accurate accounting for and preparation of financial statements for boards and authorities staffed by Treasury, (2) the accurate and timely accounting for state investments and debt structures, (3) the proper administration of and accounting for Treasury's budget, (4) the accurate and timely disbursement of state funds in accordance with the Prompt Payment Act, (5) the accurate recording of state receipts and reconciliation of bank accounts (6) the proper administration of the Security for Public Deposits Act to ensure compliance by public depositories and the safety of public deposits, and (7) the accurate accounting and safekeeping of securities pledged by insurance companies transacting business in the Commonwealth in compliance with the Insurance Collateral Program.

*Long Term Goal*

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

*Societal Indicator:* Government Operations

Programs and Service Areas for Agency

- 72501: Debt Management
- 72502: Insurance Services
- 72503: Banking and Investment Services
- 73207: Unclaimed Property Administration
- 73213: Accounting and Trust Services
- 73216: Check Processing and Bank Reconciliation
- 73220: Administrative Services

Customers

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
State Agency(s),	Executive Branch Officials, Agencies and Institutions	108	108	Stable
General Assembly	Legislative Branch and Money Committees Staff	158	158	Stable
State Agency(s),	Boards and Authorities	25	25	Stable

Local or Regional Government Authorities	Local Governments for K-12 Financing Services	134	134	Stable
Local or Regional Government Authorities	Local Government Officials and Participants - Insurance Services	650	1,000	Increase
Local or Regional Government Authorities	Local Government Investment Pool Customers	376	650	Increase
Business and Finance	Holders of Unclaimed Property	25,600	100,000	Increase
Business and Finance	Financial Institutions Holding Virginia Public Deposits	120	120	Stable
Business and Finance	Insurance Companies Conducting Business in Virginia	1,125	1,125	Stable
State Government Employee	Intra-Agency Staff	121	121	Stable
Business and Finance	Business Partners	265	265	Stable
Attorney General	Judicial Branch	350	350	Stable

#### 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.

#### Products and 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.

#### Trends

##### Rankings & Customer Trends

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.

Trend Name	Trend Area
Electronic Payments	Increase
Unclaimed Property claims	Increase
Number of checks printed	Decrease

#### Performance Highlights: Service Performance & Productivity Initiatives

**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 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.

#### Management Discussion & Analysis

##### **Future Direction, Expectations, and Priorities**

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.

**72501: Debt Management**

**Description**

This service area provides debt issuing and advisory services for the Commonwealth, state authorities, agencies and institutions. The products and services of this service area include:

- Debt program administration, including compliance and continuing disclosure, investor relations, and rating agency relationships.
- Issuance of bonds or other securities
- Monitoring and execution of refunding opportunities
- Lease program administration for equipment and energy project financing for state agencies
- Debt affordability analysis and recommendations to executive and legislative branches
- Debt financing and advisory services to state agencies, authorities, boards, commissions and higher education institutions
- Advisory services on financing aspects of Public Private Transportation Act and Public Private Education and Infrastructure Act proposals.
- Advisory services on alternative financings and capital leases
- School (K-12) financing for local governments and technology grants for local school divisions
- Technical assistance on the financial aspects of legislative proposals, impact on debt capacity, financial studies and initiatives
- Complying with debt issuance statutes and regulations to ensure the tax-exempt status of the debt obligations is maintained.
- Providing advice, assistance, and access to programs supported by this service area to agencies and institutions of the Commonwealth and local school divisions.
- Staffing for the following state boards and authorities such as Treasury Board, Virginia College Building Authority, Virginia Public Building Authority, Debt Capacity Advisory Committee, Tobacco Settlement Financing Corporation and Virginia Public School Authority.
- Continue providing knowledge and expertise relative to the American Recovery and Reinvestment Act of 2009 for the Commonwealth.

Some highlights include:

**Bond Issuance Services** – During FY 2011, Treasury issued a total of \$ 2.2 billion in bonds to finance or refinance the capital needs of state agencies, institutions, and private colleges and universities. Included in those issues were refunding bonds that generated \$14.4 million in present value savings to the Commonwealth.

**Energy Leasing Program** - \$23.2 million in energy efficiency projects were financed by agencies of the Commonwealth during the year. The program enables agencies to obtain consistent and competitive credit terms for financing energy efficiency improvements for projects that the agency has evaluated and determined to be appropriate and cost effective.

**Master Equipment Lease Program** - \$11.1 million in equipment financings for agencies of the Commonwealth in FY 2011.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the management of its banking, investing, and financing services.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

**Debt Management Services** – There is increased emphasis from the financial markets, regulators, the IRS and bondholders to expand, enhance, expedite and document post bond issuance compliance and disclosure concerning the Commonwealth's financial, economic and demographic status. Debt management will, within available resources, stay up to date on requirements of regulators and customers, and work with our partners to achieve the goal of providing debt management services in the most efficient and effective manner.

*Current Customer Base*

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
Governor	Governor and Secretary of Finance	2	2	Stable
Higher Education Institutions	Private institutions of higher education	9	26	Stable
State Agency(s),	State Agencies and state institutions of higher education	108	108	Stable
General Assembly	Legislative Branch/money committees	158	158	Stable
State Agency(s),	Virginia Public School Authority, Virginia Public Building Authority, Virginia College Building Auth	7	7	Stable
Local or Regional Government Authorities	Local Governments for K-12 Financing Services	134	134	Stable
State Agency(s),	Business Partners/Interagency	15	15	Stable

**Partners for this Service Area**

Partner	Description
Banks, Trustees, Escrow Agents, and Paying Agents	Act as agents for the issuing board in making payments to bondholders and/or protecting the interests of the bondholders
Bond Counsel and the Office of the Attorney General	Assist the area in drafting and/or reviewing legislative proposals, bond documents and otherwise ensuring bonds are issued in accordance with applicable law
Department of Accounts, Auditor of Public Accounts, Department of Planning and Budget, and other agencies	Provided the financial statements, and financial and demographic information necessary to enable the preparation and filing of primary and secondary disclosure

Department of Education	Coordination of K-12 financings for local school districts
Department of Planning and Budget	Compile project draw schedules, monitor projects, and control expenditures on capital projects funded through Treasury programs
Financial Advisors	Perform financial analyses and assist in representing the Commonwealth to investors and rating agencies
State Council of Higher Education for Virginia	Review of 9(d) feasibility studies and for facilitating the Virginia College Building Authority equipment financing program; review private college financing applications
Underwriters, remarketing agents, liquidity providers	Market, remarket, sell and provide standby bond purchase support for the Commonwealth and its authorities' and boards' bonds.
Virginia Department of Transportation	Executing transportation financings

## Products and Services

### Factors Impacting the Products and/or Services

There is increased emphasis from the financial markets, regulators, the Internal Revenue Service and bondholders to expand, enhance, expedite and document post bond issuance compliance and disclosure concerning the Commonwealth's financial, economic and demographic status. Debt management will, within available resources, stay up to date on requirements of regulators and customers, and work with our partners to achieve the goal of providing debt management services in the most efficient and effective manner.

The AAA bond rating of the United States has been downgraded by one rating agency and put on negative outlook by a second. Rating agencies are examining the links and dependencies between the U.S. Government and the Commonwealth. Debt Management will work with rating agencies and other partners to provide current and accurate information on the Commonwealth, its financial status, its economic climate and debt policies and plans in order to meet Debt Management's stated goal of maintaining the Commonwealth's high debt ratings.

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

Variable rate debt and synthetic structures are increasingly popular with issuers to achieve interest rate savings, flexibility, portfolio diversity, and hedging on interest rate exposure. The Virginia Public Building Authority and the Virginia College Building Authority have issued variable rate bonds. These programs, while cost effective, require greater administrative oversight than for traditional fixed-rate obligations.

The use of more complex financings structures (e.g., foundation -financed debt and other non-traditional borrowing) continues to increase and requires greater specialization among staff.

Transportation debt authorized in 2007 will continue to require staff resources to issue the \$3 billion in bonds over a ten year period. As of 7/1/2011, \$1.092 billion of the \$3 billion has been issued. In 2011, \$1.2 billion of Grant Anticipation Revenue Vehicles (GARVEE) bonds were authorized. Debt Management staff will work with the Commonwealth Transportation Board (CTB) and Virginia Department of Transportation (VDOT) to execute these financings within Treasury's goals.

Transportation debt authorized in 2007 will require additional staff resources to establish the program and issue the \$3 billion in bonds over a ten year period. This will be a combined effort of VDOT and the Commonwealth Transportation Board. As of 7/1/2011, \$1.092 billion of the \$3 billion has been issued. In 2011, \$1.2 billion of GARVEE bonds were authorized. Debt Management staff will work with the CTB and VDOT to execute these financings within Treasury's goals.

Increasing demands for investment in state infrastructure (bridges, mental health facilities, roads, higher educational facilities, etc.), and the escalating cost of postponing those projects, will require policymakers to increasingly look to debt as a means to fund capital.

The Commonwealth is on negative outlook for possible downgrade by Moody's, and the Commonwealth will be under heightened scrutiny related to the impact of future federal budget cuts. A downgrade would likely increase borrowing costs and result in fewer new capital projects and less economic stimulus from building activity.

### Listing of Products and / or Services

Debt program administration, including compliance and continuing disclosure, investor relations, and rating agency relationships

Issuance of bonds or other securities

Monitoring and execution of refunding opportunities

Lease program administration for equipment and energy project financing for state agencies

Debt affordability analysis and recommendations to executive and legislative branches

Staffing for the following state boards and authorities: Treasury Board, Virginia College Building Authority, Virginia Public Building Authority, Debt Capacity Advisory Committee, Tobacco Settlement Financing Corporation and Virginia Public School Authority

Financing and advisory services to state agencies, authorities, boards, commissions and higher education institutions

Review and processing of private activity bond approvals for Secretary of Finance and Governor

Service to Virginia citizens in obtaining cost-effective financing for tax-supported debt and monitoring for savings opportunities

School capital financing for local governments and technology grants for Department of Education/local school divisions

Technical assistance on the financial aspects of legislative proposals, impact on debt capacity, financial studies and initiatives

Coordinating American Recovery and Reinvestment Act of 2009 bonding programs

## Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	688,273	260,280	688,273	260,280
Changes to Base	5,548	2,557	5,548	2,557
<b>Total</b>	<b>693,821</b>	<b>262,837</b>	<b>693,821</b>	<b>262,837</b>

Objectives for this Service Area

*Objectives for this Service Area*

**Objective**

Achieve better rates on Virginia's bonds than the average rates of comparable bonds issued nationwide.

*Description*

*Objective Strategies*

*No Strategies for this Objective*

*Alignment to Agency Goals*

- Deliver debt management and issuance services in the most efficient and effective manner while striving to maintain the Commonwealth's high debt ratings.

**72502: Insurance Services**

**Description**

This service area administers risk management, insurance, self insurance, claims and litigation management and related risk services for agencies, officials, employees and certain affiliates of the Commonwealth of Virginia, its political subdivisions, entities, non-profit organizations and individuals as specified by statute. The risk management service mission is to provide protection of the Commonwealth's assets, using a high level of expertise resulting in the most cost effective delivery of insurance coverage, claim and litigation management, risk services and loss control activities.

**Highlights include:**

Liability and property insurance for the Commonwealth, its agencies and institutions, and employees, and over 540 political subdivisions and non-profit organizations.

This includes over 12,873 state buildings and their contents with a value in excess of \$28 billion and, including more than \$2 billion in fine arts. In FY 2011, insurance services provided \$1 million in insurance for the Picasso exhibit at the Virginia Museum of Fine Arts. More than 5,150 claims and suits of all variety were handled in Fiscal Year 2011.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the administration of unclaimed property and insurance programs.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

Insurance coverage requirements have steadily increased as statutory requirements have required expanded coverage. It is anticipated there will be continued placement of certain public service, private, and not-for-profit organizations and individuals under the protection of the state risk management plans, which will greatly change Treasury's customer base.

*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),	Executive Branch Officials, Agencies and Institutions	108	108	Stable
General Assembly	Legislative Branch and Money Committees Staff	158	158	Stable
State Agency(s),	Boards and Authorities	25	25	Stable
Local or Regional Government Authorities	Local Government Officials and Non-profit Participants - Insurance Services	1,254	1,500	Stable
State Government Employee	Intra-Agency Staff	121	121	Stable
Business and Finance	Business Partners	8	12	Stable

**Partners for this Service Area**

Partner	Description
Actuaries	Analyze exposures and calculate monetary contributions necessary to maintain the viability of the risk management programs
Insurance brokers	Locate specialized insurance coverage that will provide protection necessary to agencies' unique lines of business or unusual but statutorily required projects
Law firms	Provide legal defense and subrogation services promised by the risk management plans
Third party claims administrators and claims adjustment service providers	Provide specialized claims administration

**Products and Services**

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

The Commonwealth has a need for a risk management and insurance program of adequate, consistent and reliable financial contributions (premiums) from participating clients. Annual premiums are based, in part, upon available insurance reserve fund balances. There has been a history of money transfers from the State Insurance Reserve Trust Fund to the General Fund and elsewhere, with and without warning or an opportunity to prepare for such transfers. This practice, compounded with the failure to replace any of the money will severely weaken the State Insurance Reserve Trust Fund actuarially.

The Division of Risk Management (DRM) will be submitting a budget decision item for Fiscal Year 2013 in an effort to secure financial soundness for the State Insurance Reserve Trust Fund.

Insurance coverage requirements have steadily increased as statutory requirements have expanded coverage. Over the past five years, the State Insurance Reserve Trust Fund has been statutorily required to provide insurance coverage to volunteer drivers, free health care clinics, individual health care providers serving indigent persons, guardians assisting recipients of mental health care services, court appointed attorneys and pro bono attorneys providing services to indigents and legal defense to attorneys appointed as receivers by the Virginia Bar. Coverage is now required for legal expenses covering suit by and against the Commonwealth regardless of whether there are damages. Coverage is now required for items and issues that cannot be actuarially valued. It is anticipated there will be continued placement of certain public service, private and not-for-profit organizations and individuals under the protection of the state risk management plans, which will impact the types of risk management, insurance products and self-insurance services offered.

Insurance and/or self-insurance arrangements must be flexible enough to provide liability or property coverage for unforeseeable client groups and unforeseeable situations. The losses that arise from expanded coverage must be provided and paid when due and without delay.

Over the past 5 years, insurance market forces combined with state agencies' property loss experience significantly increased the cost of commercial property insurance. The medical malpractice cap is now at \$2 million. It is anticipated that the malpractice cap will gradually increase to \$3 million. Insurance services can assist clients by providing them with loss control programs and training, but these efforts cannot eliminate negative loss experiences caused by natural disasters like floods and named windstorms, nor can they eliminate unique exposures associated with the high-risk activities and services that government must provide.

DRM will develop loss prevention, control training and education programs and provide consultation to state agencies and localities to protect the assets of the Commonwealth.

DRM will develop and administer a web-based risk management information system, including claims management and a property inventory program providing excellent customer service resources.

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

Insurance services' traditional client base includes state and local governmental agencies, public service non-profit corporations and/or their affiliates. Since 2006, this service area has been required by statute to provide medical professional liability coverage to private physicians and community hospitals, and general liability protection to as diverse a group as the Meals on Wheels organizations. These clients are not affiliated with the administration of government. Under these circumstances, DRM must act more in the manner of a private insurance company. This has required additional training, and information system upgrades and a stable, protected fund program. It is anticipated that proceeds from this new program will need to be sufficient to cover necessary expenses. The General Assembly expanding coverage to Meals on Wheels organizations in 2008 and volunteer drivers providing medical transportation to the elderly, indigent and disabled in 2009, placed additional strains on existing resources.

Customer Service Initiatives – Treasury's Information Systems is performing several customer service enhancements for the DRM in FY 2011. Upgrades to existing web applications will include more functionality and security features as well as integration with the CIVITAS Risk Management System. This will permit improved claim adjusting, improved financial reporting, more accurate billing and compatibility with the Division's CIVITAS information system.

Imaging Technology - The new Document Management System has been installed and is being used by DRM.

Use of Media in Training and Education – Technology has dramatically increased the means, methods and value of training. Insurance services will explore and use the most cost effective means available to provide the needed and desired training to its clients. Projects have and will include live webinars, teleconferences, on demand online training, learning management and risk control classes online.

**Listing of Products and / or Services**

Administration of the State Insurance Reserve Trust Fund.

Procurement of commercial property, aircraft, watercraft and railroad insurance as well as fidelity bonds.

Administration of risk management plans to provide authority and guidelines for the insurance services programs authorized by the Code of Virginia and approved by the Governor.

Administration of claims and litigation management for claims and lawsuits against the Commonwealth, its agencies, officials and employees as well as constitutional officers, local government and other organizations covered by insurance services programs.

Claim and litigation management, property inventory, and program management systems.

Loss prevention and loss control training and consultation services.

Pre-litigation consultation.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	0	2,328,789	0	2,328,789
Changes to Base	1,075,178	13,470	162,527	13,470
<b>Total</b>	<b>1,075,178</b>	<b>2,342,259</b>	<b>162,527</b>	<b>2,342,259</b>

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**

Reduce the percentage of reopened automobile claims

*Description*

The Division of Risk Management (DRM) seeks to increase automobile claims handling effectiveness by preventing claims files from being closed prematurely. The automobile claims operation is being brought in house and the vendor that handles these claims will be required to use DRM's CIVITAS System to record all claims. This will allow DRM to monitor the claims activity more closely and reduce the number of re-opened claims. In FY 2011, DRM had 12% of claims reopened. DRM will reduce the percentage of reopened claims by 2%. In the insurance industry, a high number of re-opened cases may be a warning signal that cases are being closed prematurely, adjusters are being pressured to close files, regardless of the decision's wisdom or adjusters do not "get it right" the first time, omitting needed details in the quest to look good in end-of-month closings. High reopening rates signal inappropriate closing procedures.

*Objective Strategies*

*No Strategies for this Objective*

*Alignment to Agency Goals*

- Deliver the highest quality, cost effective risk management services to meet the needs of the Commonwealth.

**72503: Banking and Investment Services**

Description

This service area provides for (1) the management and investment of state funds, (2) the administration and management of the Local Government Investment Pool (LGIP) (3) the administration of the State Non-Arbitrage Program (SNAP) to ensure the investment of bond proceeds are in compliance with federal arbitrage rebate regulations, (4) the management of the Commonwealth's statewide banking network and cash concentration system, and (5) the development of banking and cash management services for state agencies and institutions.

Products and services include:

- Portfolio management and investment of the Commonwealth's general account operating funds and special and trust funds.
- The LGIP, a AAAM rated "2a7 like" fund available to local governments and other public entities of the Commonwealth for the investment of public funds.
- Issuance and maintenance of a credit card contract administration for the benefit of public agencies and institutions.
- Wire transfer and disbursement services for investments, certain vendor payments, and debt service payments.
- Management of the on-line banking systems and access for approximately 1000 users.
- Administration of the SNAP.
- Management of external investment managers program for the general account portfolio.
- Statewide banking cash management contracts and agreements.
- Statewide regional depository cash concentration system.
- Interest rate forecast and cash flow projections, including Literary Fund forecast.
- Investment program for the Tobacco Indemnification and Community Revitalization (TICR) Endowment, including tax free and taxable portfolios.
- Custody of financial assets held by the Commonwealth.
- Administration of E Pay system for electronic collection of Courts' and local Treasurers' State payments.
- Developing a number of cash management programs and banking services to efficiently manage the flow of funds for agencies and institutions.
- Forecasting receipts and disbursements to maximize investable balances.

Some highlights include:

The Banking and Investment Services service area had \$9.0 billion in managed investment portfolios, comprised of \$5.1 billion in the general account portfolio, \$3.0 billion in the LGIP portfolio, \$800 million in special portfolios, and \$68 million in outside trustee portfolios for FY 2011.

- During the past year Investments performed a complete review and rewrite of all Investment Policies and Goals. This included an update of investment guidelines, performance objectives and performance measurement, with particular emphasis on credit policies and risk control.
- Investments hired a credit analyst to enhance our internal credit review process. This position has enabled Treasury to more closely monitor both the in-house and external portfolio managers.
- The service area manages an extensive, efficient statewide banking network of 39 regional banks and 4 concentration banks that accelerates the deposit and availability of state funds received from approximately 285 regional depositing locations throughout the state.
- Implementation of the statewide credit card contract for over 50 agencies and 10 localities. This new contract will save the Commonwealth over \$2.6 million in annual fees.

Mission Alignment and Authority

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the management of its banking, investing, and financing services.

Customers for this Service Area

*Anticipated Changes to Customers Base*

None at this time.

*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),	Executive Branch Officials, Agencies and Institutions	190	190	Stable
General Assembly	Legislative Branch and Money Committees	158	158	Stable
State Agency(s),	Boards and Authorities - Treasury Board	1	1	Stable
Local or Regional Government Authorities	Local Government Investment Pool Customers	367	650	Increase
State Government Employee	Intra-Agency Staff	121	121	Stable
Business and Finance	Business Partners	50	50	Stable

Partners for this Service Area

Partner	Description
Cash concentration system administrator	Facilitates the movement of deposits from regional banks into the state's concentration bank
Credit card processor	Perform credit card services for any state agency or institution and contract administration for participating localities.
External investment management companies	Responsible for the management of about 25%-30% of the General Account's assets and the Tobacco Indemnification Endowment Fund and the SNAP Program
Investment consultant	Responsible for monitoring the performance of the investment management firms and taking the lead on all investment manager searches, assisting in the

	development of investment policies and guidelines and reporting investment results to the Commonwealth Treasury Board
Investment dealers	Compete in the purchase and sale of securities
Major banking partners	Provide collection and disbursement services and Virginia's community banks providing local deposit services
Master custody bank	Responsible for all safekeeping of investments, pricing, accounting, and investment compliance, as well as acting as transfer agent for the Local Government Investment Pool and providing the fund accounting function for the Pool
Standard and Poor's investment rating firm	Provides surveillance and monitoring of the Local Government Investment Pool to ensure that the fund is managed in compliance with an AAAM rating.
Third Party Securities Lending Agent	Provides securities lending services for both the General Account and Lottery.

## Products and Services

### Factors Impacting the Products and/or Services

As a result of a stressed economy, General Account balances over the years have decreased. This increases the workload and also the complexity in the management of the General Account's assets. A Credit Analyst was hired to assist with monitoring the portfolio for downgrades and evaluate the credit risk of investments.

- The increase in market volatility since the financial crisis and its impact on separately managed portfolios increases the workload and oversight of these portfolios.
- Administration and oversight of increased electronic banking requires additional staff time for both education to remain current and consulting with other agencies to achieve the most efficient and cost effective banking relations possible. Currently, Treasury's Banking Services manages over 1000 user accounts.
- The increase in Federal regulation and amended standards of financial activity significantly increases expenses and oversight duties all the while reducing income.

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

Local Government Investment Pool (LGIP) – The LGIP continues to serve localities and other public entities in the Commonwealth. The LGIP has maintained its AAAM rating from Standard and Poor's (S&P) throughout the financial crisis. Even though the ongoing economic downturn has reduced locality funds available for investment, the number of participants has remained stable. In order to better serve our shareholders, Treasury will be implementing electronic trading and online statement access for LGIP participants. This will enhance customer service, but will still require staff time providing support and assisting shareholders not electing to use online services. New financial regulations and Governmental Accounting Standards Board mandates require significant additional portfolio monitoring.

Banking and Investment Services – The development of new banking and cash management products made available by Treasury for agencies and institutions could increase the use of these products and impact the customer base. A new contract has been awarded for statewide credit card services. For the first time this procurement includes state agencies and institutions of higher learning, as well as all government entities in the Commonwealth. Local governments had requested this service from Treasury because we have the knowledge and expertise to manage the program. In providing these additional services, existing personnel will be further stretched. This new program along with a number of other technology initiatives in Banking and Investment Services such as the pre-paid debit card program will require additional personnel resources.

Portfolio Management – New portfolio investment policies and procedures require additional oversight and monitoring relating to performance and risk measurement and control. Multiple portfolios, with different and changing investment options, combined with new regulations and their unforeseen consequences will require a highly motivated and knowledgeable staff. The dynamics of portfolio management as well as the financial markets in which we operate are experiencing significant changes, which if not managed properly may have negative impacts for the Commonwealth.

### Listing of Products and / or Services

Investment management services for the general account, the LGIP, the TCR Fund, and various trust funds.

Monthly statements and quarterly newsletter to all Local Government Investment Pool participants.

Monthly report to Treasury Board, which includes a review of investment returns, investment income, comparison of investment performance to established benchmarks, review of general monthly economic and portfolio(s) activities, and LGIP Compliance to S&P AAAM requirements.

Monthly investment results to executive branch secretaries and agencies and legislative branch money committees.

Annual input and discussion of investment results to the Operations Division for inclusion in Commonwealth's Comprehensive Annual Financial Report.

Literary Fund forecast to Department of Education, Secretaries of Finance and Education, and legislative branch money committees.

Custody and safekeeping services for all financial assets held by the Commonwealth.

Wire transfer services for investments, certain vendor payments and debt service payments.

Cash management and banking consulting services to state agencies, public entities, and local governments.

Securities lending program.

Management of the on-line banking systems.

Management of E Pay system.

## Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF

Base	3,724,049	791,435	3,724,049	791,435
Changes to Base	-22,300	32,299	-22,300	32,299
<b>Total</b>	<b>3,701,749</b>	<b>823,734</b>	<b>3,701,749</b>	<b>823,734</b>

Objectives for this Service Area

*Objectives for this Service Area*

**Objective**

Ensure, over a trailing five-year period, the yield on the state's general fund investment earnings in the Primary Liquidity Portfolio will exceed the iMoney Net Money Fund Monitor Yield.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Deliver high-quality cash management services, driven by cost effective solutions, creativity and fiduciary prudence.

*Measures*

- Number of basis points by which yield on Virginia's general fund investment earnings exceed an industry benchmark.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The data sources are the General fund investment earnings report for the Primary Liquidity Portfolio and the iMoney Net Institutional Money Fund Report Averages™ Yield. The iMoney Net Institutional Money Fund Report Averages™ Yield is a composite yield of taxable institutional money market funds tracked by iMoney Net, a rating tracking service specializing in money market funds. The iMoney Net Institutional Money Fund Report Averages™ Yield is calculated on a monthly basis and is reported on a net of fees basis.

**73207: Unclaimed Property Administration**

**Description**

This service area administers the Virginia Uniform Disposition of Unclaimed Property Act (UPA) and the Escheats Generally Statute. The UPA protects the property rights of owners of tangible and intangible personal property held by holders. The Escheats Generally Statute assists localities by returning abandoned real estate back to an active tax-earning status. The products and services of this service area include:

- Serve as custodian for unclaimed property until the rightful owner can be located
- Maintain the unclaimed property database
- Process unclaimed property claims
- Provide outstanding customer service to Virginia citizens, former Virginia citizens, non-citizens, local, state, and federal agencies, organizations and businesses during the claims and the reporting process
- Conduct educational outreach and audits to enhance holder compliance and enforcement
- Conduct owner outreach to enhance location of rightful owners
- Provide financial record keeping for all receipts of unclaimed property, claim disbursements, the securities portfolio, and escheat transactions
- Administer a searchable database on the Internet for citizens to search for unclaimed property
- Monitor escheat activities with local government officials and escheators

Some highlights include:

Treasury, through the Unclaimed Property Administration service area collected \$124.6 million in unclaimed property revenue, returned to owners \$28.3 million, and transferred \$75.0 million to the Literary Fund for public education purposes in FY 2011.

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. In commemoration of this monumental occasion, UCP developed a marketing strategy to promote the Unclaimed Property Program and its mission of reuniting the rightful owner with the unclaimed property held by the State Treasury. The strategy included branding UCP with the development of a logo and tagline, the redesign of the Unclaimed Property website and the establishment of a presence on various social media platforms. In addition, UCP had the Governor deliver a Public Service Announcement / commercial for use in radio, television, and the internet and sponsored various Richmond Flying Squirrels' events, reaching the more than 500,000 attendants of the home baseball games.

The service area collected 9021 electronic reports containing 816,786 owners (an average of 90.5 owners per electronic report), handled 246,031 inquiries and processed 55,166 claims.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the administration of unclaimed property and insurance programs.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

Growth in Holder Reporting - Increased holder education should increase the number of holders reporting unclaimed property. Any new legislation to add a new type of reportable property or designed to clarify the status of certain types of reportable property could potentially increase or decrease the amount of such property reported.

Growth in Unclaimed Property Claims - A searchable database available at the Treasury website has generated significantly more inquiries. In addition, Treasury has done significant outreach and education about unclaimed property to the Citizens of the Commonwealth. The response has been tremendous. The volume of unclaimed property inquiries and claims processed continues to steadily increase. Inquiries received by the Unclaimed Property Division increased by 114% in FY 2011 over FY 2010. Treasury will continue with citizen education and outreach programs.

*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),	Local and State Government Agencies	680	680	Stable
Business and Finance	Holders of Unclaimed Property	25,600	100,000	Increase
State Agency(s),	Unclaimed Property Offices in Other States	51	55	Stable

**Partners for this Service Area**

Partner	Description
Private sector vendors and contractors	Provide goods and services to the agency and the Commonwealth and our service area partners. The Unclaimed Property Division uses private vendors for securities custody services, securities corporate activity information, auditing and compliance, report processing, backfile imaging, service specific software application development, informational database service providers for owner location, and searchable national unclaimed property database operator.

**Products and Services**

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

Electronic Reporting by Unclaimed Property Holders - Several years ago, Treasury recognized the need to have holders of unclaimed property report their unclaimed property utilizing electronic files. With the passage of Treasury initiated legislation in 2004, each holder having 25 or more properties was required to report electronically. As the number of electronic reports has grown and efficiencies have been achieved, Treasury would like to develop an alternative on-line 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 Division has scanned a large percentage of older documents and will continue to save space and increase efficiencies with respect to accessing older documents. The next planned implementation is the Optical Character Recognition (OCR) upgrade and then workflow modules for specific units.

**Office Space Requirements** – The Division of Unclaimed Property staff needed additional office space for the current staff and equipment. The replacement of aging cubicle components and the procurement of additional space were needed to create a functional work environment. The Division Unclaimed Property moved to new space on the 5th floor of the Monroe Building in July 2009 without significant modification or upgrades to the work space and cubicle components but instead using what was left by the Virginia College Saving Plan. The work areas will require modifications.

**Other:**

- Development is currently underway for a new searchable unclaimed property website that will significantly increase the efficiency of the claims process.
- Treasury is researching the development of an interactive voice response call center solution to improve customer satisfaction and the efficiency with which the agency handles inquiries and claims for unclaimed property.
- While reported unclaimed property has increased in recent years, there are areas in the 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 lack of use. Currently, the Unclaimed Property Act has a service charge provision in the section that relates to financial institutions only. Service charge transactions need to be clarified in the Act regarding other types of property such as payroll checks, money orders and electronic stored value cards. Exemptions of certain property from the Act and service charges by holders hinder the ability of the agency to recover such property for the rightful owners.
- The Division of Unclaimed Property's database system was implemented in 1997 with an estimated life of 5 years. The Unclaimed Property System has received enhancements and modifications and the addition of some ancillary tools (Website, searchable database, web administration inquiry tools, reporting software, etc.) through the years. However, each of these tools must be enhanced on a regular basis to continue being viable and efficient in meeting the changing business and constituent needs. The current language and platform supporting the Unclaimed Property System are no longer widely used and support is becoming obsolete. The entire Unclaimed Property System will require a upgrade to a new version to meet current development standards during the 2012-2014 biennium.
- Currently, Federal Government Agencies do not report unclaimed property to Virginia that belongs to the citizens of Virginia, including but not limited to matured U.S. Savings Bonds, Internal Revenue Service tax refunds, Housing and Urban Development escrow funds, and U.S. Postal Service Money Orders. This issue continues to be discussed nationally.

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

**Growth in Holder Reporting** - Increased holder education should increase the number of holders reporting unclaimed property. Any new legislation to add a new type of reportable property or designed to clarify the status of certain types of reportable property could potentially increase or decrease the amount of such property reported.

**Electronic Reporting by Unclaimed Property Holders** - Several years ago, Treasury recognized the need to have holders of unclaimed property report their unclaimed property utilizing electronic files. With the passage of Treasury initiated legislation in 2004, each holder having 25 or more properties was required to report electronically. As the number of electronic reports has grown and efficiencies have been achieved, Treasury would like to develop an alternative on-line electronic reporting tool for small to medium holders to continue to increase the number of holders filing electronic reports. Treasury is also exploring the capability of accepting electronic signatures on the holder reporting forms.

**Growth in Unclaimed Property Claims** – A searchable database available at the Treasury website has generated significantly more inquiries. This database is available 24/7 and allows for those searching for property to initiate inquiries while visiting the website. A new searchable unclaimed property website application is currently in development and implementation will significantly increase the efficiency of the claims process. Any media attention to unclaimed property or direct promotion of this search site significantly increases the number of owners submitting inquiries and filing claims for property. Treasury continues to do significant outreach and education about unclaimed property to the Citizens of the Commonwealth. The response has been tremendous. Inquiries received by the Unclaimed Property Division increased by 114% in FY 2011 over FY 2010. The volume of cash claims paid in FY 2011 over FY 2010 increased 1.63%, producing an increase in cash payments of 7.94% over FY 2010. Claims by owners of stock due to demutualization have abated after 5 years of increasing volumes. Claims volumes are expected to increase with more media attention and outreach and with the development of the new on-line web claims process.

**Remote Deposit Service** – In an effort to improve efficiency, Treasury's Information Systems staff will manage changes to the Unclaimed Property System to allow for the import of remote deposit service data thereby eliminating some data entry.

**Reduction in Large Remittances** - For FY 2003 through FY 2005 the Division received large remittances in cash and stock from demutualized insurance companies. These large remittances caused a spike in revenues for the past few years. Demutualization will not be a major revenue source for the biennium.

**Online Auctions** – FY 2009 was the first year all auction bids were accepted online. The auction was very successful and the dollars generated exceeded expectations. This trend continued for the FY 2010 and 2011 auctions. Auctions going forward will be conducted on-line to maximize revenues.

**Expanded Outreach** – The Division will continue outreach efforts to increase awareness of the program and its objectives. The Unclaimed Property Division provided outreach at 46 events in FY 2011. More than \$786,000 and 22,000 shares of stock were reunited with the rightful owner through our community outreach efforts. In addition, a concentrated marketing effort with branding, logos and different tagline lines to promote the program will continue into the next biennium. These will be used on the website and in social media.

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

Provides searchable unclaimed property database on the Internet, available 24/7 for citizens to search and submit inquiries regarding unclaimed property.

Maintenance of unclaimed property database.

Provides consumer protection and custody for the assets and property rights for absentee owners.

Processing of unclaimed property claims.

Conducts educational outreach and audits to enhance holder compliance and enforcement.

Conducts owner outreach to enhance location of rightful owners.

Submits regulatory reports to the appropriate agencies, i.e., 1099 reporting to the Internal Revenue Service.

Provides financial and audit information to appropriate agencies.

Provides financial record keeping for all receipts of unclaimed property, claim disbursements, securities portfolio and escheat transactions.

Responds to Freedom of Information Act responses to heir finders and others.

Publishes a list of owners of unclaimed property in the newspaper at least annually.

Provides reporting instructions and other information to holders of unclaimed property in the Holder Reporting Forms & Instructions booklet that is posted on the service area's webpage and distributed by U.S. Mail each reporting cycle.

Coordinates escheat inquest hearings, publishes the escheator certificate in the newspaper for four consecutive weeks, requests the Order of Sale from the Governor, prepares Land Grants for each parcel sold, makes timely tax payments to localities for delinquent taxes and makes timely payments to escheators for expenses.

Conducts securities sales and annual tangible property auctions.

Processes holder reports including balancing, data entry and uploading electronic holder reports.

Responds to escheat inquiries from citizens and localities.

Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	0	4,984,460	0	4,984,460
Changes to Base	0	26,420	0	26,420
<b>Total</b>	0	5,010,880	0	5,010,880

Objectives for this Service Area

Objectives for this Service Area

Objective

Increase the percentage of valid unclaimed property claims paid within 60 calendar days of receipt of verifying information.

Description

Objective Strategies

No Strategies for this Objective

Alignment to Agency Goals

- Deliver the most efficient and responsive unclaimed property program possible in an effort to meet the needs of our citizens and holders.

Measures

- Percentage of valid unclaimed property claims paid within 60 calendar days.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

Data source is internal system records of claims made and payments made. Calculation is the total number of claims paid within 60 calendar days divided by the total number of valid claims received for the report month, computed on a monthly basis and averaged for the quarter.

**73213: Accounting and Trust Services**

**Description**

This service area provides statewide trust accounting and reporting services to Commonwealth agencies, institutions, and several of its debt-issuing authorities.

**Products and services include:**

- Accounting for and reporting of Commonwealth debt
- Accounting for and reporting of Commonwealth investments
- Payment of Commonwealth debt service
- Accounting for and reporting of Commonwealth bond and trust funds
- Accounting and reporting for the Virginia Public School Authority (VPSA)
- Preparation of annual financial statements for debt-issuing authorities staffed by Treasury including the Virginia College Building Authority (VCBA), Virginia Public Building Authority (VPBA), and Virginia Public School Authority (VPSA)
- Accounting and reporting, including the preparation of year-end financial data, for the Local Government Investment Pool (LGIP) and the Literary Fund
- Accounting for Treasury's risk management funds
- Administration of the Security for Public Deposits Act (SPDA) which protects Virginia public deposits held by banking institutions through the pledging of securities to collateralize public deposit balances
- Revising collateral requirements for banks and implemented legislation for banks to opt-in or opt-out of the SPDA pool.
- Revising Public Deposit security agreements to enhance collateral security.
- Administration and safekeeping of the securities pledged by insurance companies.
- Accounting and budgeting for Treasury and Treasury Board
- Administering the Insurance Collateral Program in a manner that ensures the accurate accounting for and safekeeping of approximately \$432 million in securities pledged by insurance companies transacting business in the Commonwealth as required by statute.

**Some highlights include:**

At June 30, 2011, approximately \$5.0 billion in public deposits, net of Federal Deposit Insurance Corporation coverage, was secured by securities pledged as collateral to the Treasury Board by banks and savings institutions holding Virginia public deposits.

Treasury's web-based SPDA reporting system allows public depositories to submit their public depository reports electronically, resulting in increased efficiencies for both the depositories and the service area.

At June 30, 2011, \$432 million in securities pledged by insurance companies transacting business in the Commonwealth were held as collateral by the Treasury for the benefit of insurance policyholders.

On behalf of the Commonwealth and its authorities, Treasury made debt service payments totaling \$1.3 billion in FY 2011.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

We do not anticipate changes in our customer base in the near future.

*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),	Executive Branch Officials, Agencies and Institutions	108	108	Stable
General Assembly	Legislative Branch and Money Committees Staff	158	158	Stable
State Agency(s),	Boards and Authorities	5	5	Stable
Business and Finance	Financial Institutions Holding Virginia Public Deposits	120	120	Stable
Business and Finance	Insurance Companies Conducting Business in Virginia	1,125	1,125	Stable
State Government Employee	Intra-Agency Staff	121	121	Stable

**Partners for this Service Area**

Partner	Description
Department of Education	Administration of the Literary Fund
Financial institutions and investment management firms	Invest and serve as custodians of state funds, including bond proceeds and debt service funds
Private sector vendors and contractors	Provide goods and services to the agency
State Corporation Commission	Administration of the collateral pledged by insurance companies doing business in Virginia

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

The Governmental Accounting Standards Board (GASB) that establishes the accounting and financial reporting standards for governments continues to require more detailed accounting and reporting of debt and investment activity of governmental entities, which increases the workload of current staff as new pronouncements are issued and become effective.

Since the passage of the Sarbanes-Oxley Act by Congress, there has been a significant increase in the demand for accounting professionals. It continues to be increasingly difficult to attract and retain the services of qualified accounting staff, especially with experience in the governmental sector. Treasury believes this trend will continue into the near future.

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

Financial Reporting Controls – Treasury continues to improve internal controls over the trust accounting and financial reporting processes in the Operations Division. The Trust Accounting area is responsible for accounting for daily transactions of the Cash Management and Investments and Debt Management Divisions as well as for providing significant financial information for development of the Commonwealth’s Annual Financial Report (CAFR). Treasury provides 130 submissions to the Department of Accounts (DOA) for the CAFR and has warranted having its own year-end Financial Statement Directive from the Comptroller. The Auditor of Public Accounts (APA) has given Treasury several written and verbal audit comments in this area over the past two to four fiscal years. The APA has recommended that Treasury establish more thorough reviews over year-end financial data and more advanced automation of accounting integration and compilation processes. In response to that recommendation, Treasury revised procedures and Treasury’s Internal Audit Department performed a review of the Trust Accounting Section in the Operations Division. This review pointed to the need for additional staffing to meet DOA and APA year-end reporting requirements in the most effective and efficient manner.

**Listing of Products and / or Services**

Accounting and financial reporting for various debt-issuing authorities of the Commonwealth, including the VCBA, VPBA, VPSA

Payment of debt of the Commonwealth and related debt-issuing authorities where the State Treasurer as been designated as debt paying agent

Accounting and financial reporting for the Local Government Investment Pool

Accounting for the Literary Fund in accordance with the management of the Fund by the Department of Education

Administration of the Security for Public Deposits Act on behalf of the Commonwealth Treasury Board, Virginia governments, and the financial community

Administration and safekeeping of securities of insurance companies that are doing business in Virginia that are held as collateral to protect Virginia insurance policy holders

Accounting and budgeting for the Department of the Treasury and the Treasury Board

Accounting and financial reporting for Commonwealth investments, bond, construction, and other debt-related funds held by the State Treasurer

Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	461,193	1,075,193	461,193	1,075,193
Changes to Base	3,671	2,469	3,671	2,469
<b>Total</b>	<b>464,864</b>	<b>1,077,662</b>	<b>464,864</b>	<b>1,077,662</b>

Objectives for this Service Area

*Objectives for this Service Area*

**Objective**

Ensure that all debt obligations are paid on time.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Deliver statewide and agency accounting, budgeting, trust, and operational services timely and accurately while striving to improve efficiency, promote accountability, and reduce costs.

*Measures*

- Percentage of debt payment obligations that are paid on time.

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

Data source is internal debt service schedule of payment due dates and date payments are made. Calculation is the number of debt service payments made by the due date divided by the total number of debt service payments to be made computed on a monthly basis and averaged for the quarter.

**73216: Check Processing and Bank Reconciliation**

**Description**

This service area prints and distributes Commonwealth checks and reconciles Commonwealth bank accounts. Products and services include:

- Printing and distribution of Commonwealth checks, including state payroll, retirement, tax refunds, social service and child support, unemployment, and vendor payment checks
- Reconciliation of state bank accounts on a monthly basis
- Reconciliation of the state cash position daily in conjunction with the Department of Accounts
- Processing of requests by state agencies for stop payments on vendor payment and payroll checks
- Processing of forgery claims relating to all check types
- Maintenance of a database of paid Commonwealth vendor payment and payroll checks for research and information purposes
- Research and resolution of debit and credit adjustments to state bank accounts
- Administration of the Commonwealth's unclaimed property statutes as it relates to outstanding vendor payment, tax refund, and payroll checks
- Daily monitoring of the Commonwealth's disbursement and credit card accounts for unauthorized activity
- Providing a web-based program that allows agencies direct access to check copies.
- Improving, in concert with our major banking partners, internal bank reconciliation systems have reduced the amount of time needed to reconcile bank accounts and clear reconciling items.

Some Highlights include:

In FY 2011, Treasury printed and distributed 100% of all checks on time.

Check Processing printed and distributed over 3.1 million checks for the Commonwealth during FY 2011.

Bank Reconciliation reconciles more than 70 bank accounts on a monthly basis for the Commonwealth.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of ensuring excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs.

**Customers for this Service Area**

**Anticipated Changes to Customers Base**

Other than future bank mergers and consolidations, changes in our customer base are not anticipated in the near future.

**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),	Executive Branch Officials, Agencies and Institutions	108	108	Stable
General Assembly	General Assembly and Money Committees Staff	158	158	Stable
State Agency(s),	Boards and Authorities	11	11	Stable
State Government Employee	Intra-Agency Staff	121	121	Stable
Business and Finance	Business Partners	50	50	Stable

**Partners for this Service Area**

Partner	Description
Department of Accounts	Provides Treasury receipt and disbursement transactions of the Commonwealth as recorded per its general ledger system. Treasury uses this information to reconcile to bank activity.
Department of Accounts for vendor payment and payroll checks, the Virginia Retirement System, the Department of Social Services, the Department of Taxation, and the Virginia Employment Commission	The Department of the Treasury issues Commonwealth checks on behalf of these agencies. Treasury works closely with these agencies to address check production and payment issues.
Financial Institutions	Provide banking services and products.
Private sector vendors and contractors	Provide goods and services to the agency.

**Products and Services**

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

Treasury monitors changes in U. S. Postal regulations, services, and service costs closely and their impact on its check production and distribution services. In addition to printing Commonwealth checks, Treasury uses an outside vendor to barcode and presort the checks it prints to mail at discounted postage rates. The U. S. Postal Service continues to tighten regulations that govern the quality of mail that receives postage discounts to reduce the volume of undeliverable mail they must handle. Treasury will make every effort to continue to comply with these more stringent regulations to continue to receive discounted postage rates. Treasury will also monitor and respond to postal price increases and evaluate the price impact on the agency's budget and service level.

Treasury continues to evaluate the new products and services offered by the financial services community to determine their benefit to the Commonwealth to improve services and safeguard Commonwealth financial assets.

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

Increase in Electronic Payments and Reduction in Check Volume – Treasury is continuing its efforts to work with check-writing agencies to reduce check volume by converting payments to an electronic format. Electronic payments greatly reduce the risk of loss, provide for a more efficient payment system and provide a means to get payments to recipients during disasters when checks can't be delivered. Electronic payments also reduce distribution costs. Since 2005, annual check volumes have been reduced from 7.6 to 3.1 million checks.

Payee Match Positive Pay Check Security Service – Treasury uses 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. This is an extension of the banks' positive pay feature that currently matches the amount per the physical check to the check issue file submitted to the banks.

Data Standardization - Treasury is striving for the standardization of data for check printing and the charge-off processes. Due to the various formats in which data is transmitted to Treasury, the data has to be manipulated in order to be read by other systems including the Unclaimed Property System. The inconsistency of payee name format from various agencies results in a data administrator manually changing Payee names to National Association of Unclaimed Property Administrators standard format. The check data from the agencies should be standardized to reduce manipulation (and risk of fraud) and improve efficiency. This would streamline the check printing process by eliminating 17 data formats; decrease the amount of software changes required and save the man hours spent correcting data formats.

**Listing of Products and / or Services**

Printing and distribution of state checks.

Printing and distribution of payroll direct deposit notices.

Reconciliation of state bank accounts.

Check stop payment and re-issuance services.

Processing of forgery claims relating to state checks.

Maintenance of a check imaging retrieve system for paid state checks.

Research and resolution of outstanding debit and credit adjustments to state bank accounts.

Transfer of the balances of outstanding Commonwealth checks to Treasury's Division of Unclaimed Property in accordance with state statutes.

Certification to the validity of copies of Commonwealth checks upon request.

**Financial Overview**

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	2,146,691	319,350	2,146,691	319,350
Changes to Base	-201,235	-99,716	-201,235	-99,716
<b>Total</b>	<b>1,945,456</b>	<b>219,634</b>	<b>1,945,456</b>	<b>219,634</b>

**Objectives for this Service Area**

*Objectives for this Service Area*

**Objective**  
Strive to increase the use of electronic payments and reduce the number of checks printed. Ensure that Commonwealth checks are printed and distributed accurately and timely in accordance with agency procedures.

*Description*

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Deliver statewide and agency accounting, budgeting, trust, and operational services timely and accurately while striving to improve efficiency, promote accountability, and reduce costs.

*Measures*

- Percentage of checks delivered in a timely and accurate manner.

Measure Class  Measure Type  Preferred Trend  Frequency

*Data Source and Calculation*

The data source is internal accounting records of checks printed. The calculation is the number of checks distributed each day divided by the total number of checks to be distributed each issue date based on required distribution dates for each check type. The calculation is computed on a monthly basis and

averaged for the quarter.

- Number of checks printed per year by Treasury's Check Processing and Bank Reconciliation Service Area.

Measure Class **Productivity** Preferred Trend **Decrease** Frequency **Annually**

Data Source and Calculation

Number of checks printed per year by Treasury's Check Processing and Bank Reconciliation Service Area. Compare the number of checks printed in FY 2011 to the number checks printed in FY 2014. The Measure Baseline and Target Values are in millions.

**73220: Administrative Services**

**Description**

As a central state agency, the Department of the Treasury provides statewide services to citizens and agencies and institutions of the Commonwealth. The Administrative Services service area of Treasury provides the day-to-day management and control of the agency and its seven service areas. This service area includes the State Treasurer, Deputy State Treasurer and the functional areas of Financial Policy, Human Resources, Information Systems, Internal Audit, Internal Controls and Procurement. Products and services include:

- Strategic planning for the agency
- Development and monitoring of agency goals, objectives and critical issues
- Development and management of the agency's budget
- Development and management of agency policies and procedures
- Monitoring of performance of service areas
- Providing direction and assistance to boards and authorities staffed by the agency
- Legislative development and coordination
- Development and coordination of Legislative Studies
- Regulatory development and coordination
- Development and enhancement of information systems and agency programs
- Human resource personnel administration and staff development
- Internal auditing of operational functions, internal controls and risk assessment
- Procurement of agency goods and services
- Procurement contract development and management
- Facilities and telecommunications development and management
- Management of agency equipment assets and surplus property
- Freedom of Information Act management and coordination
- Development of agency publications and public relations
- Management of agency records management program
- Compliance with respect to Agency Risk Management and Internal Control Standards (ARMICS)
- Maintenance of Treasury's Continuity of Operations Plan
- Conducting staff training and development programs that maintain a productive, informed and effective workforce needed to carry out the agency's mission and program requirements.
- Providing a strong internal control staff has ensured the integrity of information, operating systems and reports through strengthened controls intended to minimize the risk of errors.
- Developing and maintaining financial policies and procedures to provide for management direction and a safe, productive workplace environment.

**Mission Alignment and Authority**

This service area directly aligns with the Department of the Treasury's mission of serving the Commonwealth by ensuring excellence in the management of its banking, investing, and financing services and the administration of unclaimed property and insurance programs.

**Customers for this Service Area**

*Anticipated Changes to Customers Base*

The Department of the Treasury serves as a central state agency, providing statewide services to internal and external customers of the Commonwealth through its seven service areas. In its oversight role, the Administrative Services service area provides administrative control and guidance to each of the seven service areas and, therefore, the Department's overall customer base is broad. Although the customer base of the individual service areas will change over time as noted in the individual service areas customer base, because Treasury's overall customer base is broad, it is not anticipated that the overall Administrative Services base will change in regard to the potential customers served with the exception of Intra-Agency customers. Treasury is dealing with an aging workforce that will change our intra-agency customer base.

*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),	Executive Branch	108	108	Stable
General Assembly	General Assembly and Money Committees Staff	158	158	Stable
State Agency(s),	Boards and Authorities	11	11	Stable
State Government Employee	Treasury Staff	121	121	Stable
Business and Finance	Business Partners	200	200	Stable

**Partners for this Service Area**

Partner	Description
Bond and investment rating agencies	Provide credit rating services to the agency and the Commonwealth
Financial advisors	Provide financial services to the agency and the Commonwealth
Financial institutions	Provide financial services and products to the agency and the Commonwealth
Insurance brokers and actuaries	Provide actuarial services to the agency and the Commonwealth
Investment management companies, consultants and investment dealers	Provide investment services and products to the agency and the Commonwealth
Law firms	Provide legal services to the agency and the Commonwealth

Private sector vendors and contractors	Provide goods and services to the agency and the Commonwealth
State agencies	Provide or receive services from the agency

## Products and Services

### Factors Impacting the Products and/or Services

**Electronic Communications** – A large percentage of all communications are now done via e-mail and web-based applications as well as through Treasury's website. Many customers and business partners are tending toward electronic communication, with web-based applications becoming more and more popular as a format for both assessing and providing information. Electronic commerce is continuing to grow through the state's electronic procurement portal, eVA. Treasury continues to expand the use of the internet to communicate with the public. The General Management division (GM) developed an agency policy to assist Unclaimed Property develop social media sites such as Facebook and YouTube to expand its outreach efforts.

**Transparency** – Citizens want greater access to government. Treasury promptly responds to requests for information.

**Small, Women and Minority owned business (SWaM) Vendor Usage Increase** – One of the Treasury's priorities is to expand the usage of small, women and minority-owned businesses that provide services to the Commonwealth. Treasury is a statewide provider of services that must use vendors that have the resources and capacity to provide such statewide services. As a result, our amount of truly discretionary funds is limited. Nevertheless, Treasury is using its procurement resources and those of the Department of Minority Business Enterprise to identify SWaM vendors in an effort to increase our usage of such vendors. Treasury procured Pay Card Services with a vendor that uses a SWaM subcontractor to run its customer service center in Northern Virginia to administer the contract. Treasury continues to pursue such opportunities.

**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 five 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. In order to provide the services required by a critical, high level finance agency, Treasury employs financial professionals who are experts in their fields. Treasury employees are recruitment targets by banking, finance, investment, and insurance firms, as well as universities and other finance agencies. Based on the five year period from 2006-2010, as the country pulls out of this recession, Treasury can expect to lose on average approximately 10% of its workforce per year. Add to that the number that could retire in the next five years, and Treasury could face a serious staffing problem. In addition, Treasury salaries are below market as compared with the private sector, Richmond area local government entities and even other state agencies. Treasury needs the ability to offer attractive salaries in order to recruit, retain and motivate its employees.

**Budget Constraints** - Treasury is struggling with deepening budget cuts while continuing to provide mission critical services to all agencies of the Commonwealth. Key individuals in Internal Audit and Internal Control have been lost and need to be replaced.

**Service, Connectivity and Networking Issues** - Treasury relies on Virginia Information Technologies Agency (VITA) to provide certain information systems infrastructure components that are critical to the fulfillment of Treasury's mission.

#### Other factors:

- Customer assistance requests in the service areas of debt management, insurance services, banking and unclaimed property are expected to increase and will impact each of these service areas as more time is needed to respond to these requests with little or no increase in staff.
- Expansion of the web-based electronic government capability will increase the efficiency of Treasury management and open new, more efficient means to communicate with customers and deliver our services.
- Continued expansion of the electronic procurement system (eVA) will create new efficiencies and lower costs in the procurement of goods and services; however, for those services for which there is no eVA vendor, the eVA administrative fees incurred by the agency will continue to be a burden on the agency budget.

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

The demand for additional and improved customer services may result in the need to change the way we deliver these services through system or program changes and enhancements.

- Changes in technology, regulations, legislation, best practices, industry and markets may require a more technically trained workforce and the need for additional training for the current workforce.
- As products and services expand and become more complex to deliver, management will seek to find more efficient delivery systems and programs, as well as the means to monitor the performance of these programs through the development of internal controls and additional performance measures.
- Increased information systems security will be required to protect our internal systems and client information.
- The increased complexity, expansion, regulation and management of services and products may require additional outside resources to augment staff support.
- Internal controls will be strengthened with the replacement of the Internal Auditor and the Internal Controls Coordinator.

### Listing of Products and / or Services

Agency Strategic Plan, including goals and objectives for the agency, is provided for staff, Secretary of Finance and the Department of Planning and Budget and is available to the General Assembly and to citizens through the agency website

Agency Legislative Action Summaries and Enrolled Bill Reviews provided to the Secretary of Finance

Agency Legislative Studies provided to the Secretary of Finance and the General Assembly as requested

Agency Regulations provided periodically to Legislative Services for publishing and made available to the citizens

Agency Procurement Dashboard Report provided monthly to the Department of General Services detailing electronic procurements made

Agency Small, Women and Minority-owned Businesses Report provided to the Department of Minority Business Enterprise quarterly detailing SWaM procurements

Contract Management Reports provided to staff monthly to ensure actions are taken on the Department's 75 contracts when required

Small Purchase Charge Card Program (SPCC) Annual Cardholder Review Certification and other similar SPCC reports provided annually to the Department of Accounts

Small Purchase Charge Card monthly procurement statement reconciliation provided to the Department of Accounts

Requests for Proposals provided to vendors for the procurement of goods and services resulting in contracts

Freedom of Information Act and constituent mail research and response provided to citizens upon request

Development and monitoring of agency goals, objectives and critical issues

Agency Records Management Reports provided to the State Library for archived documents

Agency Weekly Report provided to the Secretary of Finance detailing agency activity, actions and actions needed by the Governor

Agency Report provided to the Secretary of the Commonwealth on the membership of boards and authorities staffed by Treasury

Conflict of Interest Reports provided to the Secretary of the Commonwealth for staff and board and authority members for boards and authorities staffed by Treasury

Agency Internal Audit Reports provided to management regarding audit findings and corrective actions needed

Agency Internal Control Assessment of agency operations provided to State Comptroller annually

Central Garage Pool Mileage Report provided monthly to the Department of General Services regarding mileage usage of Pool vehicles assigned to Treasury

Vehicle Utilization Report provided annually to the Secretary of Transportation justifying the statutory basis for assignment of agency vehicles

Agency Recycling Report provided to the Department of Environmental Quality annually

Assessment of Mandates on State and Local Governments provided to the Commission on Local Government annually

Agency Budget and Critical Issues provided annually to the Secretary of Finance and the Department of Planning and Budget

Guidance Documents Listing provided to the Department of Planning and Budget annually and posted to the Virginia Regulatory Town Hall providing general information to agency staff or the public on how to implement or interpret state law or agency regulations

Executive Order 52(1999) Report provided to the Department of Human Resource Management, Workers Compensation Division annually dealing with the frequency and type of workers compensation claims for the report year

Employment Dispute Resolution Report provided to the Department of Employee Dispute Resolution annually detailing the number of Standards of Conduct notices issued for the report year as well as the number of grievances filed and their status and outcome

Updates to the Workforce Planning Document regarding the agency's manpower strategic plan provided to the Department of Human Resource Management as needed

Centralized Access Database tracking Cardholder Identification Access Report showing various employee access levels to the Monroe Building and agency resources

Executive Order 6(2002) Report provided to the Secretary of Commerce and Trade annually listing all national organizations to which dues are paid and the status of any negotiations or contact with each regarding conference or conventions that might be held in the Commonwealth

Database Index Report containing detailed information of agency computer databases provided to the Library of Virginia annually

Records Destruction Forms provided to the Library of Virginia periodically

Agency Policies and Procedures on a variety of issues that give general direction to staff in the performance of their responsibilities

Agency Head Executive Agreement Performance Measures provided to the Governor annually

Agency Performance Measures provided quarterly to the Department of Planning and Budget

Direction and assistance to boards and authorities staffed by Treasury

Treasury Board Report and Minutes provided monthly to the Treasury Board

Agency Proposed Legislation provided to the Secretary of Finance and to the General Assembly

Treasury's Continuity of Operations Plan submitted to the Virginia Department of Emergency Management on April 1 of each year pursuant to Executive Order 44(2007)

Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	776,701	992,616	776,701	992,616
Changes to Base	21,670	8,172	21,963	8,172
<b>Total</b>	<b>798,371</b>	<b>1,000,788</b>	<b>798,664</b>	<b>1,000,788</b>

Objectives for this Service Area

*Objectives for this Service Area*

**Objective**

Be prepared to act in the interest of the citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

*Description*

In Executive Order #41 (EO 41), Governor McDonnell states that "(t)he state government agencies and institutions of higher education of the Commonwealth of Virginia must continue to be prepared for all disasters. It is the responsibility of state government to provide for the well being of the citizens of the Commonwealth and to ensure the continuity of state government operations, including the delivery of essential state governmental services." EO 41 continues by proscribing "an annual preparedness assessment for executive branch agencies as well as an assessment for institutions of higher education in order gauge the overall level of preparedness in the following major areas of emphasis; physical security, continuity of operations planning, information technology security, document protection, human resources preparedness, training, and interoperable communications. The purpose of conducting such assessments shall be to identify deficiencies in these major preparedness areas of emphasis and to devise solutions to address those areas of needed improvement."

*Objective Strategies*

No Strategies for this Objective

*Alignment to Agency Goals*

- Encourage a culture of continuous improvement, delivering the highest quality, customer-focused services possible and driven by a diverse, well-trained workforce capable of accomplishing the agency's mission and being accountable for their actions.

*Measures*

- Agency's Preparedness Assessment Score

Measure Class  Measure Type  Preferred Trend  Frequency

Data Source and Calculation

The Agency Preparedness Assessment is an all-hazards assessment tool that measures agencies' compliance with requirements and best practices. The assessment has components including Physical Security, Continuity of Operations, Information Security, Vital Records, Fire Safety, Human Resources, Risk Management and Internal Controls, and the National Incident Management System (for Virginia Emergency Response Team – VERT - agencies only).