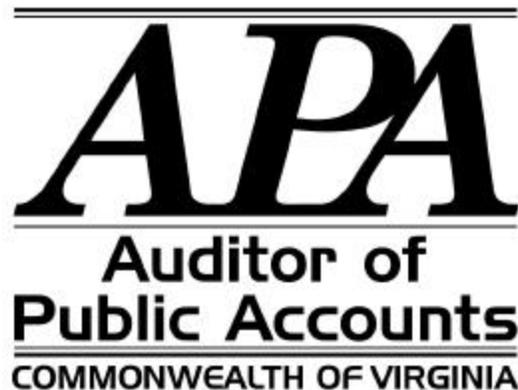


**COMMONWEALTH OF VIRGINIA  
SINGLE AUDIT REPORT**

**For the Year Ended  
June 30, 2001**



## **EXECUTIVE SUMMARY**

The results of our single audit of the Commonwealth of Virginia for the year ended June 30, 2001 are summarized below:

- We issued an unqualified opinion on the general purpose financial statements;
- We found certain matters that we consider to be reportable conditions in the internal control over financial reporting; however, we do not consider any of these findings to be material weaknesses;
- We did not identify instances of noncompliance with selected provisions of applicable laws and regulations which could have a material effect on the general purpose financial statements;
- We did not identify material weaknesses in the internal control over major programs; however, we did find certain matters and instances of noncompliance with selected provisions of laws and regulations related to major programs required to be reported in accordance with OMB Circular A-133, Section .510(a); and
- We issued an unqualified opinion on the Commonwealth's compliance with requirements applicable to each major program.

Our audit findings are reported in the accompanying "Schedule of Findings and Questioned Costs."

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ACRONYMS OF AGENCIES AND INSTITUTIONS AND STATE  
AGENCY CONTACTS

March 15, 2002

The Honorable Mark R. Warner  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

We are pleased to submit the statewide **Single Audit Report of the Commonwealth of Virginia**, for the fiscal year ended June 30, 2001.

The Single Audit Report for the Commonwealth of Virginia discloses the Commonwealth's compliance with requirements applicable to federal financial assistance programs. The statewide Single Audit Report provides the General Assembly and agency management with a means to determine how internal controls affect federal funds and whether agencies are complying with federal laws and regulations.

I would like to express my appreciation to the many individuals whose efforts assisted in preparing this report. This report could not have been accomplished without the professionalism and dedication demonstrated by the staff within this Office. We would like to recognize the agency and institution management, and federal program and financial staffs for their cooperation and assistance in resolving single audit issues.

We believe this report represents a significant indication of the sound fiscal operations of federal funds in the Commonwealth. The report should greatly assist agency management in administering federal programs and enhance their dealings with federal agencies.

AUDITOR OF PUBLIC ACCOUNTS

JHT:whb

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON THE AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of the Commonwealth of Virginia, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001. This report relates only to the Commonwealth and not to certain agencies and component units that were audited by other auditors discussed in Note 1-B of the "Notes to Financial Statements."

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commonwealth of Virginia's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the individual state agencies and institutions.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commonwealth of Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commonwealth's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. These reportable conditions are described in the accompanying "Schedule of Findings and Questioned Costs" as items 01-1 through 01-16.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the individual state agencies and institutions.

This report is intended solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS  
December 12, 2001

JHT:whb

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Commonwealth of Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The Commonwealth's major federal programs are identified in the "Summary of Auditor's Results" section of the accompanying "Schedule of Findings and Questioned Costs." Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on the Commonwealth's compliance based on our audit. This report relates only to the Commonwealth and not to the agencies and component units discussed in Note 1 of the "Notes to the Schedule of Expenditures of Federal Awards."

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commonwealth's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commonwealth's compliance with those requirements.

In our opinion, the Commonwealth of Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying "Schedule of Findings and Questioned Costs" as items 01-17, 01-19, and 01-21 through 01-32.

## Internal Control Over Compliance

The management of the Commonwealth is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered the Commonwealth's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Commonwealth's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. These reportable conditions are described in the accompanying "Schedule of Findings and Questioned Costs" as items 01-17 through 01-45.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS  
March 15, 2002

JHT:whb

COMMONWEALTH OF VIRGINIA  
SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2001

**Financial Statements**

Type of auditor's report issued:	<b><u>Unqualified</u></b>
Internal control over financial reporting:	
Material weakness identified?	<b><u>No</u></b>
Reportable conditions identified not considered to be material weaknesses?	<b><u>Yes</u></b>
Noncompliance material to financial statements noted?	<b><u>No</u></b>

**Federal Awards**

Internal Control over major programs:	
Material weakness identified?	<b><u>No</u></b>
Reportable conditions identified not considered to be material weaknesses?	<b><u>Yes</u></b>
Type of auditor's report issued on compliance for major programs:	<b><u>Unqualified</u></b>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<b><u>Yes</u></b>

The Commonwealth's major programs are as follows:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.228	Community Development Block Grants/State's Program
17.225	Unemployment Insurance
17.253	Welfare-to-Work Grants to States and Localities
17.255	Workforce Investment Act
66.468	Capitalization Grants for Drinking Water State Revolving Fund
83.544	Public Assistance Grants
83.552	Emergency Management Performance Grants
84.031	Higher Education – Institutional Aid

CFDA Number(s)	Name of Federal Program or Cluster
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.142	College Housing and Academic Facilities Loans
84.340	Class Size Reduction
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement (CSE)
93.658	Foster Care: Title IV-E
93.667	Social Services Block Grant (SSBG)
93.767	State Children’s Insurance Program
10.551 10.561	Food Stamp Cluster
17.207 17.801 17.804	Employment Services Cluster
20.205 20.602 20.604 20.605	Highway Planning and Construction Cluster
84.027 84.173	Special Education Cluster
93.044 93.045	Aging Cluster
93.575 93.596	Child Care Cluster
93.775 93.777 93.778	Medicaid Cluster
84.007 84.032 84.033 84.038 84.063 84.268 93.342 93.364 93.820 93.925	Student Financial Assistance Cluster
96.001	Disability Insurance/SSI Cluster
(Footnote 2A)	Research and Development Cluster

Dollar threshold used to distinguish between

Type A programs:	\$15,227,000
Type B programs:	\$ 1,523,000
Commonwealth qualified as low-risk auditee?	<b><u>No</u></b>

## **FINANCIAL STATEMENT FINDINGS**

### **EXPENDITURES**

#### **01-1. Perform Reconciliation of Financial Systems**

Applicable to: Department of Social Services

Localities request reimbursement for expenses through the Local Agency System Expenditure Reimbursement (LASER) system. LASER generates transactions that are transferred to the Financial Accounting and Analysis System (FAAS) system and interfaced with CARS to issue electronic payments to local agencies. The LASER system is critical to the cost allocation and local reimbursement process. The Department reimbursed local social service agencies approximately \$501 million in federal and state funds during fiscal year 2001.

The division did not perform monthly reconciliations of the LASER system to FAAS for nearly half the fiscal year. Since FAAS is the system that initiates the locality reimbursement, it is necessary that the division perform a reconciliation to ensure that localities receive the correct reimbursements. The division's failure to reassign the job responsibility upon termination of an employee contributed to this internal control weakness.

We recommend the division ensure that the LASER to FAAS reconciliations are performed in a timely manner and with the appropriate supervisor review. Division management should be aware of the job responsibilities of employees and ensure that duties are properly delegated upon employee termination.

#### **Management Plan for Corrective Action:**

*It is not accurate that reconciliations were not performed. Although a loss of three staff persons at the same time caused a breakdown in reconciliation sign-off, the fact is that the Commonwealth Accounting and Reporting System (CARS) will not accept information which does not agree, in gross, to FAAS. The Department's process is to reconcile LASER to FAAS and FAAS to CARS. This issue was corrected in September 2001 by the implementation of a new form which evidences both performance and approval of the reconciliation.*

*Responsible Position: David A. Mitchell, Controller*

#### **01-2. Improve Controls Over Check Processing**

Applicable to: Department of Treasury

Treasury management did not establish adequate policies and procedures for the check processing function and as a result, Check Processing issued duplicate checks on several occasions. Due to management override of established procedures and the lack of an updated policies and procedures manual, Treasury experienced a breakdown in internal controls in various areas of check processing. Specifically, areas of concern include the shredding of waste checks, mixing unreconciled and reconciled check jobs, placing Treasury employees from other sections in the position of temporary manager and misplacing check job paperwork.

Management provided a policies and procedures manual to the Check Processing staff in August of 2001. This manual detailed new controls designed to prevent duplicate check incidents in the future. Treasury requires Check Processing staff to certify in writing that they have read and understand the policies and procedures.

Check Processing management and staff should ensure their work is in compliance with the policies and procedures manual and reference the procedures when in doubt as to the proper course of action. Also, Check Processing should have a permanent Assistant Check Processing Manager to allow the division to function smoothly during the manager's absence and avoid breakdowns in internal controls.

#### Management Plan for Corrective Action

*The Commonwealth began implementation of a new check printing system in July 1999. The conversion to the new system was not completed until June 2000. Prior to this time, the Department of Accounts printed state checks and Treasury signed and mailed the checks. The implementation took a year to complete due to Y2K issues and the need to coordinate the conversion with each of the Commonwealth's six (6) check-producing agencies. Beginning in January 2001, Treasury enhanced the efficiency of the system by integrating software to barcode and presort the checks as part of the check production process. This integration was not completed until June 2001.*

*During this time period, the check processing policies and procedures were continually being revised to meet the changing requirements of the new system. During this same period, the Check Processing section experienced significant staff turnover (4 out of 6 staff members) and the extended absence of the section manager. We believe the high turnover and vacancy rate during this period, in addition to the change in operating procedures due to our system development efforts, significantly contributed to the instances noted. The placing of Treasury's agency accounting manager as the temporary manager of the section was due to the extended medical absence of the section manager and the lack of experience of most of the staff members during that time. We also believe that several of the instances noted (mixing unreconciled and reconciled check jobs and misplacing check job paperwork) were only one-time occurrences.*

*A comprehensive policies and procedures manual for the check processing function was completed in August 2001. Since May 2001, both Treasury's Internal Audit Section and the Commonwealth's Department of the State Internal Auditor conducted extensive reviews of the check processing function. By implementing review recommendations, internal controls have been significantly strengthened. A system edit has been added to detect duplicate processing. An operator, manager, and independent reviewer must sign and date a check logbook to indicate successful completion of each check job. Memorandums of understanding between Treasury and each check-producing agency to outline the responsibilities of each party regarding the Commonwealth's check function have been developed. Treasury will also add another managerial position to the Check Processing section.*

*We believe these controls and other preventive measures added to the process provide a secure operating environment in which to process Commonwealth checks.*

*Responsible Position: Kristin A. Reiter*

*Estimated Completion Date: August 2001*

## DATA PROCESSING CONTROLS

### Program Change Controls

#### **01-3. Improve Documentation for System Modifications**

Applicable to: Department of Social Services

The Department could not provide sufficient documentation for any systems program changes tested. These program changes related to the Online Automated Services Information System (OASIS), Virginia Client Information System (VACIS), and Application Benefit Delivery Automation Project (ADAPT). Of the 22 program changes, eight were for OASIS, eight were for VACIS, and six were for ADAPT. In most cases, the Department had some documentation for the change, but not enough to completely document the user request, the programmer's change, testing, and user acceptance and management approval of changes. In addition, the department has no documented procedures for the implementation of program changes to the LASER system.

We recommend the Department continue to improve procedures to maintain complete supporting documentation for all program changes to information systems. Supporting documentation should exist to show that user management initiated the change. Additionally, programmers should document that they reviewed and tested the requested change at various stages throughout the process. Proper signoffs by department managers should also be included in program change documentation. The Department risks unauthorized changes to its information systems without adequate procedures to document changes.

#### Management Plan for Corrective Action:

*The Division of Information Systems is currently defining the system development life cycle methodology to be used across all systems and projects overseen by the Division. It is estimated that these standards will be in place by June 30, 2002.*

*In January 2001, the OASIS support team began to document the progress of a change through receipt, user acceptance and sign-off. The VACIS and ADAPT support teams began tracking all requests by assigning a Business Initiative Tracking Form (BIT) number. The Division of Information Systems is currently developing a Service Request Tracking System that will follow a request from the time of initiation to the time the solution is approved and moved into production.*

*Responsible Position: Harry R. Sutton, Director, Information Systems*

*Estimated Completion Date: June 30, 2002.*

**01-4. Implement the New Change Control Procedures Over PeopleSoft and Oracle Applications**

Applicable to: University of Virginia – Medical Center

In our previous audit, we recommended that management of the Health System's Administrative Services Division (Administrative Services) develop and implement formal change control procedures to manage changes and upgrades to its PeopleSoft and Oracle software applications. During the year, Administrative Services developed a procedure entitled, "Change Control Policy and Procedures for PeopleSoft/Oracle Applications;" however, management has only recently begun to implement these procedures.

We recommend that Administrative Services continue implementing the new procedures. Management should ensure that the change management procedures include logging and tracking all changes throughout the program change process and provide a record of all changes made. These procedures will document the data owner and management's approval of changes and provide a complete program change record for use in system upgrades.

Management Plan for Corrective Action

*Recommendations fully implemented September 1, 2001.*

*Responsible Position: Barbara Baldwin, Chief Information Officer*

**Information Security Programs**

**01-5. Assign Responsibility for Security of the Oracle Production Databases and Develop Policies and Procedures or Guidelines for Maintaining Proper Controls**

Applicable to: Department of Health

There are no policies or procedures regarding how to grant access to the Oracle databases or who is responsible for reviewing or monitoring access logs. Failure to provide proper auditing of the databases could result in unauthorized access to the databases going undetected. In addition, Health has not identified critical areas that should be subject to audit and review; however, it is working to determine what would be the most critical areas to monitor for each individual system running on the Oracle production databases.

Health does not have anyone assigned to the security of the production database; therefore, no one is keeping track of monitoring, auditing, and other controls that need to be in place for systems in production residing on the Oracle production databases. In addition, Health could not identify users with administrative privileges. Our review also identified an unchanged default password, which could lead to unauthorized access to the databases.

We recommend that Health obtain a database administrator with full responsibility for maintaining security controls over the Oracle production databases. We also recommend that Health complete its plans to review the use of the database audit function and other audit tools. Management should determine what is best for their business purposes and develop a comprehensive policy and/or procedure for maintaining critical systems residing on the Oracle databases.

Management Plan for Corrective Action

*Pending the delivery of our budget targets, we plan to fill two Database Analyst (DBA) positions. If funding is granted we will address these recommendations with the new DBAs. Pending the availability of funding, the Office of Information Management will utilize the DBAs currently in VDH to develop and publish a comprehensive policy and procedures for database control.*

*Responsible Position: Ivy Cole, Chief Information Officer*

*Estimated completion date: Without new resources is May 2002.*

**01-6. Strengthen Operating System Security Policies**

Applicable to: Department of Health

The Office of Information Management does not have standard UNIX policies that cover periodic review of file permissions, implementing vendor security features, and granting of access to users who can make major changes to the UNIX files. The lack of these policies could lead to inappropriate access to critical data and programs. Once accessed, an individual could either accidentally or maliciously alter and seriously compromise operations.

The Department uses client server architecture for its financial and vital records systems. The underlying operating system for these servers is UNIX. Security of any computer system is comprised of two layers. The application layer generally provides control via menu options or screen presentations of what users can do within a program. The operating system layer security generally provides controls of who can access the system at the file level and add or delete files.

We recommend the Office of Information Management significantly enhance the current policies and procedures for UNIX and follow these procedures for maintaining security of the UNIX system. These policies should include a periodic review to ensure that all critical files have appropriate access permissions and not all staff can access these files. Strengthening file access policies will improve security over important operating system and data files. Policies also provide continuity of secure operations as personnel change over time.

Management Plan for Corrective Action

*UNIX system security controls do need to be reviewed and enhanced. We will be working with our security and DBAs to review this process. Our target date for completing the review and revision of policies and procedures is February 2002.*

*Responsible Position: Ivy Cole, Chief Information Officer*

*Estimated Completion Date: February 2002.*

## **01-7. Continue to Develop Information Systems Security Plan and Monitor User Access**

Applicable to: Department of Motor Vehicles

Motor Vehicles has not completed a revised information system security plan. Management began to revise portions of its existing plan to address changes in the department's information technology environment during the prior year audit. The plan still lacks updated agency risk assessments, security awareness and training programs, and a contingency plan.

Risk analyses should identify all sensitive information systems containing confidential or critical information. These systems will require security safeguards to ensure an effective control environment and minimize the potential for future loss. Motor Vehicles has implemented several technological initiatives to deliver improved service to its customers and to process transactions more efficiently. These changes in the computing environment increase the importance of up-to-date risk analyses to identify sensitive information systems.

Security awareness and training programs ensure that all employees involved in the management, operation, programming, maintenance, or use of critical information systems are aware of their security responsibilities and how to fulfill them. The Information Security Officer should use these programs to increase his knowledge of current security techniques and to conduct training in the user departments to enhance their knowledge of security issues. Lack of a documented security and awareness program contributed to the following personnel and access security weaknesses:

- Forty of 86 employees tested currently have inappropriate access to the Citizen Support System. Employees can inappropriately add accidents, and perform judgment delete and judgment change functions.
- One of 11 terminated employees tested did not have access deleted until noted by the auditor, nine months after termination date.

Contingency plans should include provisions for updating and testing to ensure that a contingency exists for all critical business functions. Updating and testing the plan and training the staff will identify and allow for correction of any problems that may exist. Without such a plan, management increases the risk of not resuming critical business activities promptly by either recovering computing capability or using alternate procedures, should a disaster strike.

The responsibility and accountability for an effective Information Systems Security Plan must begin at the Executive Management level and flow down to the individual users. The department should undertake and document a comprehensive risk assessment, and contingency plan for all information systems. The Information Systems Security Plan should include security awareness and training programs ensuring that all are aware of their security responsibilities and how to fulfill them. It is essential for Executive Management to provide guidance, continuing support, and involvement in the development and implementation of this plan.

### Management Plan for Corrective Action

*Information Systems Security Plan: In September of FY2002, DMV hired an IT Security Director who will be responsible for updating the Information Systems Security Plan based on direction given in COVITRM Standard SEC2001-01.1, and for on-going development and enhancement of the plan. DMV Executive Management will continue assessing business risks and guide the*

*development and implementation of the agency's Contingency Management Plan (Business Continuity Plan) based on Executive Order 7 and COV ITRM Standard SEC2001-01.1, as resources are available.*

*Responsible Positions: IT Security Director  
Executive Management  
Administration Management*

*Time Frame: Outline for Compliance w/COV ITRM Standard SEC2001-01.1 April 2002  
Plan for Compliance w/COV ITRM Standard SEC2001-01.1 July 2002  
Review and Update Security Plan October 2002, quarterly  
Executive Order 7 Compliance June 2002  
(Develop Emergency Preparedness Plan)  
Update and Test DIT Plan Annually*

*Monitor System Access: The IT Security Director will oversee the development and implementation of an Information Security Awareness and Training Program. The IT Security Director will work with Administration Management and Internal Audit to ensure that supervisory management are educated about the need, and trained in techniques required to regularly monitor and manage employee access to DMV systems. Executive Management is providing guidance for these efforts, which will include revisions to DMV's information security policies.*

*Responsible Positions: IT Security Director  
Administration Management  
Internal Audit*

*Time Frame: Develop Mgt. Training Program April 2002  
Deliver Mgt. Training May 2002  
Certify Application Systems Accesses July 2002, annually  
Random Verifications of System Accesses Sept. 2002, quarterly  
Develop Plan for Policy Revisions and User Training Program July 2002  
Revise Policies/Develop User Training November 2002  
Deliver User Training and Certify Users on Security Policy January 2003, annually*

#### **01-8. Finalize Policies and Procedures for Oracle Security Controls**

Applicable to: Department of Social Services

The Department has not finalized and recorded its procedures in the security manual for monitoring access logs. The Department has not identified critical areas that should be subject to audit and review. In February 2002, the Department plans to develop procedures to identify and monitor critical areas for each system running on the Oracle database.

We recommend that the Department complete its plans to review the use of the database audit function and other audit tools. The Department should determine which audit functions

would be most beneficial to them and develop a comprehensive policy and procedure to perform the function.

Management Plan for Corrective Action

*The Department is in the process of implementing the recommendations and expects completion by June 30, 2002.*

*Responsible Position: Harry R. Sutton, Director, Information Systems*

**01-9. Update Information System Security and Risk Assessment Plan**

Applicable to: Department of Taxation

Our review found Taxation without an updated risk assessment and system security plan. Since 1996, Taxation has introduced several innovations containing critical applications and sensitive information. As a result, Taxation has new and different risk factors and security concerns. Outdated information system security and risk assessment plans can weaken the safeguards for new risk and leave Taxation's system more vulnerable.

Since management is continuing to enhance and improve systems, it should incorporate a review and update of its system security and risk assessment plans as part of the on-going changes.

Management Plan for Corrective Action

*Office of Technology management has continued, and will continue, to submit a request for special funding to acquire the necessary resources to maintain a proper Information Systems Security Program. These requests include Disaster Recovery and Business Continuity resources necessary to maintain the availability of business operations.*

*The TAX Information Security Officer is currently planning to conduct a Risk Analysis that will update and replace the outdated 1996 Risk Analysis. The Risk Analysis will be finalized by June 30, 2002.*

*Responsible Position: Tax Information Security Officer*

*Estimated Completion Date: June 30, 2002.*

**01-10. Comply with the Commonwealth of Virginia (COV) Information Technology Resource Management (ITRM) Standard 2000-01.1**

Applicable to: Department of Transportation

Transportation does not have a complete disaster recovery plan, adequate security safeguard policies and procedures, or an adequate security awareness and training program as required by COV ITRM Section 2000.01-1.

- **Disaster Recovery**

Transportation has not updated its disaster recovery plan since 1995, except for Y2K considerations. Since that time, Transportation has incorporated new Windows NT platforms, new Unix servers, and other technologies. Although agency personnel explained that they have updated applicable portions of the plan for changes since 1995, they could not produce evidence to support this statement. In September of 2001, Transportation contacted its disaster recovery vendor, Comdisco, to begin this process. We encourage Transportation to complete its current efforts to update the plan and develop a process, which at least annually amends the plan as Transportation adopts new technologies.

In addition, Transportation has no means of communicating with the Department of Information Technology's (DIT) disaster recovery vendor. DIT provides mainframe services for Transportation. If DIT has a disaster, Transportation currently has no way to obtain access to its data. We, therefore, recommend that Transportation establish switchable lines to enable access to DIT's disaster recovery vendor.

- **Security Safeguard Policies and Procedures**

Transportation does not have a written policy for maintenance of user access to all applications and systems. The application security officers are not properly monitoring and maintaining user access for changes relating to job responsibilities and terminations. Transportation has an informal policy that relies on the information technology coordinators to inform the application security officers of the need to remove or change an individual's access. However, it is apparent the coordinators may not be aware of all of these instances as shown below.

- We reviewed two months of terminated employees and found twenty-eight terminated individuals with access to the Inventory Management System and Equipment Management System.
- We identified nine contractors that no longer work at Transportation, with access to the Inventory Management System dating back to 1995.
- We also identified 175 inactive accounts on the TRNS-PORT system.

Although the individuals identified cannot access these applications without access to Transportation's network, the excessiveness of the number of inactive accounts demonstrates Transportation's lack of user access maintenance and makes the maintenance process more difficult to manage.

- **Security Awareness and Training Program**

Transportation does not adequately inform security officers and coordinators of their roles and responsibilities. We found instances where security officers did not perform any duties other than simply grant or terminate access. Some were unable to provide a user list that identified the users of their respective applications along with their security levels. This is a fundamental document

that the security officer should be using to perform user maintenance for their respective application. We found instances where coordinators did not inform the security officers of user movement within the agency, thus changing their access requirements.

Not adequately implementing and maintaining an information technology security plan increases the risk of unauthorized access to mission critical data. It also reduces Transportation's ability to continue critical business functions in the event of disruptions or minimize the effect of such disruptions.

We recommend Transportation should update its disaster recovery plan immediately and establish switchable lines to enable access to DIT's disaster recovery vendor. Transportation should develop written policies and procedures for monitoring and maintaining user access. Transportation should implement regular security awareness and training programs to ensure that responsible individuals are aware of their security responsibilities and know how to fulfill them.

#### Management Plan for Corrective Action

*Technology and Operations Management Division (TOMD) will review the current disaster recovery plan and include appropriate technology in a new plan to ensure recovery of critical systems should a disaster occur at a VDOT computing facility. TOMD will create a written policy for maintenance of user access to all applications and systems. TOMD will facilitate meetings between the Information Technology security staff and the application security officer (ASO) to ensure they have proper security awareness and use similar processes for account maintenance.*

*Responsible Position: Bernie Hill, Chief Information Officer*

*Estimated Completion Date: June 30, 2002.*

### **01-11. Continue Security Initiative Over Critical Information Systems and Network**

Applicable to: University of Virginia – Medical Center

The Health Systems Computing Services (HSCS) has continued its effort to enhance security over the Health System's information systems. As custodian over data resources that are vital to the Health System's operations, HSCS must implement and maintain strong security controls that adequately safeguard Health System's information resources and protect the privacy of its patients. Federal regulations, in the form of the Health Insurance Portability and Accountability Act, and other recent events have heightened awareness of the need for strong information security and contingency plans.

To increase security within the entire information system environment, Health System's management developed a comprehensive security strategy. The plan has a two-phase implementation. In Phase One, management hired a data security consulting firm to perform a Risk Analysis and Vulnerability Assessment. The assessment, completed in May 2000, addressed several vulnerabilities in the Health System's clinical subnet security system, including a lack of centralized security management, insufficient network controls, inadequate data security policies, and improper configurations of hardware. Although the Health System operates a

subnet of the University's network, regulatory requirements and oversight are much more stringent due to Protected Health Information.

The Health System's management has begun Phase Two, the Remediation Phase. After correcting the most vulnerable network concerns, management hired another data security consultant to assist in developing a comprehensive information security program. The plan includes firewall security, which protects the entire Health System network, data encryption and token card one-time password generation for all data communication originating outside the Health System clinical subnet, and network monitoring equipment and software to detect and block attempts of unauthorized or inappropriate clinical subnet access.

HSCS management has established a clinical subnet architecture plan and is awaiting delivery of equipment. After installing the equipment, HSCS management will begin converting its user's network access to the new system. HSCS has also hired a new director whose duties will include managing data security. Finally, the Health System is working with Information Technology and Communications (ITC) at the University to develop comprehensive information security policies. Health System management should continue with the development and implementation of the comprehensive information security program.

#### Management Plan for Corrective Action

*Management concurs with this finding and is aware of the additional requirements placed on the Health System's portion of the UVA Network due to protected health information with the April 2003 HIPAA compliance date. The Health System's clinical subnetwork design is completed, equipment has been ordered and is in process of being received. During the third quarter of this fiscal year, new equipment required to secure the clinical subnetwork will be installed. During the fourth quarter migration to the secured clinical sub network will begin for approximately 4,000 Health System end user devices, thereby bringing the Health System toward compliance with HIPAA and JCAHO information management requirements.*

*Responsible Position: Barbara Baldwin, Chief Information Officer*

#### **01-12. Develop Disaster Recovery and Contingency Plan**

Applicable to: Virginia College Savings Plan

Management should work with SCT Software & Resource Management Corporation (SCT) to develop a disaster recovery and contingency plan that meets the requirements of the Department of Technology Planning's information technology security standards. The Plan relies on SCT to maintain its data and application software, BANNER, and the Colorado Student Obligation Bond Authority in Denver, Colorado has the hardware. The Plan does not have its own disaster recovery and contingency plan, but relies on SCT for such procedures. SCT's plan does not meet the requirements of the information technology security standards. These standards require that agencies develop, document, maintain, and periodically test a contingency plan that will provide reasonable assurance that critical data processing support can continue, or resume within an acceptable time frame, if there is an interruption to normal operations of the system. In addition, according to the standards, agency management should ensure the necessary allocation of resources for the development and maintenance of a contingency plan for critical information technology systems for the support of critical business functions.

We recommend agency management ensure the requirements of the information technology security standards are met.

Management Plan for Corrective Action

*VCSP will work with SCT to develop a disaster recovery plan sufficient to meet the requirements of COV ITRM SEC 2000-01.1 VCSP has hired an employee to design, implement, document, and test a new disaster recovery/contingency plan.*

*Responsible Position: Fern Spencer, Director of Finance*

*Estimated Completion Date: June 2002.*

**01-13. Update Facilitated Risk Analysis Plan**

Applicable to: Virginia Employment Commission

The Employment Commission has not updated their Facilitated Risk Analysis Plan since November 14, 1997. The Facilitated Risk Analysis Plan combines the Employment Commission's Business Impact Analysis and Risk Assessment into one document. This plan identifies all data processing systems as well as any risks or threats to these systems. In 1998, the Employment Commission replaced their network and the Facilitated Risk Analysis Plan does not reflect this change in technology.

As a result of our prior year's recommendation, the Employment Commission scheduled the Facilitated Risk Analysis Plan update for September 30, 2001. Currently, due to other priorities, the Employment Commission has not updated the plan. The Employment Commission should finish updating the plan as soon as possible to ensure adequate security of critical and sensitive data, and compliance with the Department of Technology Planning standards.

Management Plan for Corrective Action

*An immediate need is business impact analysis and risk assessment on the network. This will be initiated at once and will be the number one priority. Target date: January 31, 2002.*

*Additionally, a business impact analysis at the agency level will be conducted followed by risk assessment. This will be used to develop a more formal information security program as outlined by COV ITRM Standard SEC2001-01. Target date for draft of a project plan will be February 28, 2002.*

*Responsible Position: Director, Information Technology*

## INFORMATION SYSTEMS PROJECT DEVELOPMENT

### **01-14. Develop a Reliable and Realistic Funding Scheme and Reassess the Timeline of the Web-VISION Project Plan**

Applicable to: Department of Health

Management does not have a realistic and reliable funding scheme for Web-VISION. Plans include requesting and receiving additional appropriations and shifting resources from other nonservice areas to this project. However, the plan does not identify these nonservice areas, nor is management's response to reduced funding in any nonservice areas included. In addition, cleaning up and transferring data from the current system into Web-VISION continues to be a time-consuming issue, causing the probability of further implementation delays.

The Governor proposed a \$2.9 million amendment for technology costs to Health's general fund appropriation in the 2001 budget bill; however, with no approved amendments, Health did not obtain additional funding. At this time, it is unlikely that the General Assembly will be able to add additional funding in the 2000-2002 state budget when it convenes for the 2002 Session.

Without additional appropriations, management's plan is to internally shift resources from other nonservice areas to this project. A detailed plan outlining these funding shifts and corresponding changes in the other service areas is necessary to verify that funding will be available and to ensure that Health will continue essential operations. This plan will also assist management in determining whether they should adopt a more realistic timeframe and schedule for implementing Web-VISION.

With most of the system development of Web-VISION complete, the project is quickly approaching the implementation date. However, implementation cannot occur without the completion of data transfer and clean up from the current systems. The data transfer and clean up phase is over five months behind schedule and the team is continuing to find additional problems. Management must revise the implementation plan to provide current guidance to establish timeframes and resource needs if Health hopes to successfully complete the project.

Management should determine and identify available funding sources and plan the Web-VISION implementation accordingly. In addition, management should adjust the plan to include anticipated delays, therefore, establishing an accurate plan with the necessary resources.

#### Management Plan for Corrective Action

*Project funding continues to be an agency priority, but some of those funds remain to be developed from balances in other areas. This historical funding pattern has had minimal or no operational impact.*

*The Virginia Department of Health has and will continue to monitor the scope and cost of the Web-VISION and other information technology projects throughout their completion and take appropriate management action as necessary to refine the scope and/or financing of the projects.*

*Information technology is very complex and evolves rapidly, impacting both project planning and financing on an ongoing basis. The Virginia Department of Health has developed*

*an agency advisory committee (AIMAC) that regularly reviews IT project status and financing. The Web VISION project also has had an executive steering committee from the start of the project to provide senior management oversight. The agency's Office of Information Management and senior management communicate regularly with appropriate administration officials on these matters. The agency's senior management and Office of Budget Services have communicated regularly with health district and program directors and solicited their input to assist with agency financial planning. The timeline of this project is under weekly review and reassessment as deemed necessary.*

*Since two-thirds of the agency's funding is from non-general funds, the Virginia Department of Health has to regularly review its agency financial trends both in terms of expenditures and revenues to ensure the delivery of all its services, not just its information technology projects. The budgeting efforts of VDH have to take into account literally hundreds of discrete financial developments that include the impacts of the Governor's Budget Bill, the actions of the General Assembly, central control agency actions, positive and negative trends in the agency's various federal grants and service revenues, and many other factors. The agency's internal information technology project review, financial management efforts and appropriate communications to administration officials will continue as necessary.*

*Responsible Position: Ivy Cole, Chief Information Officer  
Robert Stroube, MD, MPH, Acting State Health Commissioner*

## **INTERNAL SERVICE OPERATIONS**

### **00-15. Perform a Review of Firewall Trusted Relationships**

Applicable to: Department of Information Technology – Service Bureau

DIT does not perform security reviews of trusted agency firewalls to ensure adequate security. Four agencies have firewalls that have a trusted relationship with the DIT firewall. DIT's firewall does not authenticate these agencies before connecting to the MVS or UNISYS environments. Inadequate review of these trusted relationships could jeopardize the integrity of valuable information resources. In addition, DIT does not have a policy establishing the criteria for exemption from authentication and what procedures the agency must follow to maintain this exemption.

DIT has made progress toward implementing an exemption policy; however, the policy remains uncompleted. Therefore, we again make this recommendation. We further recommend that management finalize and approve this policy as soon as possible.

#### Management Plan for Corrective Action

*DIT does authenticate on those trusted IP addresses coming to the Firewall. In most cases, the addresses at the agency behind their firewall are network translated coming out of their firewall to DIT. The only address DIT sees is their firewall IP address. However, DIT does not disagree that user authentication should take place.*

*DIT will be issuing an RFP late in 2001, for a vendor(s) to perform network scans from DIT across the network to an agency. These scans will tell DIT whether this trusted agency's perimeter is secure. Additionally, the contract will allow an agency to buy services from a*

*vendor to perform a network penetration test inside of the agency. Again, this will provide DIT knowledge that the agency is being proactive in protecting their networks.*

*The DIT Customer Agency Firewall Exemption Policy is in the process of being signed by the Agency Director.*

*Responsible Position: Security Division*

*Estimated Completion Date: January 2002.*

**00-16. Develop Policies and Procedures for Maintaining Security Controls on the UNIX Sun E10000**

Applicable to: Department of Information Technology – Service Bureau

There are no written policies and procedures for maintaining security controls on the UNIX Sun E10000, which houses the Department of Social Services' financial and programmatic information. Failure to implement proper policies and procedures could lead to improper controls placed on the system and allow for unauthorized access, placing the integrity and completeness of the data stored on the system at risk.

We recommend the agency develop policies and procedures for security of the UNIX Sun E10000 as soon as possible to provide direction on what controls management deems necessary and what restrictions to impose for the system. The policies and procedures would allow the agency to continue to function in the same manner in the event of employee transfer or termination.

The overall policy should address, at a minimum, the following specifications:

- User security (passwords controls, file protections, unattended terminal procedures, etc.)
- Establishment of new accounts
- Group assignment/unassignment
- Procedures to be followed for superusers
- Requirements for granting users root access capability
- Implementation of a shadow password file
- Implementation of security patches
- Removal of IP services not required for standard operations of the system
- Control of world writable directories and files
- Active review of security logs for unusual activity
- Procedures to be followed if security is compromised or threatened

Management Plan for Corrective Action:

*The Security Division is working with the Open Systems UNIX Director and the OPENS UNIX Systems group to develop the security policies and procedures to address this audit point.*

*Responsible Position: Physical/Data Security Manager  
Open Systems UNIX Director*

*Estimated Completion Date: February 15, 2002.*

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**U.S. DEPARTMENT OF AGRICULTURE**

**Special Tests and Provisions**

**01-17. Complete Triennial Reviews**

Food Stamp  
Cluster

Applicable to: Department of Social Services

Control and Compliance Finding: The Department does not properly conduct triennial on-site reviews for the food stamp program. We tested 14 localities and found three incomplete reviews and three untimely reviews.

Requirement: 7 CFR Section 274.1 requires that the Department perform a triennial on-site review, including physical inventory of each coupon issuer and bulk storage site to assure that day-to-day operations of all coupon issuers comply with regulations.

Recommendation: In accordance with federal regulations, the Department should perform triennial reviews of all coupon issuers and bulk storage sites. Upon statewide implementation of Electronic Benefits Transfer (EBT) system, the Department needs to maintain accountability of the electronic vault cards held at the local agencies. The local agencies will use these vault cards to make benefits available to recipients.

*Management Plan for Corrective Action: Although we concur that there were some breakdowns in the Department's established procedures, we do not concur that triennial reviews were not properly conducted. The three incomplete reviews originated in a period when the full review package was not required to be submitted to central office. This process was changed in July 2000. The three untimely reviews were attributable to one reviewer with whom timeliness has since been discussed. Timeliness was also discussed with all reviewers in December 2001.*

*In March 2002, the Department began monitoring compliance reviewer performance through a monthly activity report. The EBT module for monitoring the physical inventory of vault cards was approved by the USDA in August 2001.*

*Responsible Position: Mary Jo Thomas, Acting Director, Benefit Programs*

**Other Internal Control Matters**

**01-18. Monitor System Overrides for Food Stamp Benefits**

Food Stamp  
Cluster

Applicable to: Department of Social Services

Control Finding: The Department does not adequately monitor localities' ability to override food stamp benefits calculated by the Application Benefit Delivery Automation Project (ADAPT). As a result of our verbal recommendation last year, the Department developed a report identifying who performed benefit overrides and when; however, three of five regions were not reviewing the report.

Recommendation: The Department should improve its internal control for benefit overrides by establishing policies and procedures identifying when it is appropriate to perform an override. The Department should periodically monitor overrides performed at the local level for patterns, potential errors, or unusual activity.

Management Plan for Corrective Action: *To ensure an ongoing and consistent review process, procedures requiring the monitoring of overrides were communicated to all local and regional office personnel on January 23, 2002. These procedures require monthly monitoring of the Food Stamp Override Report and local agency action for inappropriate activity.*

Responsible Position: *Mary Jo Thomas, Acting Director, Benefit Programs*

Estimated Completion Date: *January 23, 2002.*

**U.S. DEPARTMENT OF LABOR****Subrecipient Monitoring****01-19. Implement Procedures for Conducting Subrecipient Monitoring**

17.255

Applicable to: Virginia Employment Commission

Control and Compliance Finding: The Employment Commission did not perform any annual on-site monitoring reviews of each local area's compliance with DOL uniform administrative requirements. Without on-site monitoring reviews, the Employment Commission is unable to determine whether the subrecipient is in compliance with the grant requirements. Ultimately this could result in a reduction of future funding.

The Employment Commission has hired three of four Regional Consultants who will staff the Workforce Investment Act Unit's monitoring function.

Requirement: 20 CFR Section 667.410(b) states that each state must conduct an annual on-site monitoring review of each local area's compliance with the Department of Labor uniform administrative requirements, including the appropriate administrative requirements and cost principles for subrecipients and other entities receiving Workforce Investment Act funds.

Recommendation: The Employment Commission should ensure that the four Regional Consultants adequately perform subrecipient monitoring in accordance with federal regulations.

Management Plan for Corrective Action: *The Workforce Investment Act (WIA) Unit will be conducting on-sight monitoring reviews to ensure that the requirements of the WIA are being met beginning January 2002. The Title IB provisions of the WIA are the primary focus of the review. Since this will be the initial review of the WIA and Virginia Workforce Network operations for all Local Workforce Investment Area (LWIA) sub-recipients, it will focus on documentation and compliance issues outlined in 20 CFR Section 667.410:*

- *Determine that expenditures have been made in accordance with cost categories within cost limitations.*
- *Determine compliance with other provisions of the WIA, regulations and other applicable laws and regulations.*
- *Provide on-site monitoring review of local area compliance with DOL uniform administrative requirements.*

- *Ensure that established policies meet the objectives of WIA.*
- *Enable the Governor to determine sub-recipient compliance with the WIA*
- *Enable the Governor to determine whether an ensuing plan will be approved.*

*The WIA Unit has developed monitoring processes and procedures that not only meet the Federal requirements, but also address the technical assistance needs of the local areas through the use of WIA Regional Consultants. The purpose of the WIA Regional Consultant is twofold: 1) To perform monitoring and evaluation functions as they relate to compliance issues and continuous improvement, and 2) To provide technical assistance to local areas on the WIA, regulations and State policy, as well as strategy development, process improvement and quality tools. To date, three of four Regional Consultants have been hired, and the fourth will be selected in mid-December 2001. The Regional Consultants will staff the WIA Unit's monitoring function, and will start monitoring reviews in January 2002.*

*Responsible Position: Willie F. Blanton  
Workforce Investment Act Director*

## **DATA PROCESSING CONTROLS**

### **Information Security Programs**

#### **01-20. Update Facilitated Risk Analysis Plan**

Applicable to: Virginia Employment Commission

This finding is included in the "Financial Statement Findings" section of this report as finding number 01-13.

**U.S. DEPARTMENT OF EDUCATION****Cash Management****01-21. Comply with the Cash Management Improvement Act Agreement**

84.126

Applicable to: Department of Rehabilitative Services

Control and Compliance Finding: The Department did not request indirect cost recoveries on a monthly basis as stated in the Cash Management Improvement Act (CMIA). The Department made five requests totaling approximately \$3 million during fiscal year 2001. This could possibly result in obligating state funds for items that could be funded through federal funds such as employee's salaries.

Requirement: Section 6.2.3.1 of the CMIA Agreement for the Commonwealth of Virginia states that the department shall request funds once each month, such that they are deposited at the end of the month.

Recommendation: We recommend that the Department review the CMIA agreement to ensure proper compliance.

*Management Plan for Corrective Action: The Department of Rehabilitative Services concurs with the findings regarding requests for indirect cost recoveries for the Rehabilitative Services - Vocational Rehabilitation grant were not done monthly during the period of the Auditors review.*

*At that point and time, several factors contributed to the decision not to do requests monthly. The process to request indirect cost recoveries at that time was extremely lengthy and the Fiscal Office was short staffed. Managers in the Grants Unit of the Fiscal Office were required to set priorities in order to accomplish what had to be done. More importantly there was ample indirect cost cash on deposit to cover all obligations that were incurred (i.e. salaries, benefits, etc.) for the period. As a point of clarification, the Agency does not use (or obligate) any state funds to cover salaries, wages and fringe benefits that could be charged to indirect costs. In the past the agency had an indirect cost balance at the fiscal year end as well as new deposits available to cover salaries, wages and fringes during the periods DRS did not request recovery on a monthly basis. At no time did the agency utilize state funds in lieu of indirect costs earmarked for salaries, wages, and fringes for DRS staff.*

*The procedure to calculate the amount of the recoveries has been changed by DRS Management. This change eliminates the time consuming process previously employed by DRS staff. We now utilize the CARS report 1499B Expen/Encum by Projects Report to compile the salaries, wages, and fringe benefits information related to the Basic Support 110 Grant.*

*Appropriate project codes are used to calculate indirect costs on a monthly basis. Indirect costs have been recovered through December 2001.*

*Responsible Position: John Coffey, Deputy Commissioner of Administration*

*Estimated Completion Date: Effective immediately.*

### **Matching, Level of Effort, and/or Earmarking**

#### **01-22. Comply with Federal Work Study Matching Requirements**

Financial  
Aid Cluster

Applicable to: Germanna Community College

Control and Compliance Finding: The College did not fully meet the community service effort requirement for the Federal Work Study program. The College used six percent of its federal allocation to fund jobs involving community service, just short of the seven percent required. The College is still striving to meet the requirement, and has notified the Department of Education that they have been unable to fully comply with the regulation.

Requirement: 34 CFR 675.18 (g) requires that a minimum of 7 percent of a school's federal work study allocation be used for community service activities.

Recommendation: The College should continue in its efforts to meet the community service effort requirement. The College should consult with other Colleges and the Department of Education itself, to help ensure it is making every possible effort and taking full advantage of provisions in the federal regulations, to meet the minimum requirement. If efforts to comply with the community service requirement continue to be unsuccessful, or if the College determines that compliance would cause a hardship to the students, management should consider requesting a waiver of this requirement from the Department of Education.

Management Plan for Corrective Action: *The College was without a Financial Aid Officer for the majority of the fiscal year reviewed. For the fiscal year subsequent to the audit, awards for community service have been made in compliance with federal regulations. Please note that the College is dependent upon student and community involvement to ensure full compliance.*

*Responsible Position: Financial Aid Coordinator*

*Estimated Completion Date: July 1, 2001.*

**Reporting****01-23. Properly Reconcile Accounting Records with the Department of Education**Financial Aid  
ClusterApplicable to: Piedmont Virginia Community College

Control and Compliance Finding: The College does not retain proper documentation of the reconciliation between its records and the Department of Education's Grants Administration Payment System (GAPS) records.

Requirement: 34 CFR 668.162 (a) (2) requires that each time an institution requests funds, it must identify the amount of funds requested by program and fiscal year designation that the Secretary of Education assigned to the authorization. When making each request, the school must certify that it will use the funds within three business days as required by Cash Management regulations. In order to comply with these regulations, a school must perform regular reconciliations between its accounting records and GAPS. The Blue Book, chapter 4, in "Methods of Receiving Funds" also refers to a school's efforts to reconcile its accounts with GAPS.

34 CFR 668.24 and the Student Financial Aid Handbook, volume 2, chapter 8, require that an institution establish and maintain records that document its administration of the Title IV programs.

Recommendation: The College should continue to perform the reconciliation between its records and GAPS regularly, and should prepare and retain evidence of the reconciliation, along with any supporting documentation for reconciling items or adjustments.

Management Plan for Corrective Action: *The College has implemented the recommendation.*

*Responsible Position: Business Manager*

*Estimated Completion Date: January 2002.*

**Special Tests and Provisions****01-24. Properly Administer Return of Title IV Funds**Financial Aid  
ClusterApplicable to: Germanna Community College,  
Piedmont Virginia Community College

Control and Compliance Finding: Germanna Community College did not always perform Return of Title IV Funds refund calculations in a timely manner. Piedmont Virginia Community College did not promptly

notify students of their Title IV refund obligations. Both Colleges failed to promptly return federal funds to the Department of Education.

Requirement: 34 CFR Part 668.22 (c) requires that schools have a mechanism in place to identify students who have withdrawn or ceased attendance, in order to promptly and properly calculate any Return of Title IV funds. Part 668.22 (j) requires that schools return unearned Title IV funds as soon as possible to the Department of Education but no later than 30 days after the date the school determined the student withdrew. Part 668.22 (h)(4)(ii) requires that schools notify students of their Title IV refund obligation within 30 days of the date the school determined the student withdrew.

Recommendation: The Colleges should follow the Return of Title IV Funds procedures prescribed by the federal government to ensure that withdrawals are properly identified, refunds are properly calculated and returned to the Department of Education, and that students are promptly notified of their obligations.

Management Plan for Corrective Action:

Germanna Community College: *The College was without a Financial Aid Officer for most of the period in question. The current Financial Aid Officer does identify student withdrawals and notifies the Business Office promptly. Business Office staff involved in the refund process has been provided federal student aid training and written procedures have been prepared and distributed to staff.*

*Responsible Position: Business Manager*

*Estimated Completion Date: Immediate.*

Piedmont Virginia Community College: *Financial Aid has procedures to properly return Title IV refunds. The Financial Aid Officer will ensure that the procedures are followed and that financial aid recipients are notified of the repayment/refund obligations within 30 days of withdrawal date.*

*Responsible Position: Financial Aid Officer*

*Estimated Completion Date: Immediately.*

**01-25. Conduct Exit Interviews for Perkins Loans**

Financial  
Aid Cluster

Applicable to: Norfolk State University

Control and Compliance Finding: The University did not conduct exit counseling for borrowers that entered repayment status. Five out of the five borrowers tested were not contacted within 30 days of learning of the borrower's withdrawal from the school or receiving exit counseling.

Requirement: 34 CFR Section 674.42(b), "Exit Interview Cite," requires that an institution must conduct exit counseling with each borrower either in person, by audiovisual presentation, or by interactive electronic means. The institution must conduct this counseling shortly before the borrower ceases at least half-time study at the institution. If the Borrower withdraws from school without the school's prior knowledge or fails to complete an exit counseling session as required, the school must provide exit counseling through either interactive electronic means or by mailing counseling material to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from school or failed to complete exit counseling as required. The 2000-01 Federal Student Financial Aid Handbook Volume Five Chapter 7, "Due Diligence," states that: "The school must document all exit interviews."

Recommendation: The University should conduct exit counseling with all borrowers within 30 days as required.

*Management Plan for Corrective Action: The university conducts in person exit interviews for students who graduate as well as for students who withdraw from the university. For students who miss the exit interviews, the exit package is certified mailed to the student's home. Several packages had not been mailed.*

*In December 2001, the university enhanced the Perkins Loan exit interview procedures. In the past the Direct Loan and Perkins Loan exit interviews were conducted separately. These interviews are now conducted at the same time so that the number of missed Perkins Loan exit interviews will be reduced. Also, students can now go on line to complete the exit interview and mail the certification to the university. And finally, closer monitoring by Supervisors to ensure federal guidelines are being followed.*

*Responsible Position: Sharon Wright, Bursar*

*Estimated Completion Date: December 2001.*

**01-26. Identify Students Who Withdraw without Officially Notifying the College**

Financial Aid  
Cluster

Applicable to: Patrick Henry Community College

Control and Compliance Finding: The College has no policy in place to identify federal student financial aid recipients who drop out of classes without formally withdrawing. Without a mechanism in place to identify these students, the College is unable to identify students for whom a portion of their federal student financial aid award may be refundable to the Department of Education.

Requirement: 34 CFR 668.22 (c) and the guidance published by the Department of Education in the Federal Student Financial Aid Handbook, volume 2, chapter 6, requires that schools develop a mechanism for determining whether a student who is a recipient of Title IV grant or loan funds has ceased attendance without notification during a payment period or period of enrollment.

Recommendation: The College should develop a mechanism to identify students receiving federal student financial aid that have constructively withdrawn from the College.

*Management Plan for Corrective Action: The College will run a report at the end of the semester to identify federal financial aid recipients who have a 0.00 GPA. Faculty will be asked to provide the student's withdrawal date. This information will be used to process any Title IV refunds that are due.*

*Responsible Position: Dean of Academic and Student Development Services*

*Estimated Completion Date: May 2002.*

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES****Allowable Costs/Cost Principles****01-27. Properly Charge Payroll Costs to Federal Programs**

All Programs      Applicable to: Department of Social Services

Control and Compliance Finding: As reported in our last four reports, the Division of Information Systems (DIS) does not accurately record hours worked in the Time Activity Project and Expense Reporting System (TAPERS). We noted numerous instances of time recorded in TAPERS that did not agree to approved timesheets. Additionally, TAPERS may not be complete, as we noted numerous DIS personnel that did not enter time into the system. Finally, time recorded in TAPERS may be overstated because supervisors can unknowingly release an employee's time more than once. Given the varying circumstances that may yield incorrect time recorded in TAPERS, we are unable to quantify the effect of this internal control weakness.

The Department implemented TAPERS in 2000 at a total cost of \$352,000. It is our understanding that the Department plans to replace TAPERS with Microsoft Project as well as a new timesheet application. The Department was unable to provide information as to the estimated cost of the replacement system even though they have already incurred application and training costs.

Requirement: 45 CFR Part 74.22, "Allowable Costs," requires states to determine allowable costs in accordance with OMB Circular A-87, "Cost Principles for State and Local Governments." These principles require appropriate time and distribution records to support salaries and wages of employees chargeable to more than one grant program or other cost objective.

Recommendation: The Department should enforce appropriate policies and procedures to ensure all time for all employees is accurately and completely reported to the Division of Finance for proper determination of federal reimbursement. If the Department decides to invest funds to replace TAPERS, they should fully research any new system to ensure it will meet Division of Finance and Information Systems reporting needs.

*Management Plan for Corrective Action: A study group, composed of users and sponsors, was appointed in March 2001 to evaluate TAPERS. The group's recommendations were submitted to the Chief Deputy Commissioner in June 2001. The approved course of action was to restate, manage and monitor TAPERS time entry as well as Commonwealth Integrated Personnel and Payroll System leave accounting activity. In addition, accountability for accurate and consistent time and leave accounting was added to Employee Work Profiles for both workers and managers in November 2001.*

*Responsible Position:* Harry R. Sutton, Director, Information Systems

## Reporting

### **01-28. Improve Procedures over Revenue Maximization Process**

All programs

Applicable to: Department of Social Services

\$1.1 million

Control and Compliance Finding: The division works with localities to identify and request additional federal funds for social service needs through a process called revenue maximization. The process focuses on identifying eligible costs for uncapped federal programs with foster care being the primary one. Currently, there are approximately 33 localities and partners at the local level that are participating in the revenue maximization process. The Division of Finance is allocating more resources to the process with the goal of increasing the number of participating localities and partners. We recommend the division address the following issues before expanding the program.

#### Cost Allocation Plan

Our review of the approved statewide cost allocation plan determined that it does not specifically identify the revenue maximization initiatives or the methodology used for the partner's determining federal reimbursable expenses. Although we consulted with the federal government regarding whether the process should be part of the state's plan, we received inconsistent guidance on this matter. It is unclear, whether there is a federal requirement for Social Services to include revenue maximization activities in the statewide cost allocation plan.

#### Policies and Procedures

There is a 1999 draft of the policies and procedures; however, there is no final draft of these items. One item not currently addressed, is the establishment of an audit workplan or case review plan, which documents the frequency for performing case reviews.

#### Case Review Process

The division relies on a case review process to determine the percentage of administrative and case management costs claimed for federal reimbursement. The case reviews involve a determination on whether individual cases meet the requirements for a "reasonable candidate" for the foster care program. We selected a sample of case reviews performed by the division and identified several issues.

- Our review of the division's case reviews and supporting case files, showed individual cases that were determined to be reasonable candidates although there was not a clear distinction that "absent preventives services foster care was the planned course of action." In addition, we found inconsistent statewide application of the determination of eligibility, as a "reasonable candidate." We observed

some partners that use an assessment tool while other partners determine eligibility strictly by caseworker judgment. Recent policy announcements at the federal level have provided clarification on determination of “reasonable candidacy.”

- In some cases, the division did not clearly document agreement or disagreement with the partner’s determination of “reasonable candidates”. Participating partners initially make the determination of reasonable candidates. The division then performs case reviews to determine if the partner’s determination is appropriate.
- In some circumstances, case files did not contain information to support the “reasonable candidate determination.” In several instances, localities and partners needed to supply additional information and caseworkers had to explain their determinations.

#### Administrative Fee

The division did not establish the administrative fee based on estimated costs of the program, but used a median of what other states were charging. The division’s costs for administering the revenue maximization process are much less than the fee charged. As a result, the division has accumulated \$1.5 million in unspent fees.

In addition, the division reported expenses on its Schedule of Federal Assistance and federal financial reports for the Foster Care-IV-E program that the Department did not incur. The Schedule and financial reports showed an expense equal to the administrative fee collection rather than actual expenses incurred by the Department. This practice does not comply with generally accepted accounting principles or federal reporting requirements. As a result, we are questioning \$1.1 million in expenses reported under the Foster Care IV-E program in fiscal year 2001.

#### Periodic Review

The division does not require localities and partners to perform periodic candidate re-assessments of program eligibility. Our review of case files showed the division considers candidates eligible for the foster care program up to five years.

Requirement: Per Circular A-87, Attachment C, Section G (4), “Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs. A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and

the allowable costs.” In addition, 45 CFR 92.20, “Standards for financial management systems,” requires the grantee to make accurate, current, and complete disclosure of the financial results of financially assisted activities in accordance with the financial reporting requirements of the grant.

Recommendation:

Cost Allocation Plan

The division should consult with the federal government to determine whether Social Services should include the revenue maximization activities in its statewide cost allocation plan. The division should continue its efforts to obtain guidance in determining proper methodologies for recognition of costs submitted for reimbursement and whether these methodologies should be included in the Statewide Cost Allocation Plan.

Policies and Procedures

The division should finalize written policies and procedures for the revenue maximization process. Before finalizing the procedures, the division should revisit the drafted procedures and make any necessary modifications to improve program administration based on recommendations in this report.

Case Review Process

- The division should evaluate its definition of a reasonable candidate: in light of recent guidance from the federal government. The Department should consult with the federal government agency to ensure its interpretation of reasonable candidacy complies with federal guidelines. The Department should then revise and implement procedures that identify specific criteria for meeting the definition of “reasonable candidates” that can apply consistently by all partners.
- The division should clearly document the results of their case reviews. The division should ensure it adequately documents and justifies its case review results.
- The division should establish minimum documentation standards for the localities and partners participating in the revenue maximization process. Partners should document in the case plan circumstances and risk factors that justifies why each participant is a “reasonable candidate” for the program.

Administrative Fee

We recommend the division re-evaluate the amount of the administrative fee charge as compared to actual expenses. In addition the division should accurately report all revenue maximization activity in its financial systems and reports.

Periodic Review

The Department should require partners to perform a periodic reassessment of each case to ensure they still meet the eligibility requirements under the federal program.

*Management Plan for Corrective Action: DSS does not agree that revenue maximization initiatives and the methodology for the determination of federal reimbursable expenses should be a line item in the cost allocation plan. First, the federal guidance in OMB A-87 clearly allows the methodology utilized by DSS—the billing of estimated versus actual costs. Second, OMB A-87 guidance on Cost Allocation Planning does not require that the Public Assistance Cost Allocation Plan narrative repeat previously discussed cost categories and this fact has been confirmed in an e-mail from the federal government. The category of costs in question are presented in the Cost Allocation Plan narrative in several areas, but specifically within cost center 829, which also captures "administrative costs that are direct charged."*

*DSS has, however, proposed that a CAP amendment be submitted each quarter for cost center additions, deletions or modifications and the federal government has agreed that this would add clarity.*

*The Department will review and resubmit the revenue maximization policy for approval. Regarding the suggestion to define audit frequency, DSS believes the current frequency is sufficient. Seventy-three reviews were performed during this audit period.*

*DSS does not agree that there is inconsistent application of eligibility determination. At most, there is a difference in the manner in which the determinations are documented. Some localities use a standard local assessment form while others rely on historical information related to the condition of the family situation (e.g., social histories, external third party assessments, etc.).*

*Due to recent federal court rulings that became effective after the period under audit, DSS is reevaluating the definition of reasonable candidacy. The Department also routinely reviews court rulings related to other states for identification of issues, which can improve Virginia's process.*

*The Department's audit process uses a standardized audit form to document, for every case in the selected sample, the reviewer's*

*agreement or disagreement, and the basis for that decision, with the local determination.*

*Minimum standards for documenting case files already exist and DSS is unaware of instances where case files were claimed for federal reimbursement without adequate documentation.*

*The administrative fee used by DSS is not, as stated by the APA, based on a median of what other states are charging; it is based on staff levels anticipated at the onset of the project. OMB A-87 allows the use of a "billed services" process in which an estimated rate is subsequently adjusted down to compensate for excess revenues from the previous year if needed. DSS' use of this process has been hampered by unclear federal guidance. It should be noted, however, OMB A-87 designates the HHS Division of Cost Allocation (DCA) with singular authority to approve cost allocation plans and methodologies. Until there is clear federal guidance, DSS will adhere to documented DCA decisions.*

*The Department does not concur that there is no periodic review of local eligibility decisions. Although there has been no federal guidance on reassessment frequency, DSS requires a reassessment no less than annually. In addition, the locality is required to certify that the costs claimed each quarter are claimed on behalf of clients deemed to be reasonable candidates for that quarter. DSS has also suggested that localities perform independent reviews of a sample of cases each quarter to ensure assessment validity and supporting documentation.*

*Except for a lack of adequate documentation, placement of a child in foster care or attaining age 18, federal regulations have set no time limits on the duration of candidacy. Clients may remain reasonable candidates for as long as it may take for an effective service delivery plan to stabilize the family unit and avoid foster care placements.*

*Responsible Position: David A. Mitchell, Controller*

Subrecipient Monitoring**01-29. Improve Program Monitoring Structure and Procedures**

All Programs      Applicable to: Department of Social Services

Control and Compliance Finding: The Department should improve program monitoring procedures to ensure they have standard and consistent procedures to adequately monitor benefit and service programs. Based on inquiry of personnel at the central office and local offices, there is a lack of standard and consistent program monitoring procedures.

The Department relies heavily on localities' audits performed by CPA firms as a form of quality control. This function is not always adequate for monitoring and ensuring federal and state compliance in that social service programs may not come within the scope of these single audits.

Adequate communication does not exist between the Department's regional and program operations divisions and localities. Regional specialists perform reviews of benefit and services programs, which primarily address eligibility determinations. Central office's program managers are essentially removed from the review process and unaware of deficiencies in the control environment of the localities. In addition, there is no central tracking system in place to keep program managers informed of the status and results of reviews.

Requirement: OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," Subpart D, Section .400 (d) requires a pass-through entity to monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Recommendation: We recommend that the Department review its approach to program monitoring and reliance it can place on local audits of social service programs. The Department should establish standard monitoring procedures that it can consistently apply in all program areas. It is our understanding that the Department has made organizational changes in fiscal year 2002 that will improve their monitoring process.

Management Plan for Corrective Action: *While the Department agrees that standard and consistent procedures do not exist for **all** benefit and service programs, this is not an across-the-board situation. For example, the Food Stamp and Medicaid programs are monitored in accordance with federal quality control regulations. In addition, efforts to enhance existing monitoring procedures and extend the monitoring process to uncovered areas began in early 2001—before the date of the APA audit.*

*The need for a centralized and standardized monitoring process was recognized in August 2000 and a new division—Program Integrity—was formalized in March 2001. This division, which is comprised of four units (Quality Control, Fraud, Program Accuracy and Compliance Review), is charged with monitoring all of the Department's benefit and service programs. The director for this division was hired in December 2001 and the roles and responsibilities of the individual units are currently being defined and finalized. As part of this process, a survey to identify and evaluate existing benefit and service programs will be sent to central, regional and local staff by July 2002. The results of this survey will be incorporated into the final monitoring plan.*

*It is the goal of the Department to define and/or implement standard and consistent monitoring and tracking processes for all benefit and service programs by the fall of 2002. As part of this process, meetings will be held with regional and local personnel beginning March 14, 2002.*

*Although the Department does, as stated by the APA, rely on local CPA audits for the monitoring of social services financial activities, we also have two other forms of monitoring:*

- (1) Division of Finance staff perform desk reviews of LASER transactions and work with local agencies when corrections are warranted. Division of Finance management is currently exploring options to enhance the documentation of these reviews.*
- (2) The Regional Administrative Managers (RAM) routinely provide technical assistance and financial monitoring during local agency visits. Staff in Finance, Internal Audit and Regional Administration are currently designing a form which will standardize the regional administrative review process. This form should be in use by June 2002.*

*While we agree that the local CPA audits do not adequately cover social services activities and are, therefore, not a sufficient stand-alone form of monitoring, we would point out that the local CPA audits are performed in accordance with the APA's Audit Specifications for Counties, Cities and Towns, a document to which the agency regularly provides input—input designed to enhance and expand the CPA audit coverage of social services operations.*

*Responsible Position: Mary Jo Thomas, Director, Program Integrity and David Mitchell, Controller*

*Estimated Completion Date: Fall 2002.*

**Special Tests and Provisions****01-30. Strengthen Controls over Binding Commitments**

66.468

Applicable to: Department of Health

Control and Compliance Finding: Health did not enter into binding commitments for 18 percent of the loans scheduled within the required one-year time frame. Health had cumulative receipts of \$63,251,467, but only committed \$51,699,298. Federal regulations require Health to enter into cumulative binding commitments within one year in an amount equal to the amount of each grant payment plus the required state match in accordance with Code of Federal Regulations (CFR) Title 40 Section 35.3550 (e).

Loan closing dates are tentative, and binding commitments use these tentative dates. The borrowers and grant recipients do not always know of the many items needed and procedures required to have a loan closed properly. This lack of knowledge delays loan closings, which can result in noncompliance with federal regulations and the loss of federal funding.

Requirement: Per 40 CFR Section 35.3550(e), a State must agree to enter into binding commitments with assistance recipients to provide assistance from the Fund. Binding commitments must be made in an amount equal to the amount of each capitalization grant payment and accompanying State match that is deposited into the Fund and must be made within one year after the receipt of each grant payment.

Recommendation: We recommend Health educate borrowers and grant recipients on the policies and procedures necessary to have a successful loan closing. In addition, Health should review the current methodology of determining loan closing dates, so that Health can more accurately comply with the federal binding commitment regulation.

*Management Plan for Corrective Action: We concur with the Finding. By the quarter ending December 31, we had loan closings, or binding commitments, in excess of the federal automatic clearinghouse (ACH) payments. In addition to this, we have used our bypass procedure to remove targeted funding for projects that are either dead or off track. The funds are then targeted to projects that are ready to proceed. We also continue to use (and improve) our 4-page Construction Project Checklist to educate and guide the clients through the process. Drinking Water State Revolving Fund (DWSRF) staff is focused on encouraging clients to meet the mutually selected deadlines for each task. A database has been developed to track each client's progress through the loan process. From this database, we can quickly identify a client that needs assistance to proceed or a client that should be bypassed.*

*We continue to find co-funding and parity issues delaying projected closings. Co-funding is where more than one entity has targeted funding*

*to complete a project. Parity is a term to describe granting by a present debt holder equal security status to us regarding access to revenue for repayment of loans. Other agencies' requirements must be met but, of course, that agency is not working on our timeline - at project selection time or during the process. However, to address this major hurdle we have staff from the US Department of Agriculture-Rural Development (RD) and Virginia Department of Housing and Community Development on our application review team and we also ask them to attend meetings with clients. Regarding parity, Mr. Tom Gray, DWSRF Project Manager, frequently talks with RD leadership and field staff to expedite solutions to their concerns and needs. RD has solicited input from their national office and now in the last two months is speeding up their parity approvals. Mr. Gray and staff of these funding agencies are meeting quarterly to discuss a variety of issues.*

*In situations where no significant barriers remain relating to the loan, we encourage clients to proceed with their projects. In these cases, the project is under construction prior to actually closing on the loan. This progress does not appear in the reported numbers for binding commitments. We have also moved some scheduled ACH payments to future quarters to compensate for changes in tentative loan closing dates and will continue to take advantage of this tool.*

*Responsible Position: Tom Gray, DWSRF, Project Manager*

*Estimated Completion Date: December 31, 2001.*

### **01-31. Improve Use of Income Eligibility Verification System**

93.558

Applicable to: Department of Social Services

Control and Compliance Finding: We previously reported the Department did not consistently use the Income Eligibility Verification System (IEVS) to verify income for Temporary Assistance for Needy Families (TANF) recipients. The Department must coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. Specifically, the State must request the following information: wage, unemployment compensation for Virginia Employment Commission, Social Security Administration data, Immigration and Naturalization Service, and unearned income from the IRS.

In following up on this issue, the information the Department reports in IEVS is generated from the Virginia Client Information System (VACIS), which is no longer the system of record for TANF. Realizing the information is not accurate; the Department has discontinued using IEVS to verify income for TANF recipients.

Requirement: Section 1137 of the Social Security Act requires the State to participate in the IEVS. The Department is required to coordinate data and exchanges with other federally assisted benefit programs, and use income and benefit information when making eligibility determinations for TANF recipients.

Recommendation: The Department is working to establish a system to participate in IEVS in accordance with federal requirements. The Department could face federal sanctions of up to two percent of the State Family Assistance Grant (SFAG) for failure to participate in IEVS.

Management Plan for Corrective Action: *The APA is correct. IEVS reports were suspended in June 2001 because: (1) the reports were being matched against a system (VACIS) with noncurrent information; (2) IEVS is an antiquated COBOL system with unavailable programming logic; and (3) the local agencies had voiced numerous complaints about excessive, unproductive workloads caused by system inaccuracies. A corrective action plan was submitted to Health and Human Services in August 2000 and the Department is committed to integrating IVES into ADAPT by the fourth quarter of 2002.*

Responsible Position: *Mary Jo Thomas, Acting Director, Benefit Programs*

Estimated Completion Date: *Fourth quarter of 2002.*

### **01-32. Develop an Independent Peer Review Monitoring Process**

93.959

Applicable to: Department of Mental Health, Mental Retardation, and Substance Abuse Services

Control and Compliance Finding: The Department did not comply with the independent peer review requirement as set forth in the SAPT Block Grant. The grant requires that the Department develop procedures for the implementation of peer reviews, and provide for these peer reviews on at least five percent of the Community Service Boards (CSBs) that provide treatment services, and that the five percent is a representative sample of the state's CSBs.

The Department does not require the CSBs to have a peer review because of cost implications. Nor, does the Department have procedures to "provide for" peer reviews. Management's response to this finding in fiscal year 2000 stated that the Department would begin to track participation in peer reviews through direct contact with the Commission on Accreditation of Rehabilitation Facilities (CARF). However, it has not implemented such procedures. Coincidentally, the Chesterfield and New River Valley Community Services Boards requested and received a qualified independent peer review from the Commission in fiscal year 2001 accounting for the required five percent.

Requirement: According to Title 45 of the CFR section 96.136, the State shall for the fiscal year for which the grant is provided, provide for independent peer reviews to assess the quality, appropriateness, and efficacy of treatment services provided in the State to individuals under the program involved, and ensure that at least 5 percent of the entities providing services in the State under such program are reviewed. The programs reviewed shall be representative of the total population of such entities.

Recommendation: Management should develop guidelines to ensure that at least 5 percent of the operating CSB's have independent peer reviews conducted in accordance with the grant. Independent Peer Reviews are important to ensure that the CSB's are providing appropriate and adequate treatment in accordance with the guidelines of the grant.

Management Plan for Corrective Action: *For State Fiscal Year 2002, we have verified that two (2) community services boards have been reviewed by CARF and have received, or will receive, CARF accreditation by June 30, 2002. These are:*

*Central Virginia Community Services Board  
Virginia Beach Community Services Board*

*We intend to continue to maintain regular contact with CARF to collect information about accreditation among CSBs as well as to actively encourage CSBs to notify us of participation in accreditation review conducted by national organizations such as CARF.*

*In addition, for State Fiscal Year 2003, we are proposing the following process, and will implement it pending approval of the Commissioner.*

- *The Department will re-inform subrecipients of the SAPT Block Grant of the peer review requirements*
- *The Department will seek volunteer representatives from the provider group through the Substance Abuse Council of the Virginia Association of Community Services Boards to:*
  1. *Develop review standards that address the requirements as stated in the regulations (i.e., treatment planning, documentation of implementation of treatment services, and discharge and continuing care planning);*
  2. *Participate on a volunteer team to conduct peer reviews of substance abuse treatment programs funded by this source;*
  3. *Volunteer programs to participate in peer reviews for State Fiscal Year 2003.*

*In addition, we will urge community services boards to notify the Office of Substance Abuse Services of participation in CARF and other national accreditation activities that qualify as peer review under this requirement.*

*Responsible Position: Mellie Randall, Substance Abuse Program Coordinator*

*Estimated Completion Date: July 1, 2002.*

### **Other Internal Control Matters**

#### **01-33. Implement Sanctioned Medicaid Recipient Fraud Precautions**

Medicaid Cluster Applicable to: Department of Medical Assistance Services

Control Finding: The current Medicaid Management Information System (MMIS) system lacks a program edit that would prevent recipients convicted of Medicaid fraud from reenrolling for Medicaid within the 12-month sanction period. Management has decided not to implement this edit into the current system; however, it plans to add it to the new MMIS system. The Department does have a manual procedure to contact local social services offices, who do eligibility, and request that they remove recipients from the program. Additionally, the manual process follows up to ensure that the recipient is removed from the program.

The original date set for implementation of the new MMIS system was June 30, 2001. Currently, the expected MMIS implementation is June 20, 2002, which causes the potential occurrence of sanctioned recipient fraud to continue to be a risk until the new MMIS system is implemented.

Recommendation: We recommend that the Department's Recipient Audit Unit begin efforts to work with the local social service agencies in identifying and properly coding sanctioned recipients to ensure that these recipients cannot re-enroll in the program during the sanctioned period. These efforts should continue until the implementation of the new MMIS system.

Management Plan for Corrective Action: *We continue to concur that an edit should be in place that would not allow recipients convicted of Medicaid fraud to be re-enrolled for Medicaid within the 12 month sanction period. However, again, this year, it is the agency's position not to implement an ISR at this time to add this edit. This edit is included in the new MMIS. Once the MMIS is functional, this problem will be resolved.*

*We have taken several measures to ensure that local departments of social services are entering cancel code "14" when a Medicaid conviction is obtained. We have an individual who is, on a quarterly basis, following up with the local agencies on the status of prosecuted cases in their locality. If the case has not gone to trial yet, we remind them to be sure to cancel the recipient, using cancel code, "14" if the recipient is convicted of Medicaid fraud. In addition, we are attaching a reminder to the Notification of Change in Status form that is included with the letter we initially send to the agency, along with the recipient(s)' paid claims history that they have requested. Additionally, for those recipients in the Client Medical Management Program that were convicted of Medicaid fraud, cancelled with code "14" and subsequently re-enrolled during the 12 month sanction period, the case managers in the Recipient Monitoring Unit are tracking these individuals. When this happens, the information is shared with the Recipient Audit Supervisor who then advises the current locality of the sanction period so the recipient's Medicaid case can be closed.*

*Responsible Position: Jim Cohen, Director Program Operations*

*Estimated Completion Date: Corrective Action Complete.*

#### **01-34. Improve Medicaid Quality Control Process**

Medicaid Cluster Applicable to: Department of Social Services

Control Finding: We found the following deficiencies with the Medicaid Quality Control Process:

- A current Memorandum of Understanding outlining the Department of Medical Assistance Services (DMAS) and DSS's roles and responsibilities does not exist for the Medicaid Quality Control review performed by DSS. A MOU is required for each review performed by DSS.
- The Department has implemented a new Medicaid Quality Control Pilot that has not been federally approved.
- The Quality Control unit is not completing reviews timely. We noted eight of fifteen (53 percent) reviews were not completed timely. The reviews were completed from one to ninety-seven days past the deadline.
- The Departments are unable to determine if the accuracy of eligibility determinations has improved because the Department no longer computes a Medicaid error rate.
- Corrective action has not been taken for errors identified during the Quality Control reviews.

Recommendation: The Department should implement and comply with a current Memorandum of Understanding with the Department of Medical Assistance Services. The Department's reviews should be completed timely and errors identified should be corrected in DMAS's Medicaid Management Information System. The Department should calculate an error rate to measure the progress the Medicaid Quality Control function is making toward the reduction of eligibility determination errors.

Management Plan for Corrective Action: DSS and DMAS have developed a final draft of the MOU. The outstanding MOU issues and other administrative matters were documented to DMAS in February 2002. DSS plans to have an executed MOU by May 2002.

*DMAS' April 3, 2001 request for approval of the April 2001 Medicaid Quality Control Pilot was confirmed by the Centers for Medicare & Medicaid Services, via e-mail, on July 10, 2001; written approval was received by DSS on March 1, 2002. The approval for the October 2001 Medicaid Quality Control Pilot was received November 29, 2001.*

*We agree that some of the Medicaid Long-Term Care Pilot reviews were not completed by the deadlines, but it should be noted that these deadlines were established internally and are not federally mandated; therefore, there were no fiscal consequences for the missed deadlines. It should also be noted that these self-imposed deadlines are considerably more stringent than the deadlines established under the traditional, federally prescribed Medicaid regulations. In the future, we will set more realistic deadlines for completing Medicaid Quality Control Pilot reviews.*

*We concur that identified errors should be corrected in DMAS' Medicaid Management Information System. Effective May 1, 2002, regional Medicaid policy staff will be required to monitor QC error findings and report to the Medicaid Program Manager if an agency fails to take action to correct a Medicaid error timely.*

*An approved Medicaid Quality Control Pilot puts Virginia in a "hold harmless" position relative to errors and is, therefore, more beneficial to Virginia than the traditional, federally mandated state error rate. The Centers for Medicare & Medicaid Services (formerly the Health Care Financing Administration) allows this substitution.*

*Responsible Position: Mary Jo Thomas, Director, Program Integrity*

**01-35. Strengthen Contract Manager Oversight**

Medicaid Cluster    Applicable to: Department of Medical Assistance Services

Control Finding: The Procurement Unit has responsibility for the purchase of goods, services, and supplies needed by the Department. This includes the administration and processing of Requests for Proposals (RFP) and the management of all contracts and interagency agreements.

Payments to contractors make up approximately 41 percent of the total administrative expenses for the Department. The contracted services at the Department range from audits of Medicaid costs reports and recipient enrollment services to the implementation of the new Medicaid Management Information System (MMIS).

The Department maintains a database of all contracts and interagency agreements. The contract manager is responsible for maintaining contracts and interagency agreements and communicating changes to Internal Audit who updates the contract database. However, not all contracts are in the database because Management is executing contracts and modifications without the contract manager's review. Also, Management is not notifying the contract manager of changes, such as a newly designated contract administrator. In addition, the contract manager did not have current agreements for two of the three selected interagency agreements.

While some of the agreements are small, the Department spent over \$31 million on contractual services from July 1, 2000 through February 28, 2001, which represents an increase of almost \$10 million more than the previous year. Contracting initiatives and costs continue to increase and it is important that the Department maintain the contract database with all pertinent information to ensure proper management of contracts and interagency agreements.

Recommendation: The contract manager should review all contractual obligations before execution. In addition, management should involve the contract manager in changing existing contracts and agreements.

*Management Plan for Corrective Action: The contract manager reviews all contractual obligations before execution and is involved by management in changing existing contracts and agreements.*

*Responsible Position: De Earhart - Comptroller*

*Estimated Completion Date: Corrective action complete.*

**01-36. Review Fiscal Agent Contract Management Oversight**

Medicaid Cluster Applicable to: Department of Medical Assistance Services

Control Finding: The Department's contract monitor for the fiscal agent contract has not performed onsite compliance reviews since May 1999. These reviews would include audits of the contractor's claims resolution process.

In addition, there was only a limited review for compliance with other contract requirements such as the timely processing of claims. During the first eight months of fiscal year 2001, the Department paid more than \$11 million to the fiscal agent, which represents more than a third (37 percent) of all contractual expenses.

Since the Department has expanded the scope of the contract over the years, management should also determine if the contract administrator should expand the scope of the review to include the additional services added to the existing contract. The size and scope of this contract makes performing timely reviews essential to its oversight.

Recommendation: We recommend that the Department improve oversight of the fiscal agent contract and determine if the contract monitor should expand the scope of the review to include the additional services added to the existing contract.

Management Plan for Corrective Action: *The contract monitor responsible for oversight of the fiscal agent had stopped performing on site reviews of claims processing due to the increase demands of developing the new VaMMIS. The contract monitor is the primary source for determining and validating the edits and audits required in the automated claims processing system. The contractor's time was largely spent on validating new system edits; reviewing the Detail System Design; and reviewing the test plans. Since May, 2001 DMAS has begun twice a month on site audits. In addition, the contract monitor logs in referrals from the provider helpline regarding claims resolution issues and forwards these to the claims manager at First Health.*

*Responsible Position: Jim Cohen, Director Program Operations*

*Estimated Completion Date: May 1, 2002.*

**01-37. Manage Contracts and Update Procurement Policies and Procedures**

All Programs Applicable to: Department of Health

Control Finding: Health spent \$74 million during this fiscal year for contractual services representing 17 percent of total expenses and has begun providing contract management guidance; which includes guidance on maintaining a list of contracts. However, there is no

required process to track contracts with pertinent information such as contract number, contract officer, contract administrator, or the start and end dates of the contract. Health encourages, but does not require, all work units to maintain a list of their contracts. In addition, Health has not developed its own contract management procedures that include important information such as Health's unique decentralized contracting processes.

We found several instances where Health was paying for services under the terms of expired contracts and without a proper contract or agreement in place. We also found situations where employees exceeded their delegated purchasing authority. In addition, work units were unfamiliar with contract administration responsibilities and did not identify contract administrators for their contracts. Contract files should contain a designated contract administrator whose responsibility is to ensure compliance with contract requirements to help ensure Health receives the contracted services or goods. It is imperative that the employees in charge of each contract are familiar with its terms and conditions. Health needs to ensure proper procurement planning before the expiration of the contract to minimize possible procurement guideline violations.

Health has recognized the need for additional procurement training and has developed and provided additional training. However, management needs to ensure all employees assigned this responsibility receive appropriate training. In addition, Health has not developed procedures for determining contract responsibility and contract oversight. This is important so that employees have a clear understanding of their responsibilities to ensure adequate and proper contract management.

Recommendation: Management should complete the assignment of the responsibility to manage contracts and communicate those responsibilities including the required contract elements and the assignment of contract administrators while maintaining central oversight. Health should continue to provide training to appropriate personnel conveying the process and its importance and require each work unit to maintain a list of all their contracts. Management should also update Health's policies and procedures to include unique agency contract management procedures.

*Management Plan for Corrective Action: We do not concur with this finding. We feel that VDH has been very proactive in managing contracts and updating procurement policies and procedures. VDH has provided guidance and direction to administrators and business managers to provide a contract list from their work unit using either the Office of Purchasing and General Services (OPGS) provided Excel spreadsheet, or one of their own. Further guidance will be provided via web site, training, and individual review. A survey of business managers and review of the current contract management and business process was necessary and completed prior to release of the guidance and spreadsheet. Guidance and directions were given to the work units to use the developed log or one of their own. Input was solicited on the log*

*from the field. Currently, have received a majority (73%) of the individual logs, which will be available in OPGS (hard copy).*

*VDH follows the contract management & administration procedures as indicated in state policy, APSPM Chapter 10. The majority of contract lists have been obtained and are available for review by management, hence no additional policies are needed. "Best practices" in contract administration include writing specific contract administration requirements into the individual contracts through receiving, inspection, payment, and terms and conditions requirements. Training as well as definitions and procedures are included in the VDH purchasing guide. VDH tracks department wide, those contracts determined to be high-risk. These contracts are listed in priority order according to risk rankings, identify contract administrators, and are evaluated on performance. Limited delegation is given to programs and districts.*

*Written designation does not apply to all contracts, only "...continuous or term contracts" (APSPM 10.2.) Contracts are typically administered by the end user, or the program manager who ordered the good or service. OPGS provides contracting and administration training; reviews designation of assigned administrator or assists in assigning an administrator with duties at contract signing, provides trouble shooting and resolution; and works individually with managers to build solid contracts to ensure effective administration. Contract logs will also identify contract administrators.*

*Management has already committed staff and support by providing training and technical assistance. VDH follows the contract management & administration procedures as indicated in state policy, APSPM Chapter 10. VDH has determined that due to the decentralized nature of the agency and the districts' local government affiliation, that any additional mandated requirements to state law and/or policy would not enhance contract responsibility or oversight, and could cause confusion. The VDH Purchasing Guide highlights state contracting and policy. Specific focus has been on contract administration training ranging from two agency wide seminars (a fundamental class and an advanced symposium sponsored by the Secretary of Health and Human Resources) to individualized training. Contract log and management process will be covered at the next ADMINET (Business meeting) April, 2002. An earlier training session was planned for April 26, 2001 but was cancelled.*

***VDH ongoing initiatives and plans:***

- *Communicate directly by email to contract log managers until the OPGS web page is activated with contract management guidelines and tips.*
- *Email to all staff with purchasing guide attached (proposed).*
- *Revise and publish delegation. Advocate consistent delegation for goods and services.*

- *Obtain from work units and districts a contract log to be submitted to OPGS on a yearly basis.*
- *OPGS will maintain a list of Contract Log Manager Assignments.*
- *Ongoing training on contract management/administration for contract administrators (including program managers, and business managers).*
- *Periodic contract administration training (proposed twice a year).*
- *New employee orientation.*
- *ADMINET*
- *Provide onsite review and training to districts and programs. Consult with VDH internal audit staff as they conduct review of contract administration. (Initial training session has been held).*

***Procurement/contract training provided:***

- *ADMINET MEETING October 17, 2000 targeting Business and Fiscal managers (Central Office and Districts).*
- *STD/HIV Procurement Workshop Nov 16, 2000 targeting STD/HIV program staff and vendors and findings in contracting/procurement reviews.*
- *ADMINET Cancelled April 26, 2001 (due to budget constraints).*
- *Contract Risk Training July 17, 2001 targeting contract administrators for initial fundamental contracting/ contract administration training.*
- *Office of Family Health Services targeting business managers training July 23, 2001.*
- *Contract Risk Symposium August 27, 2001 targeting contract administrators for supplemental contract administration training.*
- *Office of Family Health Services Program Manager training October 22, 2001 Scheduled targeting program managers offering contracting and contract administration.*
- *ADMINET October 23, 2001 Scheduled targeting Business and Fiscal managers (Central Office and Districts). Agenda to include contract administration and log management.*

***Upcoming:***

- *Overview and Contract Administration (repeat dependent upon Response:) targeting Business and program managers (Jan-Feb. 2002).*
- *EVA training (in planning).*
- *New Employee Orientation participation (regular intervals).*
- *Adminnet, April 2002*

*Responsible Position: Tom Williams, Director of the Office of Purchasing and General Services (OPGS)  
Helen Tarantino, Deputy Commissioner for Administration*

**01-38. Improve Benefit Overpayment Monitoring and Collections Procedures**

All Programs

Applicable to: Department of Social Services

Control Finding: The Department does not adequately maintain an overpayment tracking system for the Temporary Assistance for Needy Families (TANF) or Food Stamps benefits programs. This lack of information has inhibited collection efforts.

The Department has three systems it uses to record benefit overpayment activity for TANF and Food Stamps. Those are the Virginia Client Information System (VACIS), Application Benefit Delivery Automation Project (ADAPT), and Food Stamp Claims Tracking System (FSCTS). With overpayment activity scattered among many systems, the Department cannot effectively monitor overpayments or pursue collection. For over half of the 15 Food Stamp and TANF overpayments tested, the Department did not consistently pursue collection efforts. Some of these overpayments have been delinquent since 1996.

Additionally, the Department does not accurately report accounts receivable balances to the Department of Accounts, and overpayment information to the federal government.

Recommendation: The Department should consolidate overpayment activity for each benefit program in one system. Management should develop adequate procedures for tracking and monitoring overpayments to increase collections and ensure accuracy of financial information.

Management Plan for Corrective Action: *Prior to receipt of this audit recommendation, a Benefit Programs Steering Committee was formed*

*for the purpose of establishing priorities for information systems enhancements. One of these enhancements is the conversion of the Food Stamps Claims Tracking System into ADAPT. In the first committee meeting on February 5, 2002, a subcommittee was charged with prioritizing all outstanding information system work requests and submitting recommendations to the full committee for approval by March 2002.*

*In February 2001, the agency initiated a Food Stamp claims conversion project to identify active VACIS accounts which need to be moved to ADAPT. As part of this effort, listings of Food Stamp claims needing local agency corrective action were published in October and December 2001 ADAPT reports. The October listing identified all claims that were suspended; these claims were to be reactivated or terminated. The December listing identified claims with balances less than or equal to \$25; these claims were to be terminated if inactive. Local agencies are to complete corrective action, validation and conversion (from VACIS to ADAPT) by May 2002. The target date for completion of the entire conversion project is June 2002. Current claims are being recorded in ADAPT.*

*A TANF Overpayment Report, which shows current claims data on active TANF claims, became available in ADAPT in February 2002 and is being used by local and regional staff to monitor overpayments.*

*Responsible Position: Mary Jo Thomas, Acting Director, Benefit Programs*

### **01-39. Improve Internal Controls Over Payroll**

All Programs

Applicable to: Department of Social Services

Control Finding: We found several internal control weaknesses that resulted in payroll overpayments, sickness and disability benefit overpayments, and incorrect health insurance premium payments. Several of the exceptions discussed below were caused when supervisors and managers did not report employee separation and termination information promptly.

- The Payroll Unit does not accurately report and calculate benefit payment for employees participating in Virginia Short-term Disability Program (VSDP). For a sample of 11 employees tested, eight employees were overpaid \$3,769 and three employees were underpaid \$1,206. The Department is still attempting to collect overpayments totaling \$21,279 that we identified in prior year. For the sample selected, we also noted an instance of payment for the incorrect number of disability credits.

- DHRM does not review Action Reports to ensure rate and period of payment is appropriate based on months of state service. Two employees were overpaid benefits because information on the action report was inaccurate.
- The Payroll Unit does not properly resolve reconciling items resulting from health insurance benefits recorded in the Benefit Eligibility System (BES) to payroll deductions recorded in the Commonwealth Integrated Personnel and Payroll System (CIPPS). Of 26 employees tested we found nine instances of premium underpayments totaling \$4,932. In several instances the unit identified exceptions but took over three months to resolve them.
- DHRM does not properly maintain access for the Benefit Eligibility System. Six of 31 employees tested had inappropriate access to the system during the fiscal year.
- DHRM and supervisors do not coordinate efforts to ensure termination checklists are completed and the termination listing is accurate and complete. This weakness has contributed to untimely payment of leave balance and over payments to terminated employees.

The Department uses a cost allocation plan to allocate administrative costs. These costs are grouped into cost pools and allocated to federal programs on a quarterly basis. Therefore, we were unable to identify specific federal programs, if any, that may have been charged for the overpayments described above.

Recommendation: Overall the Department needs to improve and enforce procedures to ensure that divisions promptly communicate all changes in employee status to Human Resources and Payroll. We also make the following specific recommendations:

- The Payroll Unit should develop and implement appropriate procedures to correctly pay short-term disability benefits amounts.
- The Department should have someone knowledgeable with the BES/CIPPS reconciliation review the reconciliation and determine that there is proper disposition of all reconciling items.
- The Division should draft procedures for the payment of leave balances and enforce those procedures.
- The Division should monitor BES access to ensure it is limited to employees needing it to perform their job responsibilities.

The Division should also ensure individuals with access are appropriately trained to use the system.

- The Division of Human Resources should maintain an accurate termination checklist and periodically distribute the listing to key personnel in the Department such as Security Officers and the Director of the Office of General Services.
- The Department should review the workload and staffing level of the Payroll Unit to ensure staffing is adequate to effectively complete the workload.

*Management Plan for Corrective Action: Of the 11 cited errors, six were corrected during the audit period; two have been referred to the Office of the Attorney General; and the remaining two are in the process of being corrected. It should be noted that overpayments of \$3,769 and underpayments of \$1,206 represent .0063 percent and .0020 percent, respectively, of the Department's annual dollar volume. It should also be noted that the Department of Accounts did not issue the policies governing the automated processing of these transactions until March 2001.*

*Effective September 2001 DHRM began reviewing the Action Reports within two working days of receipt to ensure period of payment is appropriate based on months of state service. If discrepancies are found, CORE is immediately contacted with the correct information. All corrected Action Reports are communicated to the Payroll Unit and CORE.*

*Since November 2000, the Payroll Unit and the Division of Human Resource Management have been meeting monthly to reconcile health care bills and identify health insurance issues. All reconciled items are dated and corrected. Of the nine exceptions cited, seven were corrected prior to the audit date; the remaining two were corrected during the audit. We would also point out that \$4,932 represents .0082 percent of the volume of benefits processed annually.*

*Access to the Personnel Management Information System (PMIS) for the six employees in question was terminated on September 18, 2001. BES is a sub-system of PMIS. A listing of all employees who have BES access will be requested in April and October each year to reconcile agency records and actual duties performed by DHRM employees.*

*The Benefits Section of DHRM will request and receive a bi-annual report from the Virginia Department of Human Resource Management that lists all employees who have BES access. The Benefits Coordinator will review these reports with the HR Director Senior within five working days of receipt of listing to ensure appropriate DHRM employees have PMIS access. Any errors will be reported to the Virginia Department of Human Resource Management for correction within ten days.*

*Since November 2000, DHRM has been tracking all separations to ensure that the electronic/paper separation checklist is received from all divisions before the file is archived. Senior management is notified when managers and supervisors do not comply with termination procedures. Effective November 1, 2001, the Division of Information Systems and the Office of General Services receive a monthly listing of separated employees.*

*Procedures for the payment of leave balances were implemented in January 2001. When the resignation letter is received, the supervisor is e-mailed the termination checklist, with instructions, within two working days. These instructions include the statement that leave balances are needed two working days after separation. All leave balances are now forwarded to the Payroll Unit on the official employee transaction record (P-3) and signed by the Human Resource Assistant. If leave balances are not received within the prescribed time period, reminder e-mails are sent to the employee, the supervisor and then upper management.*

*Responsible Position: David A. Mitchell, Controller,  
Sally U. Blanchard, Director, Human  
Resource Management*

## **DATA PROCESSING CONTROLS**

### **Program Change Controls**

#### **01-40. Improve Documentation for System Modifications**

Applicable to: Department of Social Services

This finding is included in the "Financial Statement Findings" section of this report as finding number 01-3.

### **Information Security Programs**

#### **01-41. Assign Responsibility for Security of the Oracle Production Databases and Develop Policies and Procedures or Guidelines for Maintaining Proper Controls**

Applicable to: Department of Health

This finding is included in the "Financial Statement Findings" section of this report as finding number 01-5.

**01-42. Strengthen Operating System Security Policies**

Applicable to: Department of Health

This finding is included in the “Financial Statement Findings” section of this report as finding number 01-6.

**01-43. Finalize Policies and Procedures for Oracle Security Controls**

Applicable to: Department of Social Services

This finding is included in the “Financial Statement Findings” section of this report as finding number 01-8.

**01-44. Comply with the Commonwealth of Virginia (COV) Information Technology Resource Management (ITRM) Standard 2000-01.1**

Applicable to: Department of Transportation

This finding is included in the “Financial Statement Findings” section of this report as finding number 01-10.

**INFORMATION SYSTEMS PROJECT DEVELOPMENT**

**01-45. Develop a Reliable and Realistic Funding Scheme and Reassess the Timeline of the Web-VISION Project Plan**

Applicable to: Department of Health

This finding is included in the “Financial Statement Findings” section of this report as finding number 01-14.

**COMMONWEALTH OF VIRGINIA**  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 2001

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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**FINANCIAL STATEMENT FINDINGS**

**Department of Accounts - Statewide Issues**

2000	12	00-5	Strengthen Controls over Systems Modification Requests	N/A	DOA	-	Corrective action implemented.
2000	14	00-8	Comply with the Commonwealth of Virginia ITRM Standard 2000-01.1	N/A	DOA	-	Corrective action implemented.

**Department of Health**

2000	16	00-10	Complete Information Security Program	N/A	VDH	-	Corrective action implemented.
1999	23	99-13					
2000	17	00-11	Strengthen WIC Information Security	N/A	VDH	-	Corrective action implemented.
1999	22	99-12					
1998	17	98-12					
2000	23	00-18	Complete an IT Strategic Plan and a Comprehensive Annual Work Plan for the Office of Information Management	N/A	VDH	-	Corrective action implemented.
2000	24	00-19	Develop a Project Plan Using a Realistic and Reliable Funding Scheme	N/A	VDH	-	See Audit Control No. 01-14.
1999	28	99-16					
1998	28	98-23					

**Department of Information Technology - Service Bureau**

2000	26	00-20	Perform a Review of Trusted Relationships	N/A	DIT	-	See Audit Control No. 01-15.
1999	30	99-17					
2000	26	00-21	Review Current Policies and Procedures Periodically	N/A	DIT	-	Corrective action implemented.
2000	27	00-22	Review Agency UNISYS Sub Administrator Accounts	N/A	DIT	-	Corrective action implemented.
2000	27	00-23	Limit Data Center Access	N/A	DIT	-	Corrective action implemented.
1999	33	99-24					
1998	29	98-24					
2000	28	00-24	Require Vendor Notification of Employee Termination	N/A	DIT	-	Corrective action implemented.
1999	34	99-25					
1998	30	98-25					
2000	29	00-25	Maintain Proper Controls for Local Area Network Security Access	N/A	DIT	-	Corrective action implemented.

**Department of Mental Health Mental Retardation and Substance Abuse Services**

2000	18	00-12	Comply with COV ITRM Standard 2000-01.1	N/A	DMHMRSAS	-	Corrective action implemented.
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**COMMONWEALTH OF VIRGINIA**Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 2001

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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**Department of Social Services**

2000	9	00-1	Improve Financial Reporting to the Department of Accounts	N/A	DSS	-	Corrective action implemented.
2000	10	00-2	Improve Internal Controls over Oracle Databases	N/A	DSS	-	See Audit Control No. 01-8.
2000	13	00-6	Improve Documentation for System Modifications	N/A	DSS	-	See Audit Control No. 01-3.

**Department of Alcoholic Beverage Control**

2000	15	00-9	Strengthen Operation System Security	N/A	ABC	-	Corrective action implemented.
2000	21	00-17	Strengthen Project Management for Replacement of the Product Distribution System	N/A	ABC	-	Corrective action implemented.
1999	24	99-15					

**University of Virginia Medical Center**

2000	11	00-3	Strengthen Controls Over Timely Deletion of Systems Access	N/A	UVAMC	-	Corrective action implemented.
2000	13	00-7	Develop Formal Change Control Procedures over Peoplesoft and Oracle Applications	N/A	UVAMC	-	See Audit Control No. 01-4.
2000	18	00-13	Strengthen Security over Critical Information Systems and Network	N/A	UVAMC	-	See Audit Control No. 01-11.
1999	15	99-7					
1998	12	98-6					
1997	15	97-6					

**Virginia Commonwealth University**

2000	19	00-14	Enhance Information Security Program	N/A	VCU	-	Corrective action implemented.
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**Virginia Employment Commission**

2000	11	00-4	Eliminate Inappropriate Access to Automated Systems' Production Data Files	N/A	VEC	-	Corrective action implemented.
2000	20	00-15	Update Business Impact Analysis and Risk Assessment	N/A	VEC	-	See Audit Control No. 01-13.

**Virginia Polytechnic Institute and State University**

2000	20	00-16	Strengthen Security Over the VTAIX Server	N/A	VPISU	-	Corrective action implemented.
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**COMMONWEALTH OF VIRGINIA**Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 2001

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS****U.S. Department of Agriculture**

2000	30	00-26	Strengthen Controls Over Redeemed WIC Checks to Detect and Prevent Fraud	10.557	VDH	-	Corrective action implemented.
2000	32	00-27	Conduct On-Site Visits to Ensure Compliance with WIC Federal Regulations	10.557	VDH	-	Corrective action implemented.
2000	34	00-28	Strengthen Controls over Un-issued WIC Checks	10.557	VDH	-	Corrective action implemented.
2000 1999	36 36	00-29 99-27	Strengthen WIC Information Security	N/A N/A	VDH	-	Corrective action implemented.

**U.S. Department of Education**

2000	41	00-34	Comply with Federal Regulations for Exit Counseling	Financial Aid Cluster	VCCS	-	Corrective action implemented.
2000	41	00-35	Redeposit Student Financial Aid Refunds Promptly	Financial Aid Cluster	VCCS	-	See Audit Control No. 01-24.

**U. S. Department of Defense**

2000	37	00-30	Strengthen Controls over CARS and ACF2 Access	N/A	DMA	-	Corrective action implemented.
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**U. S. Department of Labor**

2000	39	00-31	Eliminate Inappropriate Access to Automated Systems' Production Data Files	N/A	VEC	-	Corrective action implemented.
2000	39	00-32	Update Business Impact Analysis and Risk Assessment	N/A	VEC	-	See Audit Control No. 01-20.

**U.S. Department of Health and Human Services**

2000	50	00-48	Improve Oversight of the Medicaid Eligibility Quality Control Pilot	Medicaid Cluster	DMAS	-	Corrective action implemented.
2000	51	00-49	Perform Immunization Site Visit Monitoring in Compliance with Federal Regulations	93.268	VDH	-	Corrective action implemented.
2000	53	00-50	Ensure Complete Immunization Documentation on Patient Records	93.268	VDH	-	Corrective action implemented.

**COMMONWEALTH OF VIRGINIA**  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 2001

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
2000 1999	54 45	00-51 99-43	Investigate Medicaid Eligibility Quality Control Error Cases	Medicaid Cluster	DMAS	- \$ 43,000	Corrective action implemented; questioned costs remain unresolved.
2000	55	00-52	Develop Independent Peer Review Monitoring	93.959	DMHMRSAS	-	See Audit Control No. 01-32.
2000 1999	56 47	00-53 99-46	Improve Use of Income Eligibility Verification System	93.558	DSS	-	See Audit Control No. 01-31.
2000	57	00-54	Prevent Convicted Recipients from Receiving Medicaid Benefits	Medicaid Cluster	DMAS	-	See Audit Control No. 01-33.
2000	58	00-55	Improve Tracking of Provider Review Investigations	Medicaid Cluster	DMAS	-	Corrective action implemented.
2000	58	00-56	Improve Controls over the Medicaid Eligibility Determination Process	Medicaid Cluster	DMAS DSS	- -	Corrective action implemented. See Audit Control No. 01-34.
2000	60	00-57	Improve Controls over the Cost Allocation Process	All Programs	DSS	-	Corrective action implemented
1999 47	44 47	99-42 99-45	Complete Timely Investigations of Recipient Fraud	Medicaid Cluster	DMAS	\$ 4.3-5.4 million	Corrective action implemented; questioned costs remain unresolved.

**U.S. Department of Health and Human Services - Findings Effecting Multiple Federal Departments**

2000 1999 1998	40 38 39	00-33 99-31 98-36	Properly Charge Payroll to Federal Programs	All Programs	DSS	-	See Audit Control No. 01-27.
2000	42	00-36	Manage Contracts and Update Procurement Policies and Procedures	All Programs	VDH	-	See Audit Control No. 01-37.
2000	43	00-37	Improve Internal Controls over Payroll	All Programs	DSS	-	See Audit Control No. 01-39.
2000	47	00-38	Improve Internal Controls over Oracle Databases	N/A	DSS	-	See Audit Control No. 01-43.
2000	48	00-39	Strengthen Controls over Systems Modification Requests	N/A	DOA	-	Corrective action implemented.
2000	48	00-40	Improve Documentation for Systems Modifications	N/A	DSS	-	See Audit Control No. 01-40.
2000	48	00-41	Comply with the Commonwealth of Virginia Information Technology Resource Management (ITRM) Standard 2000-01.1	N/A	DOA	-	Corrective action implemented.
2000 1999 1998	48 42 48	00-42 99-39 98-57	Complete Information Security Program	N/A	VDH	-	Corrective action implemented.
2000	48	00-43	Comply with COV ITRM Standard 2000-01.1	N/A	DMHMRSAS	-	Corrective action implemented.
2000	48	00-44	Enhance Information Security Program	N/A	VCU	-	Corrective action implemented.

**COMMONWEALTH OF VIRGINIA**

## Comments on Resolution of Prior Year Audit Findings

For the Year Ended June 30, 2001

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
2000	49	00-45	Strengthen Security Over the VTAIX Server	N/A	VPISU	-	Corrective action implemented.
2000	49	00-46	Complete an IT Strategic Plan and a Comprehensive Annual Work Plan for the Office of Information Management	N/A	VDH	-	Corrective action implemented.
2000	49	00-47	Develop a Project Plan Using a Realistic and	N/A	VDH	-	See Audit Control No. 01-45.
1999	42	99-40	Reliable Funding Scheme				
1998	48	98-57					

INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the general purpose financial statements of the Commonwealth of Virginia as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001. These general purpose financial statements are the responsibility of the Commonwealth's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit federal assistance programs for the agencies and component units discussed in Note 1 of the "Notes to the Schedule of Expenditures of Federal Awards."

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying "Schedule of Expenditures of Federal Awards" is presented for the purpose of additional analysis, as required by OMB Circular A-133, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS  
December 12, 2001

JHT:whb

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
<b>U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT</b>				
Other Assistance:	02.000			
Community Based Primary Health Care			\$ 118,274	American International Health Alliance
USAID Pesticides		\$ (4,765)		
Vernonia In Eritrea		1,743		
Vernonia Production		2,589		
Other		7,385		
Other			508,122	South East Consortium for International Development
		6,952	626,396	
Total Excluding Cluster Identified Below				
Research and Development Cluster:				
Other Assistance:	02.000			
Kazakhstan Initial Partnership Research			65,818	American International Health Alliance
Other		2,630,377		
Other			79,737	Association Liaison Office Cooperation in Development
Other			71,368	Contraceptive Research and Development Program
Other			43,801	Michigan State University
Other			170,847	University of Georgia
		2,630,377	431,571	
Total Research and Development Cluster				
Total U.S. Agency for International Development				
		2,637,329	1,057,967	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Agricultural Research - Basic and Applied Research	10.001	47,585		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	106,213		
Forestry Incentives Program	10.064	42,500		
Wetlands Reserve Program	10.072	70,040		
Market Protection and Promotion	10.163	19,365		
Transportation Services	10.167	23,477		
Grants for Agricultural Research, Special Research Grants	10.200	312,507		
Grants for Agricultural Research, Special Research Grants	10.200		2,000	University of Florida
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	58,694		
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		9,719	University of Florida
Higher Education Challenge Grants	10.217	182,310		
Higher Education Multicultural Scholars Program	10.220	44,944		
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	1,487,042		
Cooperative Extension Service	10.500	11,987,294		
Cooperative Extension Service	10.500		136,564	Auburn University
Cooperative Extension Service	10.500		7,310	North Carolina State University
Cooperative Extension Service	10.500		(149)	Purdue University
Cooperative Extension Service	10.500		18,784	Texas A&M University
Cooperative Extension Service	10.500		113,824	University of Arizona
Cooperative Extension Service	10.500		1,120	University of Missouri
Food Donation	10.550	439,950		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	75,093,255		
Child and Adult Care Food Program	10.558	19,451		
State Administrative Expenses for Child Nutrition	10.560	1,534,326		
Nutrition Program for the Elderly (Commodities)	10.570	2,047,593		
Cooperative Forestry Assistance	10.664	3,251,796		
Rural Business Enterprise Grants	10.769	2,474		
Rural Cooperative Development Grants	10.771	29,814		
Distance Learning and Telemedicine Loans and Grants	10.855	96,152		
Resource Conservation and Development	10.901	484		
Resource Conservation and Development	10.901		1,990	Black Diamond Resource Center
Wildlife Habitat Incentive Program	10.914	120,668		
Technical Agricultural Assistance	10.960	16,585		
Other Assistance:	10.000			
Agriculture Marketing Service		3,934		
National Agriculture Statistics Service		1,435		
Rural Entrepreneurship Institute			88,151	Hampton University

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Other		570,164		
Other			5,800	University of Minnesota Twin Cities
Total Excluding Clusters Identified Below		<u>97,610,052</u>	<u>385,113</u>	
Food Stamp Cluster:				
Food Stamps	10.551	262,942,699		
State Administrative Matching Grants for Food Stamp Program	10.561	<u>61,985,659</u>		
Total Food Stamp Cluster		<u>324,928,358</u>		
Child Nutrition Cluster:				
School Breakfast Program	10.553	26,817,915		
National School Lunch Program	10.555	125,035,998		
Special Milk Program for Children	10.556	60,636		
Summer Food Service Program for Children	10.559	<u>88,818</u>		
Total Child Nutrition Cluster		<u>152,003,367</u>		
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program (Administrative Costs)	10.568	862,488		
Emergency Food Assistance Program (Food Commodities)	10.569	<u>3,957,596</u>		
Total Emergency Food Assistance Cluster		<u>4,820,084</u>		
Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	<u>532,495</u>		
Research and Development Cluster:				
Agricultural Research - Basic and Applied Research	10.001	1,135,554		
Plant and Animal Disease, Pest Control, and Animal Care	10.025	(1,570)		
Wildlife Services	10.028	58,937		
Grants for Agricultural Research, Special Research Grants	10.200	641,354		
Grants for Agricultural Research, Special Research Grants	10.200		14,392	Cornell University
Grants for Agricultural Research, Special Research Grants	10.200		3,595	Joseph W. Jones Ecological Research
Grants for Agricultural Research, Special Research Grants	10.200		21,200	Oregon State University
Grants for Agricultural Research, Special Research Grants	10.200		14,571	Southern Illinois University
Grants for Agricultural Research, Special Research Grants	10.200		6,050	University of Arkansas Fayetteville
Grants for Agricultural Research, Special Research Grants	10.200		9,853	University of Florida
Grants for Agricultural Research, Special Research Grants	10.200		9,127	University of Maine
Cooperative Forestry Research	10.202	568,882		
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	3,101,419		
Payments to 1890 Land - Grant Colleges and Tuskegee University	10.205	2,531,028		
Grants for Agricultural Research - Competitive Research Grants	10.206	1,590,260		
Grants for Agricultural Research - Competitive Research Grants	10.206		83	University of Florida
Animal Health and Disease Research	10.207	99,645		
Animal Health and Disease Research	10.207		56,201	University of Tennessee
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	11,589		
Sustainable Agriculture Research and Education	10.215		13,698	University of Georgia
1890 Institution Capacity Building Grants	10.216	630,412		
Higher Education Challenge Grants	10.217	5,919		
Biotechnology Risk Assessment Research	10.219	18,665		
Fund for Rural America - Research, Education, and Extension Activities	10.224	251,208		
Agricultural and Rural Economic Research	10.250	5,737		
Agricultural and Rural Economic Research Integrated Programs	10.250		14,785	Mississippi State University
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.303	25,212		
Farmers and Ranchers	10.443	310,220		
Cooperative Extension Service	10.500	9,254		
Cooperative Extension Service	10.500		7,086	North Carolina State University
Cooperative Extension Service	10.500		3,797	University of Tennessee
Nutrition Education and Training Program	10.564	31,397		
Forestry Research	10.652	1,164,793		
Cooperative Forestry Assistance	10.664	554,442		
Cooperative Forestry Assistance	10.664		9,479	Mississippi State University
Cooperative Forestry Assistance	10.664		970	Top of the Ozarks Resource Conservation and Development Inc.
Soil and Water Conservation	10.902	247,416		
Soil Survey	10.903	4,181		
Wildlife Habitat Incentive Program	10.914	45,239		
Technical Agricultural Assistance	10.960	(4,741)		
Scientific Cooperation and Research	10.961	149,213		

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Scientific Cooperation and Research	10.961		15,490	Tuskegee University
Other Assistance	10.000	176,408		
Other Assistance	10.000		30,803	Tennessee Wildlife Resources Agency
Total Research and Development Cluster		13,362,073	231,180	
Total U.S. Department of Agriculture		593,256,429	616,293	
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Export Promotion - Market Development Cooperator	11.112	10,000		
Economic Development - Technical Assistance	11.303	110,336		
Sea Grant Support	11.417	196,194		
Coastal Zone Management Administration Awards	11.419	1,725,569		
Integrated Flood Observing and Warning System (IFLOWS)	11.450	44,048		
Chesapeake Bay Studies	11.457	31,805		
Habitat Conservation	11.463	30,000		
Atlantic Coastal Fisheries Cooperative Management Act	11.474	216,161		
Public Telecommunications Facilities - Planning and Construction	11.550	48,809		
Technology Opportunities	11.552	458,795		
Measurement and Engineering Research and Standards	11.609	1,009,541		
Manufacturing Extension Partnership	11.611	265,471		
Other Assistance	11.000	36,193		
Total Excluding Clusters Identified Below		4,182,922		
Public Works and Economic Development Cluster:				
Economic Adjustment Assistance	11.307	13,837,296		
Economic Adjustment Assistance	11.307		19,390	Cumberland Plateau Planning District
Total Public Works and Economic Development Cluster		13,837,296	19,390	
Research and Development Cluster:				
ITA Special Projects	11.113		19,928	Auburn University
Anadromous Fish Conservation Act Program	11.405	98,876		
Interjurisdictional Fisheries Act of 1986	11.407	150,949		
Sea Grant Support	11.417	2,208,083		
Sea Grant Support	11.417		54,945	Marine Biological Lab
Sea Grant Support	11.417		5,000	Maryland Center of Environmental Studies
Sea Grant Support	11.417		16,855	New Jersey Sea Grant
Coastal Zone Management Administration Awards	11.419	658,124		
Coastal Zone Management Administration Awards	11.419		3,225	Maryland Department of Natural Resources
Coastal Zone Management Estuarine Research Reserves	11.420	736,816		
Coastal Zone Management Estuarine Research Reserves	11.420		62,351	University of Maryland Biotechnology Ins.
Coastal Zone Management Estuarine Research Reserves	11.420		63,413	University of New Hampshire
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	251,988		
Undersea Research	11.430	23,559		
Undersea Research	11.430		4,343	State of North Carolina
Climate and Atmospheric Research	11.431	363,671		
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432		7,350	University of Hawaii
Research in Remote Sensing of the Earth and Environment	11.440	8,744		
Unallied Management Projects	11.454	174,259		
Chesapeake Bay Studies	11.457	218,980		
Chesapeake Bay Studies	11.457		5,531	Maryland Department of Natural Resources
Climate and Air Quality Research	11.459		3,903	University of Delaware
Meteorologic and Hydrologic Modernization Development	11.467	96,907		
Office of Administration Special Programs	11.470		16	University Corporation for Atmospheric Research
Unallied Science Program	11.472	51,386		
Unallied Science Program	11.472		49,164	South Carolina Department of Natural Resources
Public Telecommunications Facilities - Planning and Construction	11.550	22,163		
Public Telecommunications Facilities - Planning and Construction	11.550		27,135	Blacksburg Electronic Village Inc.
Measurement and Engineering Research and Standards	11.609	322,791		
Other Assistance	11.000	219,035		
Other Assistance			898	Nanosonic Inc.
Total Research and Development Cluster		5,606,331	324,057	
Total U.S. Department of Commerce		23,626,549	343,447	

**COMMONWEALTH OF VIRGINIA**  
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**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
<b>U.S. DEPARTMENT OF DEFENSE</b>				
Procurement Technical Assistance For Business Firms	12.002	147,233		
Payments to States in Lieu of Real Estate Taxes	12.112	28,209		
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	539,444		
Basic and Applied Scientific Research	12.300	52,362		
Military Construction, National Guard	12.400	1,909,182		
National Guard Military Operations and Maintenance (O&M) Projects	12.401	17,915,393		
Basic Scientific Research	12.431	118,739		
International Education - U.S. Colleges and Universities	12.550	7,775		
Mathematical Sciences Grants Program	12.901	43,452		
Research and Technology Development	12.910	157,500		
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911	75,943		
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911		11,100	Focused Management Inc.
Other Assistance:	12.000			
Community Global Project		31,117		
Global Coverage Economic		7,130		
IT Corporation		14,238		
Labor Support for Conversion		6,425		
Military Leadership Profile		45,530		
MITSS		1,205		
NATO Internship		11,250		
Navy Exchange Service Command		9,025		
NAVY Toxicology Project 1999		504		
Pac Mentor Protege Project				(153) Lockheed Martin
SACLANT Symposium		26,826		
Submarine Air Health Assessment Program			2,990	GEO-Centers, Inc.
Troops That Teach		205,000		
Troops to Teachers		15,870		
U. S. Department of the Army		116,495		
Other		1,190,268		
Other			1,500	Star Mountain
Total Excluding Cluster Identified Below		22,676,115	15,437	
Research and Development Cluster:				
Aquatic Plant Control	12.100	19,427		
Protection of Essential Highways, Highway Bridge Approaches, and Public Works	12.105	6,454		
Flood Control Projects	12.106	68,022		
Flood Control Projects	12.106		7,837	Southern Sierra Research Station
Navigation Projects	12.107	68,785		
Collaborative Research and Development	12.114	124,064		
Collaborative Research and Development	12.114		54,322	David Miller & Associates
Collaborative Research and Development	12.114		23,412	LUNA Innovations
Basic and Applied Scientific Research	12.300	11,367,296		
Basic and Applied Scientific Research	12.300		65,661	Analysis & Technology Inc.
Basic and Applied Scientific Research	12.300		461,996	Cambridge Hydrodynamics Inc.
Basic and Applied Scientific Research	12.300		231,857	Carnegie-Mellon University
Basic and Applied Scientific Research	12.300		10,720	CH2M HILL Inc.
Basic and Applied Scientific Research	12.300		37,852	Concurrent Technologies Corporation
Basic and Applied Scientific Research	12.300		16,247	Design Interactive Inc.
Basic and Applied Scientific Research	12.300		18,597	Intergraph Corporation
Basic and Applied Scientific Research	12.300		12,766	John J. McMullen Associates Inc.
Basic and Applied Scientific Research	12.300		596	Law Engineering & Environmental Services Inc.
Basic and Applied Scientific Research	12.300		47,098	Luna Innovations Inc.
Basic and Applied Scientific Research	12.300		56,415	Marasco Newton Group, Ltd.
Basic and Applied Scientific Research	12.300		(96)	MATSYS Inc.
Basic and Applied Scientific Research	12.300		50,000	Pennsylvania State University
Basic and Applied Scientific Research	12.300		166,034	Princeton University
Basic and Applied Scientific Research	12.300		194,131	University of Colorado
Basic and Applied Scientific Research	12.300		23,000	Yankee Environmental Systems Inc.
Military Construction, National Guard	12.400	27,018		
Military Medical Research and Development	12.420	2,811,702		
Military Medical Research and Development	12.420		22,495	John Hopkins University
Military Medical Research and Development	12.420		19,201	Uniformed Ser. Univ. of Health Sciences
Basic Scientific Research	12.431	2,628,433		
Basic Scientific Research	12.431		142,792	Adaptive Technologies Inc.
Basic Scientific Research	12.431		6,253	General Electric Corporate Research

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Basic Scientific Research	12.431		114,595	General Motors Corporation
Basic Scientific Research	12.431		132,167	Grumman Corporation
Basic Scientific Research	12.431		16,070	LUNA Innovations
Basic Scientific Research	12.431		26,187	Luna Innovations Inc.
Basic Scientific Research	12.431		41,607	Pennsylvania State University
Basic Scientific Research	12.431		4,510	Science Applications International
Basic Scientific Research	12.431		72,096	State of Florida
Basic Scientific Research	12.431		103,691	University of Maryland
Basic Scientific Research	12.431		49,944	University of Michigan - Ann Arbor
Basic, Applied, and Advanced Research in Science and Engineering	12.630	870,850		
Basic, Applied, and Advanced Research in Science and Engineering	12.630		155,350	BAE Systems Information & Electronic Warfare Systems
Basic, Applied, and Advanced Research in Science and Engineering	12.630		3,104	Eikos LLC
Basic, Applied, and Advanced Research in Science and Engineering	12.630		50,540	Lambda Instruments Inc.
Basic, Applied, and Advanced Research in Science and Engineering	12.630		6,769	Nanosonic Inc.
Basic, Applied, and Advanced Research in Science and Engineering	12.630		21,989	Syndetix Inc.
Integrated Helicopter Design Tools	12.640	3,219		
Integrated Helicopter Design Tools	12.640		71,708	University of Illinois
Integrated Helicopter Design Tools	12.640		250,205	Veridian Pacific-Sierra Research Corporation
Air Force Defense Research Sciences Program	12.800	2,485,468		
Air Force Defense Research Sciences Program	12.800		10,099	AeroSoft Inc.
Air Force Defense Research Sciences Program	12.800		87,164	Boeing
Air Force Defense Research Sciences Program	12.800		78,984	CENTRA Technology Inc.
Air Force Defense Research Sciences Program	12.800		11,479	ERC Inc.
Air Force Defense Research Sciences Program	12.800		3,494	Hy-Tech Research Corporation
Air Force Defense Research Sciences Program	12.800		6,078	Johns Hopkins University
Air Force Defense Research Sciences Program	12.800		131,627	Luna Innovations Inc.
Air Force Defense Research Sciences Program	12.800		124,575	Nanosonic Inc.
Air Force Defense Research Sciences Program	12.800		(44,608)	Phoenix Solutions Co
Air Force Defense Research Sciences Program	12.800		8,625	Se Ctr. For Electrical Eng. Ed.
Air Force Defense Research Sciences Program	12.800		94,064	Sparta Inc.
Air Force Defense Research Sciences Program	12.800		84,866	Syndetix Inc.
Air Force Defense Research Sciences Program	12.800		27,683	Universities Space Research Association
Air Force Defense Research Sciences Program	12.800		43,899	University of Dayton
Air Force Defense Research Sciences Program	12.800		60,029	University of Dayton
Air Force Defense Research Sciences Program	12.800		276,356	University of Southern California
Air Force Defense Research Sciences Program	12.800		51,369	Yale University
Mathematical Sciences Grants Program	12.901	11,908		
Research and Technology Development	12.910	2,924,851		
Research and Technology Development	12.910		94,169	Cambridge Hydrodynamics
Research and Technology Development	12.910		337,206	Harvard University
Research and Technology Development	12.910		101,158	HRL Laboratories LLC
Research and Technology Development	12.910		16,897	Nanosonic Inc.
Research and Technology Development	12.910		321,349	Raytheon Systems Company
Research and Technology Development	12.910		24,744	University of Delaware
Research and Technology Development	12.910		141,083	Xilinx Inc.
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911		1,055	BAE Systems Information & Electronic Warfare Systems
Other Assistance:	12.000			
Analysis and Inspection of Asbestos Material		73,796		
Enzyme-Catalyzed Polymerization Research			81,183	Max Power, Inc.
Modeling of Aluminum Nano-Powders			29,984	Conducing Materials Corporation
Quantum Design of High Energetic Materials Phase II			35,903	Conducing Materials Corporation
Virtual Colonoscopy Study			2,329	Ingrid Ingram - Clinical Innovation Group
Visualization, Modeling & Simulation Instrumentation		156,068		
Workshop on Wide Bandgap Nitrides		289		
Other		7,668,905		
Other			22,984	ADOPTTECH Inc.
Other			7,259	AeroSoft Inc.
Other			425	Alliant Techsystems Inc.
Other			(2,167)	American Systems Engineering Corporation
Other			30,356	Analysis & Technology Inc.
Other			45,103	Battelle
Other			27,590	Bekey Designs Inc.
Other			24,400	DCS Corporation
Other			94,932	Global Technical Systems
Other			77,408	Kopin Corporation

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Other			709	Law Engineering & Environmental Services Inc.
Other			115,222	Luna Innovations Inc.
Other			13,331	McDermott Technology Inc.
Other			831	Nanosonic Inc.
Other			8,509	Old Dominion Research Foundation
Other			528	Prime Photonics Inc.
Other			18,303	Stress Technology Inc.
Other			27,041	Technology in Blacksburg Inc.
Other			31,243	Universities Space Research Association
Other			54,073	UTD Inc.
Total Research and Development Cluster		<u>31,316,555</u>	<u>5,630,641</u>	
Total U.S. Department of Defense		<u><u>53,992,670</u></u>	<u><u>5,646,078</u></u>	

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

Community Development Block Grants/State's Program	14.228	20,635,882		
Emergency Shelter Grants Program	14.231	1,273,898		
Supportive Housing Program	14.235	490,332		
Historically Black Colleges and Universities Program	14.237	325,593		
Shelter Plus Care	14.238	102,500		
HOME Investment Partnerships Program	14.239	9,929,762		
Housing Opportunities for Persons with AIDS	14.241	324,397		
Housing Opportunities for Persons with AIDS	14.241		16,113	City of Richmond
Fair Housing Assistance Program - State and Local	14.401	245,277		
Community Outreach Partnership Center Program	14.511	87,412		
Community Development Work-Study Program	14.512	50,979		
Public Housing - Tenant Opportunities Program	14.853		34,885	City of Danville Housing Authority
Economic Development and Supportive Services Program	14.864		73,792	City of Danville Housing Authority
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	729,379		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		26,010	City of Richmond
Other Assistance:	14.000			
HBCU 2001 Urban Revitalization		36,349		
HBCU Project		283,716		
HUD Aware / Brambleton Redesign		11,910		
NSU Center for Crime Prevention		(7,612)		
Spartan Academy			8,378	City of Norfolk
Total Excluding Clusters Identified Below		<u>34,519,774</u>	<u>159,178</u>	
CDBG - Entitlement and (HUD-Administered) Small Cities Cluster:				
Community Development Block Grants/Entitlement Grants	14.218		11,315	City of Charlottesville
Research and Development Cluster:				
Manufactured Home Construction and Safety Standards	14.171	238,987		
Community Development Block Grants/Economic Development Initiative	14.246	479,239		
General Research and Technology Activity	14.506	7,575		
Community Outreach Partnership Center Program	14.511	42,138		
Other Assistance:	14.000			
Development of Sub-City Urban Indicators in China and Guatemala			29,128	University Consortium for Geographic Information Science
Other			7,060	University of New Orleans
Total Research and Development Cluster		<u>767,939</u>	<u>36,188</u>	
Total U.S. Department of Housing and Urban Development		<u><u>35,287,713</u></u>	<u><u>206,681</u></u>	

**U.S. DEPARTMENT OF THE INTERIOR**

Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	3,311,605		
Abandoned Mine Land Reclamation (AMLR) Program	15.252	5,290,410		
Endangered Species Conservation	15.612	7,127		
Coastal Wetlands Planning, Protection and Restoration Act	15.614	1,061,732		
Cooperative Endangered Species Conservation Fund	15.615	45,286		
Clean Vessel Act	15.616	328,076		
Historic Preservation Fund Grants-In-Aid	15.904	746,289		
National Natural Landmarks Program	15.910	428		
Outdoor Recreation - Acquisition, Development and Planning	15.916	111,459		

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Rivers, Trails and Conservation Assistance	15.921	(84)		
National Maritime Heritage Grants	15.925	9		
Other Assistance:	15.000			
Hanover Cottage Renovations		52,910		
IPA-Bureau of Lang Management		87,481		
Land and Water Conservation fund-American Battlefield Acquisition		3,028,000		
Other		1,674		
Total Excluding Clusters Identified Below		<u>14,072,402</u>		
Fish and Wildlife Cluster:				
Sport Fish Restoration	15.605	3,868,046		
Wildlife Restoration	15.611	3,604,843		
Total Fish and Wildlife Cluster		<u>7,472,889</u>		
Research and Development Cluster:				
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	14,121		
Water Reclamation and Reuse Program	15.504	40,588		
Water Reclamation and Reuse Program	15.504		15,140	URS Corporation
Fish and Wildlife Management Assistance	15.608	78,723		
Wildlife Conservation and Appreciation	15.617	40,632		
Wildlife Conservation and Appreciation	15.617		4,789	Universidad Autonoma de Chihuahua
North American Wetlands Conservation Fund	15.623	1,265		
Assistance to State Water Resources Research Institutes	15.805	182,857		
Assistance to State Water Resources Research Institutes	15.805		10,000	University of Kentucky
Earthquake Hazards Reduction Program	15.807	44,116		
U.S. Geological Survey - Research and Data Acquisition	15.808	1,677,867		
National Cooperative Geologic Mapping Program	15.810	1		
Historic Preservation Fund Grants-In-Aid	15.904	20,021		
National Historic Landmark	15.912	38,720		
Technical Preservation Services	15.915	373,913		
Technical Preservation Services	15.915		128	Florida International University
Outdoor Recreation - Acquisition, Development and Planning	15.916	216,147		
Rivers, Trails and Conservation Assistance	15.921	289,398		
National Center for Preservation Technology and Training	15.923	1,791		
Other Assistance:	15.000			
Fish and Wildlife Services		3,000		
Other		317,157		
Total Research and Development Cluster		<u>3,340,317</u>	<u>30,057</u>	
Total U.S. Department of the Interior		<u>24,885,608</u>	<u>30,057</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Equal Employment Opportunity	16.101	721		
Law Enforcement Assistance - FBI Advanced Police Training	16.300	141		
Juvenile Accountability Incentive Block Grants	16.523	4,756,672		
Juvenile Accountability Incentive Block Grants	16.523		6,756	County of Henrico
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2,098,143		
Juvenile Justice and Delinquency Prevention - Special Emphasis	16.541	28,748		
Gang-Free Schools and Communities - Community-Based				
Gang Intervention	16.544	95,985		
Victims of Child Abuse	16.547		18,721	Virginia CASA Association
Part E - State Challenge Activities	16.549	213,998		
National Criminal History Improvement Program (NCHIP)	16.554	1,182,376		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	4,517		
Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	16.564	1,109,400		
Crime Victim Assistance	16.575	9,101,153		
Crime Victim Compensation	16.576	1,348,009		
Byrne Formula Grant Program	16.579	9,428,914		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	264,690		
Drug Court Discretionary Grant Program	16.585	9,867		
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	1,847,425		
Violence Against Women Formula Grants	16.588	3,245,180		
Rural Domestic Violence and Child Victimization Enforcement Grant Program	16.589	189,815		
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	176,285		
Local Law Enforcement Block Grants Program	16.592	776,011		
Residential Substance Abuse Treatment for State Prisoners	16.593	1,140,156		

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Executive Office for Weed and Seed	16.595		4,052	City of Charlottesville
State Identification Systems Grant Program	16.598	57,155		
Planning, Implementing, and Enhancing Strategies in Community Prosecution	16.609	8,442		
Public Safety Partnership and Community Policing Grants	16.710	323,568		
Troops to COPS	16.711	18,635		
Police Corps	16.712	133		
Enforcing Underage Drinking Laws Program	16.727	441,658		
Drug-Free Communities Support Program Grants	16.729		4,429	Staunton/Augusta County CADRE
Other Assistance:	16.000			
Beaumont Juvenile Corr Center Kitchen & Dining Hall		52,898		
Cops Universal Hiring Program		41,564		
C.O.P.S International Hiring Program		16,801		
Ukrainian Study		47,336		
Total Excluding Cluster Identified Below		38,026,396	33,958	
Research and Development Cluster:				
Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	74,719		
Law Enforcement Assistance - FBI Crime Laboratory Support	16.301	4,150		
Law Enforcement Assistance - National Crime Information Combined DNA Index System	16.304	1,091		
Juvenile Accountability Incentive Block Grants	16.307	(14,460)		
Juvenile Justice and Delinquency Prevention - Special Emphasis	16.523	21,597		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.541	186,003		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	256,171		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		25,386	Sam Houston State University
Byrne Formula Grant Program	16.579	167,521		
Violence Against Women Formula Grants	16.588	45,242		
Other Assistance:	16.000			
Barrett Juvenile Correctional Center Study		47,095		
Other		220,351		
Total Research and Development Cluster		1,009,480	25,386	
Total U.S. Department of Justice		39,035,876	59,344	
<b>U.S. DEPARTMENT OF LABOR</b>				
Labor Force Statistics	17.002	1,653,700		
Compensation and Working Conditions	17.005	117,845		
Certification of Foreign Workers for Temporary Agricultural Employment	17.202	288,934		
Labor Certification for Alien Workers	17.203	978,578		
Unemployment Insurance	17.225	292,404,082		
Senior Community Service Employment Program	17.235	3,005,783		
Trade Adjustment Assistance - Workers	17.245	15,114,634		
Employment Services and Job Training Pilots - Demonstrations and Research	17.249	9,830,019		
Employment Services and Job Training Pilots - Demonstrations and Research	17.249		9,575	United Cerebral Palsy
Employment Services and Job Training Pilots - Demonstrations and Research	17.249		151,744	Virginia Business Education Partner
Welfare-to-Work Grants to States and Localities	17.253	6,378,197		
Welfare-to-Work Grants to States and Localities	17.253		147,118	City of Charlottesville
Welfare-to-Work Grants to States and Localities	17.253		1,119,923	National Council on Aging
Welfare-to-Work Grants to States and Localities	17.253		70,491	Welfare to Work Local Areas
Workforce Investment Act	17.255	17,664,486		
Workforce Investment Act	17.255		2,299	Clinch Valley Community Action, Inc.
Workforce Investment Act	17.255		1,304,802	Local Area One Stop Centers
Workforce Investment Act	17.255		173,780	Thomas Jefferson Planning Commission
One-Stop Career Center Initiative	17.257			
Occupational Safety and Health - State Program	17.503	2,885,094		
Consultation Agreements	17.504	804,146		
Mine Health and Safety Grants	17.600	285,818		
Other Assistance:	17.000			
Cooperative Agreement - Data Collection Program		25,470		
Richmond Welfare-to-Work Demonstration Research			142,124	Richmond Career Advancement
Total Excluding Clusters Identified Below		351,436,786	3,121,856	

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Employment Services Cluster:				
Employment Service	17.207	19,722,885		
Disabled Veterans' Outreach Program (DVOP)	17.801	1,647,100		
Local Veterans' Employment Representative Program	17.804	<u>1,050,551</u>		
Total Employment Services Cluster		<u>22,420,536</u>		
JTPA Cluster:				
Employment and Training Assistance - Dislocated Workers	17.246	1,182,252		
Employment and Training Assistance - Dislocated Workers	17.246		27,838	City of Charlottesville
Employment and Training Assistance - Dislocated Workers	17.246		416	Information Technology Association of America
Employment and Training Assistance - Dislocated Workers	17.246		73,520	Thomas Jefferson Planning Commission
Job Training Partnership Act	17.250	3,224,227		
Job Training Partnership Act	17.250		327,934	Bay Consortium - Private Industry Council
Job Training Partnership Act	17.250		417	City of Charlottesville
Job Training Partnership Act	17.250		6,371	Clinch Valley Community Action, Inc.
Job Training Partnership Act	17.250		36,331	Fifth District Training Consortium
Job Training Partnership Act	17.250		<u>211,323</u>	Lunenburg County
Total JTPA Cluster		<u>4,406,479</u>	<u>684,150</u>	
Research and Development Cluster:				
Employment Services and Job Training Pilots - Demonstrations and Research	17.249	<u>47,955</u>		
Total U.S. Department of Labor		<u>378,311,756</u>	<u>3,806,006</u>	
<b>U.S. DEPARTMENT OF STATE</b>				
Professional Development International Educators /Administrators	19.404	1,180		
College and University Partnerships Program	19.405	50,245		
Other Assistance	19.000	<u>280,863</u>		
Total Excluding Cluster Identified Below		<u>332,288</u>		
Research and Development Cluster:				
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	19,000		
College and University Affiliations Program	19.406	63,917		
Professional Exchanges - Annual Open Grant	19.415	58,868		
Other Assistance:	19.000			
The Regional Dimension of Russian Health Care			32,287	National Council for Eurasian and East Europe Research
Other		<u>(32,553)</u>		
Total Research and Development Cluster		<u>109,232</u>	<u>32,287</u>	
Total U.S. Department of State		<u>441,520</u>	<u>32,287</u>	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Boating Safety Financial Assistance	20.005	1,007,925		
Airport Improvement Program	20.106	745,431		
Airport Improvement Program	20.106		8,925	Mitre Corporation
Highway Training and Education	20.215	40,418		
National Motor Carrier Safety	20.218	2,667,484		
Recreational Trails Program	20.219	183,035		
High Speed Ground Transportation - Next Generation High Speed Rail Program	20.312	17,800		
Federal Transit - Metropolitan Planning Grants	20.505	1,485,366		
Formula Grants for Other Than Urbanized Areas	20.509	5,383,447		
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	1,944,855		
Transit Planning and Research	20.514	40,157		
Pipeline Safety	20.700	161,348		
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	168,567		
Historically Black Colleges and Universities - Entrepreneurial Training and Technical Assistance	20.907	16,516		
Historically Black Colleges and Universities - Entrepreneurial Training and Technical Assistance	20.907		32,617	South Carolina State University
Other Assistance:	20.000			
Alcohol Countermeasures (56091 & 57091)		64,110		

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Computerized Model of Combined Explosive Detection		32,023		
FY '92 Fatal Accident and Reporting System (53095)		18,826		
Intelligent Transportation System (ITS/CVISN)		672,479		
Intermodal Surface Transportation Efficiency Act			9,372	Loudoun County
Motor Carrier Safety Action Project/Incentive Funds		763,089		
Section 154 Open Container Funds		859,839		
Section 2003B Child Passenger Funds		178,264		
Share the Road Safety Campaign-Technology Development		2,439		
Other		<u>619,985</u>		
Total Excluding Clusters Identified Below		<u>17,073,403</u>	<u>50,914</u>	
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	541,791,069		
Highway Planning and Construction	20.205		76,085	Thomas Jefferson Planning District
Highway Planning and Construction	20.205		52,387	University of Maryland
Occupant Protection	20.602	49,515		
Safety Incentive Grants for Use of Seatbelts	20.604	767,891		
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	<u>2,632,493</u>		
Total Highway Planning and Construction Cluster		<u>545,240,968</u>	<u>128,472</u>	
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants	20.500	<u>1,784,382</u>		
Highway Safety Cluster:				
State and Community Highway Safety	20.600	4,311,988		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	<u>793,333</u>		
Total Highway Safety Cluster		<u>5,105,321</u>		
Research and Development Cluster:				
Boating Safety	20.001	16		
Bridge Alteration	20.007	17,289		
Aviation Research Grants	20.108	410,174		
Aviation Research Grants	20.108		348	TRW
Aviation Research Grants	20.108		(58)	University of California, Berkeley
Highway Training and Education	20.215	186,560		
Highway Training and Education	20.215		22,612	Battelle
Highway Training and Education	20.215		8,470	SAE International
Motor Carrier Safety	20.217	1,249,949		
Motor Carrier Safety	20.217		24,039	University of Maryland
Federal Transit Grants for University Research and Training	20.502	688,287		
Federal Transit Technical Assistance	20.512	25,116		
Transit Planning and Research	20.514	(46,034)		
State Planning and Research	20.515	103,903		
State Planning and Research	20.515		109,462	Virginia Transportation Research Center
University Transportation Centers Program	20.701	1,014,821		
University Transportation Centers Program	20.701		185,455	Pennsylvania State University
University Transportation Centers Program	20.701		(30,678)	Pennsylvania State University
University Transportation Centers Program	20.701		57,822	University of Connecticut
Other Assistance:				
FAA Updated Investigation of Web Security Data Networks		19,335		
Digital Form Processing -XML		49,204		
Ports and Waterways Safety Assessment		20,835		
Other		1,483,875		
Other			40,637	Last Resource Inc.
Other			1,887	Luna Innovations Inc.
Other			85,261	National Academy of Sciences
Other			27,777	National Transit Institute
Other			100,444	Pennsylvania State University
Other			9,560	Science Applications International
Other			79,441	University of California, Berkeley
Total Research and Development Cluster		<u>5,223,330</u>	<u>722,479</u>	
Total U.S. Department of Transportation		<u>574,427,404</u>	<u>901,865</u>	

**APPALACHIAN REGIONAL COMMISSION**

Appalachian Regional Development	23.001	146,581		
Appalachian Area Development	23.002	108,883		

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**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Appalachian State Research, Technical Assistance, and Demonstration Projects	23.011	<u>38,631</u>		
Total Excluding Cluster Identified Below		<u>294,095</u>		
Highway Planning and Construction Cluster: Appalachian Development Highway System	23.003	<u>64,739</u>		
Total Appalachian Regional Commission		<u>358,834</u>		
<b>OFFICE OF PERSONNEL MANAGEMENT</b>				
Research and Development Cluster: Intergovernmental Personnel Act (IPA) Mobility Program	27.011	<u>9,333</u>		
<b>GENERAL SERVICES ADMINISTRATION</b>				
Donation of Federal Surplus Personal Property	39.003	2,715,872		
Other Assistance	39.000	<u>340,489</u>		
Total Excluding Cluster Identified Below		<u>3,056,361</u>		
Research and Development Cluster: Other Assistance	39.000	<u>94,145</u>		
Total General Services Administration		<u>3,150,506</u>		
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>				
Technology Transfer	43.002	11,738		
Other Assistance:	43.000			
BESTSTEPS		187,183		
Portsmouth Atmospheric Science School Project		28,494		
Center for Innovative Technology			22,336	Center for Innovative Technology
Microgravity		124,955		
NASA - NRTS Partner Grant			3,718	Elizabeth City State University
NASA Langley Research Center		29,840		
Rural Outreach Project		24,950		
Turbine		52,788		
Other		<u>7,500</u>		
Total Excluding Cluster Identified Below		<u>467,448</u>	<u>26,054</u>	
Research and Development Cluster:				
Aerospace Education Services Program	43.001	7,012,592		
Aerospace Education Services Program	43.001		10,195	Arizona State University
Aerospace Education Services Program	43.001		5,408	Harvard University
Aerospace Education Services Program	43.001		53,260	Institute of Atmospheric Science
Aerospace Education Services Program	43.001		19,830	North Carolina State University
Aerospace Education Services Program	43.001		5,257	Ohio Research Institute
Aerospace Education Services Program	43.001		4,053	Old Dominion Research Foundation
Aerospace Education Services Program	43.001		54,714	University of Arizona
Aerospace Education Services Program	43.001		210,951	University of Maryland
Aerospace Education Services Program	43.001		3,298	University of Michigan
Aerospace Education Services Program	43.001		15,370	University of New Mexico
Aerospace Education Services Program	43.001		6,828	University of Oklahoma
Technology Transfer	43.002	298,857		
Technology Transfer	43.002		29,440	Johns Hopkins University
Technology Transfer	43.002		18,304	Old Dominion University Research Foundation
Other Assistance:	43.000			
A Miniature Embedded Reconfigurable Computer and Logic Module	43.000	11,796		
Development of Novel Composite & Random Materials	43.000	98,674		
Development Solid State Laser Materials	43.000	65,568		
Electric Field-Mediated Processing of Polymers	43.000	36,876		
Feasibility Study of Piezoelectric Actuators	43.000	62,278		
Florida Atlantic University Research	43.000	98,549		
Global Telemedicine Group Sanders Research	43.000	287,168		
Immediate Care Research	43.000	100,000		
Interactive CD on Brain Injuries Research	43.000	1		
Medical Informatics and Technology Applications Consortium	43.000	1,472,136		
Millennium 2000-01	43.000	233,912		
NASA - Tech Education Material Science & Technology	43.000	28,783		

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
NASA Design & Performance Tests of Ultra Compact Calorimeters	43.000			
	43.000	103,446		
NASA Fellowship Bromine & Aerosol Impact	43.000	8,655		
NASA HBCU Partnership	43.000	36,039		
1999 NASA SHARP PLUS Program	43.000		452	Quality Education for Minorities Network
Non-Selective Room Temperature Microbolometers	43.000	73,857		
Novel High Efficient Organic Photovoltaic Materials	43.000	67,949		
Pre-Service Teacher Institute	43.000	149,799		
Pre-Service Teachers Conference	43.000	100,998		
Research Experience in Earth Science	43.000	22,081		
Scenario Based Learning: Inquiry for a Digital Earth	43.000	37,176		
Space Biomedical Center for Training and Research	43.000	12,500		
Studies in Nucleation, Polymerization and Nanoparticle Composites	43.000	19,758		
Summer Workshop Program	43.000	1,777		
University of Mexico Research	43.000	29,306		
Variational Method in Design Optimization	43.000	50,487		
VCU Department of Biomedical Engineering Research	43.000	17,801		
Visual of Atmospheric Water Vapor Data for SAGE	43.000	32,386		
Other	43.000	7,661,728		
Other	43.000		11,797	AGATE Alliance Association Inc.
Other	43.000		5,624	Florida Atlantic University
Other	43.000		37,760	Imlach Consulting Engineering
Other	43.000		130,350	Luna Innovations Inc.
Other	43.000		7,844	Nanosonic Inc.
Other	43.000		4,503	Texas A&M Research Foundation
Other	43.000		5,359	The Boeing Company
Other	43.000		175	University of Alaska
<b>Total Research and Development Cluster</b>		<b>18,232,933</b>	<b>640,772</b>	
<b>Total National Aeronautics and Space Administration</b>		<b>18,700,381</b>	<b>666,826</b>	
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>				
Promotion of the Arts - Grants to Organizations and Individuals	45.024	40,569		
Promotion of the Arts - Grants to Organizations and Individuals	45.024		750	Alternate Roots
Promotion of the Arts - Partnership Agreements	45.025	504,200		
Promotion of the Arts - Leadership Initiatives	45.026	10,000		
Promotion of the Humanities - Federal/State Partnership	45.129	10,424		
Promotion of the Humanities - Federal/State Partnership	45.129		2,383	Virginia Foundation for the Humanities and Public Policy
Promotion of the Humanities - Challenge Grants	45.130	20,811		
Promotion of the Humanities - Division of Preservation and Access	45.149	369,440		
Promotion of the Humanities - Fellowships and Stipends	45.160	26,274		
Promotion of the Humanities - Research	45.161	2,714		
Promotion of the Humanities - Education Development and Demonstration	45.162	109,091		
Promotion of the Humanities - Extending the Reach Grants to Presidentially-Designated Minority Institutions	45.167	16,011		
Institute of Museum and Library Services	45.301	42,662		
Museum Assessment Program	45.302	1,737		
Conservation Assessment Program	45.304	144		
Museum Leadership Initiatives	45.306	79,684		
State Library Program	45.310	3,922,199		
Institute of Museum and Library Services - National Leadership Grants	45.312	2,002		
Other Assistance:	45.000			
Public Library Construction and Technology		48,032		
<b>Total Excluding Cluster Identified Below</b>		<b>5,205,994</b>	<b>3,133</b>	
<b>Research and Development Cluster:</b>				
Promotion of the Humanities - Federal/State Partnership	45.129	2,582		
Promotion of the Humanities - Fellowships and Stipends	45.160	17,980		
Promotion of the Humanities - Research	45.161	580,683		
Promotion of the Humanities - Education Development and Demonstration	45.162	200,441		
Promotion of the Humanities - Seminars and Institutes	45.163	44,974		
Institute of Museum and Library Services - National Leadership Grants	45.312	96,517		
Other Assistance	45.000	6,214		
<b>Total Research and Development Cluster</b>		<b>949,391</b>		
<b>Total National Foundation on the Arts and the Humanities</b>		<b>6,155,385</b>	<b>3,133</b>	

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
<b>NATIONAL SCIENCE FOUNDATION</b>				
Engineering Grants	47.041	131,816		
Engineering Grants	47.041		7,468	University of California, Berkeley
Engineering Grants	47.041		275,993	University of Florida
Mathematical and Physical Sciences	47.049	104,808		
Geosciences	47.050		46,510	University of Minnesota
Biological Sciences	47.074	10,726		
Social, Behavioral, and Economic Sciences	47.075	282,181		
Education and Human Resources	47.076	1,517,984		
Education and Human Resources	47.076		19,870	American Math Association
Education and Human Resources	47.076		9,321	City of Richmond
Education and Human Resources	47.076		3,302	North Carolina A & T University
Other Assistance: AMP Project	47.000		61,740	Howard University
Total Excluding Cluster Identified Below			424,204	
2,047,515			424,204	
<b>Research and Development Cluster:</b>				
Engineering Grants	47.041	13,109,269		
Engineering Grants	47.041		558	Airak Inc.
Engineering Grants	47.041		70,612	American Council of Learned Societies
Engineering Grants	47.041		20,218	Directed Technologies Inc.
Engineering Grants	47.041		229	Embry-Riddle Aeronautical University
Engineering Grants	47.041		20,326	George Washington University
Engineering Grants	47.041		22,880	Hampton University
Engineering Grants	47.041		5,352	Health Research Inc.
Engineering Grants	47.041		322	Nanopowder Enterprises Inc.
Engineering Grants	47.041		6,541	Nanosonic Inc.
Engineering Grants	47.041		105,877	National Center for Earthquake Engineering Research
Engineering Grants	47.041		18,571	Ohio University
Engineering Grants	47.041		17,367	Old Dominion University Research Foundation
Engineering Grants	47.041		58,881	Pennsylvania State University
Engineering Grants	47.041		(2,282)	Texas A & M University
Engineering Grants	47.041		52,114	The Research Foundation of State University of New York
Engineering Grants	47.041		2,024	The University of North Carolina at Charlotte
Engineering Grants	47.041		12,770	The University of Texas at Arlington
Engineering Grants	47.041		5,245	University of Illinois
Engineering Grants	47.041		257	University of Illinois
Engineering Grants	47.041		2,695	University of Massachusetts Amherst
Engineering Grants	47.041		10,106	University of South Florida
Engineering Grants	47.041		3,934	University of Southern California
Engineering Grants	47.041		33,257	University of Texas
Mathematical and Physical Sciences	47.049	8,271,282		
Mathematical and Physical Sciences	47.049		7,003	Airak Inc.
Mathematical and Physical Sciences	47.049		11,034	American Mathematical Society
Mathematical and Physical Sciences	47.049		6,272	Foster Miller Inc.
Mathematical and Physical Sciences	47.049		59,547	Luna Innovations Inc.
Mathematical and Physical Sciences	47.049		56,868	Michigan Technological University
Mathematical and Physical Sciences	47.049		144,563	University of Georgia
Mathematical and Physical Sciences	47.049		(2,944)	University of Maryland
Mathematical and Physical Sciences	47.049		17,716	University of Massachusetts
Geosciences	47.050	3,340,105		
Geosciences	47.050		12,909	Bermuda Biological Station
Geosciences	47.050		140,803	University of Alaska
Computer and Information Science and Engineering	47.070	2,884,408		
Computer and Information Science and Engineering	47.070		1,352	Arizona State University
Computer and Information Science and Engineering	47.070		77,097	Cornell University
Computer and Information Science and Engineering	47.070		8,138	Georgia Institute of Technology
Computer and Information Science and Engineering	47.070		81,205	Purdue University
Computer and Information Science and Engineering	47.070		1,014	The College of New Jersey
Computer and Information Science and Engineering	47.070		553,750	University of California
Computer and Information Science and Engineering	47.070		(5,725)	University of Illinois
Computer and Information Science and Engineering	47.070		8,969	University of Minnesota
Computer and Information Science and Engineering	47.070		40,073	University of North Carolina

**COMMONWEALTH OF VIRGINIA**  
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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
				at Wilmington
Biological Sciences	47.074	6,093,853		
Biological Sciences	47.074		981	Vanderbilt University
Social, Behavioral, and Economic Sciences	47.075	1,068,892		
Social, Behavioral, and Economic Sciences	47.075		4,873	University of Minnesota
Education and Human Resources	47.076	2,243,514		
Education and Human Resources	47.076		(24,757)	Florida Atlantic University
Polar Programs	47.078	48,083		
Other Assistance:	47.000			
Center for Phonic Materials Research - CREST		719,880		
Data Analysis with the CLAS Detector		149,923		
Study of Photo Produced Ssbar Excitations		41,354		
Other		651,900		
Other			32,673	Florida Gulf Coast University
Other			18,631	The Research Foundation of State University of New York
Other			3,125	Washington University
Total Research and Development Cluster		<u>38,622,463</u>	<u>1,723,024</u>	
Total National Science Foundation		<u>40,669,978</u>	<u>2,147,228</u>	
<b>SMALL BUSINESS ADMINISTRATION</b>				
Small Business Development Center	59.037	1,944,050		
Small Business Development Center	59.037		1,726	New River Small Business Development Center
Small Business Development Center	59.037		2,297	Wytheville Small Business Development Center
Other Assistance:	59.000			
Microloan Non-Lending Technical Assistance Program		14,740		
SBA Defense Economic Transition Assistance Program		64,568		
Small Bus Dev Ctr Microbusiness Project		4,848		
Total Excluding Cluster Identified Below		<u>2,028,206</u>	<u>4,023</u>	
Research and Development Cluster:				
Small Business Development Center	59.037	<u>336,515</u>		
Total Small Business Administration		<u>2,364,721</u>	<u>4,023</u>	
<b>TENNESSEE VALLEY AUTHORITY</b>				
Research and Development Cluster:				
Other Assistance	62.000	<u>20,661</u>		
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>				
All-Volunteer Force Educational Assistance	64.124	320,023		
Other Assistance:	64.000			
Intergovernmental Personnel Act		24,443		
Intergovernmental Personnel Act			26,388	Virginia Medical Center
Total Excluding Cluster Identified Below		<u>344,466</u>	<u>26,388</u>	
Research and Development Cluster:				
Other Assistance:				
Beta Blocker Evaluation of Survival Trail	64.000	<u>42,897</u>		
Total U.S. Department of Veterans Affairs		<u>387,363</u>	<u>26,388</u>	
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
Air Pollution Control Program Support	66.001	2,372,405		
State Indoor Radon Grants	66.032	66,215		
Water Pollution Control - State and Interstate Program Support	66.419	1,859,224		
State Public Water System Supervision	66.432	2,701,940		
Water Quality Management Planning	66.454	140,842		
Capitalization Grants for State Revolving Funds	66.458	50,008,575		
Nonpoint Source Implementation Grants	66.460	3,871,395		
Wetlands Grants	66.461	54,429		
Water Quality Cooperative Agreements	66.463	71,436		
Chesapeake Bay Program	66.466	3,684,924		
Wastewater Operator Training Grant Program (Technical Assistance)	66.467	42,825		
Capitalization Grants for Drinking Water State Revolving Fund	66.468	17,048,628		
Hardship Grants Program for Rural Communities	66.470	489,977		
Environmental Protection - Consolidated Research	66.500	96,592		
Performance Partnership Grants	66.605	719,175		

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Surveys, Studies, Investigations and Special Purpose Grants	66.606	891,754		
Surveys, Studies, Investigations and Special Purpose Grants	66.606		23,266	Virginia Cattleman's Association
One Stop Reporting	66.608	296,699		
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707	361,792		
Pollution Prevention Grants Program	66.708	138,332		
Environmental Justice Community / University Partnership Grants Program	66.710	37,222		
Hazardous Waste Management State Program Support	66.801	1,675,070		
Superfund State Site - Specific Cooperative Agreements	66.802	426,486		
State and Tribal Underground Storage Tanks Program	66.804	159,060		
Leaking Underground Storage Tank Trust Fund Program	66.805	1,323,050		
Superfund State Core Program Cooperative Agreements	66.809	394,339		
Other Assistance: EPA/NAFEO	66.000		13,352	NAFEO
Regulations Concerning Certified Lead Contractor Notification		10,653		
Other		(5,907)		
Total Excluding Cluster Identified Below		88,937,132	36,618	
Research and Development Cluster:				
Water Pollution Control - State and Interstate Program	66.419	18,260		
Water Quality Management Planning	66.454	61,461		
Water Quality Management Planning	66.454		77,462	Maryland Department of the Environment
Nonpoint Source Implementation Grants	66.460	231,545		
Wetlands Grants	66.461	470,479		
Chesapeake Bay Program	66.466	642,733		
Chesapeake Bay Program	66.466		20,480	Middle Peninsula Planning District Commission
Environmental Protection - Consolidated Research	66.500	1,451,773		
Environmental Protection - Consolidated Research	66.500		21,732	Old Dominion Research Foundation
Environmental Protection - Consolidated Research	66.500		1,077	QST Environmental Inc.
Environmental Protection - Consolidated Research	66.500		186	University of Maine
Environmental Protection - Consolidated Research	66.500		46,194	University of Maryland
Environmental Protection Consolidated Grants - Program Support	66.600	49,050		
Environmental Protection Consolidated Grants - Program Support	66.600		46,352	HDR Engineering Inc.
Surveys, Studies, Investigations and Special Purpose Grants	66.606	121,123		
Surveys, Studies, Investigations and Special Purpose Grants	66.606		18,091	Marasco Newton Group, Ltd.
Training and Fellowships for the Environmental Protection Agency	66.607	26,662		
Environmental Education and Training Program	66.950	5,296		
Environmental Education Grants	66.951	232		
Other Assistance	66.000	43,388		
Other Assistance			(635)	Smithsonian Institute, Biodiversity
Total Research and Development Cluster		3,122,002	230,939	
Total Environmental Protection Agency		92,059,134	267,557	
<b>NUCLEAR REGULATORY COMMISSION</b>				
Research and Development Cluster:				
Radiation Control - Training Assistance and Advisory Counseling	77.001	335,439		
<b>U.S. DEPARTMENT OF ENERGY</b>				
Energy-Related Inventions	81.036	22,501		
State Energy Program	81.041	1,179,133		
Weatherization Assistance for Low-Income Persons	81.042	2,726,267		
National Industrial Competitiveness through Energy, Environment, and Economics	81.105	38,913		
Other Assistance:	81.000			
Continuous Electron Beam Accelerator Facility	81.000		419,282	Jefferson Labs
SURA	81.000		89,237	
Total Excluding Cluster Identified Below		3,966,814	508,519	
Research and Development Cluster:				
Granting of Patent Licenses	81.003	14,296		
Granting of Patent Licenses	81.003		57,665	Airak Inc.
Granting of Patent Licenses	81.003		25,000	VPT Inc.
National Energy Information Center	81.039		16,446	Oak Ridge National Laboratory
National Energy Information Center	81.039		527,382	UT Battelle LLC
Office of Science Financial Assistance Program	81.049	4,327,810		
Office of Science Financial Assistance Program	81.049		7,999	Brookhaven National Laboratory

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Office of Science Financial Assistance Program	81.049		43,123	Brookhaven National Labs.
Office of Science Financial Assistance Program	81.049		18,512	Health Channel, L.L.C.
Office of Science Financial Assistance Program	81.049		39,836	Indiana University
Office of Science Financial Assistance Program	81.049		(595)	Lawrence Livermore National Laboratory
Office of Science Financial Assistance Program	81.049		41,578	Lockheed Martin Energy Systems Inc.
Office of Science Financial Assistance Program	81.049		10,366	McDermott Technology Inc.
Office of Science Financial Assistance Program	81.049		(68)	National Renewable Energy Laboratory
Office of Science Financial Assistance Program	81.049		30,523	Pacific Northwest National Laboratory
Office of Science Financial Assistance Program	81.049		45,666	Pennsylvania State University
Office of Science Financial Assistance Program	81.049		33,135	Skidaway Institute
Office of Science Financial Assistance Program	81.049		67,893	Solarex
Office of Science Financial Assistance Program	81.049		11,549	Southeastern Universities Res Assoc
Office of Science Financial Assistance Program	81.049		63,281	TRW
Office of Science Financial Assistance Program	81.049		50,713	University of Alabama
University Coal Research	81.057	527,802		
Office of Scientific and Technical Information	81.064	173,674		
Office of Scientific and Technical Information	81.064		9,888	Foster Miller Inc.
Office of Scientific and Technical Information	81.064		7,459	Lawrence Livermore National Laboratory
Office of Scientific and Technical Information	81.064		6,008	Luna Innovations Inc.
Office of Scientific and Technical Information	81.064		55,655	Sandia National Laboratories
Office of Scientific and Technical Information	81.064		34,546	Stevens Institute of Technology
Regional Biomass Energy Programs	81.079	153,180		
Regional Biomass Energy Programs	81.079		22,860	Southern States Energy Board
Conservation Research and Development	81.086	378,811		
Renewable Energy Research and Development	81.087	3,563		
Renewable Energy Research and Development	81.087		176,584	Dames & Moore Inc.
Renewable Energy Research and Development	81.087		28,759	National Renewable Energy Laboratory
Renewable Energy Research and Development	81.087		13,539	Southeastern Universities Research Association Inc.
Renewable Energy Research and Development	81.087		48,100	Thomas Jefferson National Accelerator Facility
Renewable Energy Research and Development	81.087		28,260	University of California, Berkeley
Fossil Energy Research and Development	81.089	597,674		
Fossil Energy Research and Development	81.089		29,006	Clemson University
Fossil Energy Research and Development	81.089		49,034	University of Cincinnati
Office of Science and Technology for Environmental Management	81.104	80,286		
National Industrial Competitiveness through Energy, Environment, and Economics	81.105	13,387		
National Industrial Competitiveness through Energy, Environment, and Economics	81.105		16,341	University of Washington
National Industrial Competitiveness through Energy, Environment, and Economics	81.105		37,514	Wackenhut Services Inc.
University Nuclear Science and Reactor Support	81.114	6,182		
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	2,564		
Other Assistance:	81.000			
Center for Materials Research	81.000	786,757		
Development & Dissemination of Curriculum	81.000	38,272		
Master Contract	81.000	16,513		
Master Contract	81.000		105,550	Southeastern Universities Research Association, Inc.
Other	81.000	302,479		
Other	81.000		734,706	Atkins Benham Constructors
Other	81.000		250,803	Clemson University Research Foundation
Other	81.000		104,130	Honeywell Advanced Composites Inc.
Other	81.000		65,961	McDermott Technology Inc.
Other	81.000		59,489	National Renewable Energy Laboratory
Other	81.000		71,325	Oak Ridge National Laboratory
Other	81.000		282,235	Southeastern University
Other	81.000		32,224	University of Utah
Other	81.000		43,983	VPT Inc.
Other	81.000		708,839	Wackenhut Services Inc.
Total Research and Development Cluster		<u>7,423,250</u>	<u>4,112,802</u>	
Total U.S. Department of Energy		<u>11,390,064</u>	<u>4,621,321</u>	

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				
Community Assistance Program - State Support				
Services Element (CAP-SSSE)	83.105	77,402		
Flood Mitigation Assistance	83.536	133,953		
Crisis Counseling	83.539	49,999		
Individual and Family Grants	83.543	(164,456)		
Public Assistance Grants	83.544	14,823,768		
First Responder Counter-Terrorism Training Assistance	83.547	77,850		
Hazard Mitigation Grant	83.548	3,873,297		
Project Impact - Building Disaster Resistant Communities	83.551	29,028		
Emergency Management Performance Grants	83.552	3,350,569		
Other Assistance:	83.000			
FEMA Snow Grant		<u>203</u>		
Total Excluding Cluster Identified Below		<u>22,251,613</u>		
Research and Development Cluster:				
National Fire Academy Educational Program	83.010	16,159		
Flood Mitigation Assistance	83.536	85,443		
Other Assistance	83.000		(1,967)	Structural Engineers Association of California
Total Research and Development Cluster		<u>101,602</u>	<u>(1,967)</u>	
Total Federal Emergency Management Agency		<u>22,353,215</u>	<u>(1,967)</u>	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Adult Education - State Grant Program	84.002	10,900,809		
Adult Education - State Grant Program	84.002		60,407	Pulaski County
Adult Education - State Grant Program	84.002		2,603	Massanutten Tech Center
Education of Children with Disabilities in State Operated or Supported Schools	84.009	31,763		
Title I Grants to Local Educational Agencies	84.010	114,638,451		
Migrant Education - Basic State Grant Program	84.011	1,003,169		
Title I Program for Neglected and Delinquent Children	84.013	388,904		
Undergraduate International Studies and Foreign Language Programs	84.016	40,216		
Services for Children with Deaf-Blindness	84.025	270		
Special Education - Personnel Development and Parent Training	84.029	982,313		
Special Education - Personnel Development and Parent Training	84.029		88	George Washington University
Higher Education - Institutional Aid	84.031	4,719,012		
Vocational Education - Basic Grants to States	84.048	24,211,708		
Indochina Refugee Children Assistance	84.068	104,000		
Leveraging Educational Assistance Partnership	84.069	1,133,018		
Special Education - Postsecondary Education Programs for Persons with Disabilities	84.078		36,918	University of Tennessee
Special Education - Program for Severely Disabled Children	84.086	2,781		
Special Education - Program for Severely Disabled Children	84.086		67,423	Central Susquehanna Intermediate Unit
Fund for the Improvement of Postsecondary Education	84.116	322,834		
Fund for the Improvement of Postsecondary Education	84.116		1,165	Bonner Foundation
Fund for the Improvement of Postsecondary Education	84.116		18,197	Education Communications Foundation Inc.
Fund for the Improvement of Postsecondary Education	84.116		10,779	University of Maryland
Minority Science and Engineering Improvement	84.120	6,000		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	62,592,908		
Rehabilitation Services - Service Projects	84.128	796,048		
Rehabilitation Long-Term Training	84.129	259,392		
College Housing and Academic Facilities Loans	84.142	13,772,614		
Business and International Education Projects	84.153	129,944		
Business and International Education Projects	84.153		5,400	Montana State University
Secondary Education and Transitional Services for Youth with Disabilities	84.158	39,651		
Rehabilitation Services - Client Assistance Program	84.161	202,716		
Immigrant Education	84.162	2,353,913		
Eisenhower Professional Development - Federal Activities	84.168	87,128		
Independent Living - State Grants	84.169	441,007		
Javits Fellowships	84.170	175,982		
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	446,441		
Special Education - Grants for Infants and Families with Disabilities	84.181	8,993,484		
Safe and Drug-Free Schools and Communities - National Programs	84.184	98,444		
Byrd Honors Scholarships	84.185	909,000		
Safe and Drug-Free Schools and Communities - State Grants	84.186	8,469,479		
Supported Employment Services for Individuals with Severe Disabilities	84.187	896,821		

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Christa McAuliffe Fellowships	84.190	31,711		
Bilingual Education Support Services	84.194	99,411		
Bilingual Education - Professional Development	84.195	694,126		
Education for Homeless Children and Youth	84.196	128		
Graduate Assistance in Areas of National Need	84.200	337,478		
Javits Gifted and Talented Students Education Grant Program	84.206	494,223		
Even Start - State Educational Agencies	84.213	1,770,153		
Fund for the Improvement of Education	84.215	673,177		
Fund for the Improvement of Education	84.215		10,344	University of New Orleans
Assistive Technology	84.224	1,514,856		
Projects with Industry	84.234		2,754	United Cerebral Palsy
Rehabilitation Services Demonstration and Training - Special Demonstration Projects	84.235		14,856	Service Source
Program of Protection and Advocacy of Individual Rights	84.240	283,101		
Tech-Prep Education	84.243	2,310,500		
National Institute for Literacy	84.257	4,971		
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	150,580		
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	8,145,145		
Eisenhower Professional Development State Grants	84.281	6,482,141		
Charter Schools	84.282	188,115		
Innovative Education Program Strategies	84.298	8,454,809		
Technology Literacy Challenge Fund Grants	84.318	5,874,307		
Special Education - State Program Improvement Grants for Children with Disabilities	84.323	955,675		
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	565,605		
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	796,956		
Special Education - Technology and Media Services for Individuals with Disabilities	84.327	335,610		
Advanced Placement Incentive Program	84.330	49,231		
Grants to States for Incarcerated Youth Offenders	84.331	242,977		
Comprehensive School Reform Demonstration	84.332	2,257,556		
Demonstration Projects to Ensure Students with Disabilities Receive a Higher Education	84.333	230,948		
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,104,393		
Child Care Access Means Parents in School	84.335	57,954		
Teacher Quality Enhancement Grants	84.336	126,000		
Teacher Quality Enhancement Grants	84.336		66,271	Western Kentucky University
Reading Excellence	84.338	3,733,589		
Class Size Reduction	84.340	22,350,974		
Community Technology Centers	84.341	169,832		
Preparing Tomorrow's Teachers to Use Technology	84.342	2,659,778		
Preparing Tomorrow's Teachers to Use Technology	84.342		8,250	University of Nebraska
Preparing Tomorrow's Teachers to Use Technology	84.342		26,133	University of Northern Iowa
Preparing Tomorrow's Teachers to Use Technology	84.342		236,435	Westat, Inc.
TRIO - Dissemination Partnership Grants	84.344	21,813		
Occupational and Employment Information State Grants	84.346	80,679		
Other Assistance:	84.000			
America Reads			17,755	Appalachian Educational Lab
Common Core of Data		25,598		
Computer Science Curriculum & Research Planning		3,847		
Nurses Influence on Patient Outcomes in US Army Hospital			1,110	Georgia State University
Recruiting Talented & Diverse Individuals as Teachers		173,858		
Secondary Analysis of 1997 NAEP Project Visual Arts Assessment Data			13,794	William Carey College
Special Education - Personnel Development		90,401		
Tidewater Writing Project			23,550	Universon of California
Writing Program		1,711		
Writing Program			25,000	National Writing Project Corporation
Other		153,635		
Total Excluding Clusters Identified Below		332,847,772	649,232	
Student Financial Assistance Programs Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	8,210,529		
Federal Family Education Loans	84.032	118,865,315		
Federal Work-Study Program	84.033	10,281,400		
Federal Perkins Loan Program - Federal Capital Contributions	84.038	73,272,515		
Federal Pell Grant Program	84.063	106,539,881		
Federal Direct Loan	84.268	325,855,753		
Total Student Financial Assistance Programs Cluster		643,025,393		

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Special Education Cluster:				
Special Education - Grants to States	84.027	110,242,843		
Special Education - Preschool Grants	84.173	<u>9,015,977</u>		
Total Special Education Cluster		<u>119,258,820</u>		
TRIO Cluster:				
TRIO - Student Support Services	84.042	3,396,656		
TRIO - Talent Search	84.044	1,983,171		
TRIO - Talent Search	84.044		10,419	University of Oregon
TRIO - Upward Bound	84.047	4,293,477		
TRIO - Educational Opportunity Centers	84.066	215		
McNair Post-Baccalaureate Achievement	84.217	<u>173,242</u>		
Total TRIO Cluster		<u>9,846,761</u>	<u>10,419</u>	
Research and Development Cluster:				
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015	423,726		
International Research and Studies	84.017	86,233		
International: Overseas - Faculty Research Abroad	84.019	1,202		
International: Overseas - Group Projects Abroad	84.021	38,607		
International: Overseas - Doctoral Dissertation	84.022	56,371		
Special Education - Innovation and Development	84.023	227,569		
Higher Education - Institutional Aid	84.031	732,374		
Fund for the Improvement of Postsecondary Education	84.116	68,887		
Fund for the Improvement of Postsecondary Education	84.116		4,364	Clemson University
Fund for the Improvement of Postsecondary Education	84.116		9,079	Georgia Institute of Technology
Minority Science and Engineering Improvement	84.120	182,111		
National Institute on Disability and Rehabilitation Research	84.133	1,610,756		
National Institute on Disability and Rehabilitation Research	84.133		403,466	University of North Carolina at Chapel Hill
National Institute on Disability and Rehabilitation Research	84.133		78,642	University of Hawaii
Eisenhower Professional Development - Federal Activities	84.168	52,449		
Safe and Drug-Free Schools and Communities - National Programs	84.184	52,475		
Education for Homeless Children and Youth	84.196	438,437		
Graduate Assistance in Areas of National Need	84.200	35,653		
Javits Gifted and Talented Students Education Grant Program	84.206	(11,372)		
Javits Gifted and Talented Students Education Grant Program	84.206		219,750	University of Connecticut
Fund for the Improvement of Education	84.215	295,040		
Fund for the Improvement of Education	84.215		14	Impressive Communications
Assistive Technology	84.224	98,237		
Rehabilitation Services Demonstration and Training-Special Demonstration Projects	84.235	221,989		
Eisenhower Professional Development State Grants	84.281	344,133		
Innovative Education Program Strategies	84.298	81,043		
National Institute on Student Achievement, Curriculum, and Assessment	84.305	68,377		
National Institute on Educational Governance, Finance, Policymaking, and Management	84.308	48,236		
Special Education - State Program Improvement Grants for Children with Disabilities	84.323	200,102		
Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities	84.324	327,772		
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	293,564		
Special Education - Technology and Media Services for Individuals with Disabilities	84.327	225,267		
Preparing Tomorrow's Teachers to Use Technology	84.342	942,346		
Other Assistance:	84.000			
Career Development in Biotechnology	84.000	<u>47,716</u>		
Total Research and Development Cluster		<u>7,189,300</u>	<u>715,315</u>	
Total U.S. Department of Education		<u>1,112,168,046</u>	<u>1,374,966</u>	
<b>U.S. NATIONAL ARCHIVES AND RECORDS ADMINISTRATION</b>				
National Historical Publications and Records Grants	89.003	<u>1,073</u>		
Research and Development Cluster:				
National Historical Publications and Records Grants	89.003	<u>481,059</u>		
Total U.S. National Archives and Records Administration		<u>482,132</u>		

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
<b>U.S. INSTITUTE OF PEACE</b>				
Research and Development Cluster:				
Unsolicited Grant Program	91.001	<u>28,313</u>		
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	114,498		
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	179,628		
Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93.043	387,073		
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	372,766		
Nation Family Caregiver Support Program	93.052	115,469		
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	193,151		
Model State-Supported Area Health Education Centers	93.107	48,718		
Model State-Supported Area Health Education Centers	93.107		60,323	University of Wisconsin--Madison
Maternal and Child Health Federal Consolidated Programs	93.110	88,051		
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	846,799		
Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	93.119	32,116		
Nurse Anesthetist Traineeships	93.124	40,246		
Emergency Medical Services for Children	93.127	174,537		
Primary Care Services - Resource Coordination and Development - Primary Care Offices	93.130	176,999		
Primary Care Services - Resource Coordination and Development - Primary Care Offices	93.130		135,855	Dartmouth College
Injury Prevention and Control Research and State and Community Based Programs	93.136	159,440		
Protection and Advocacy for Individuals with Mental Illness	93.138	441,025		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	623,609		
Centers of Excellence	93.157	2,537		
Centers of Excellence	93.157		8,001	Howard University
Grants for State Loan Repayment	93.165	50,000		
National Research Services Awards	93.186	216,815		
Allied Health Projects	93.191	103,273		
Quentin N. Burdick Programs for Rural Interdisciplinary Training	93.192	560,676		
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	639,288		
Family Planning - Services	93.217	4,134,865		
Consolidated Knowledge Development and Application (KD&A) Program	93.230	665,911		
Traumatic Brain Injury - State Demonstration Grant Program	93.234	20,693		
Abstinence Education	93.235	830,812		
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	426,518		
State Rural Hospital Flexibility Program	93.241	55,284		
Universal Newborn Hearing Screening	93.251	47		
Community Access Program	93.252		12,174	INOVA (Fairfax Hospital)
Immunization Grants	93.268	13,045,979		
Mental Health National Research Service Awards for Research Training	93.282	3,349		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	3,443,564		
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	244,305		
Advanced Education Nursing Traineeships	93.358	213,060		
Basic Nurse Education and Practice Grants	93.359	128,463		
Research Infrastructure	93.389	64,527		
Cancer Control	93.399	756		
Promoting Safe and Stable Families	93.556	7,345,817		
Temporary Assistance for Needy Families	93.558	104,827,817		
Temporary Assistance for Needy Families	93.558		172,351	City of Charlottesville
Child Support Enforcement	93.563	50,127,441		
Refugee and Entrant Assistance - State Administered Programs	93.566	5,685,361		
Low-Income Home Energy Assistance	93.568	39,389,315		
Community Services Block Grant	93.569	8,537,970		
Community Services Block Grant - Discretionary Awards	93.570	72,826		
Community Services Block Grant - Discretionary Awards	93.570		70,831	National Collegiate Athletic Association

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Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Community Services Block Grant - Discretionary Awards	93.570		54,534	National Youth Sports Program--NCAA
Community Services Block Grant Discretionary Awards - Community Food and Nutrition	93.571	34,631		
Refugee and Entrant Assistance - Discretionary Grants	93.576	505,638		
Refugee and Entrant Assistance - Targeted Assistance	93.584	620,709		
Empowerment Zones Programs	93.585	410,000		
State Court Improvement Program	93.586	217,468		
Community Based Family Resource Program	93.590	136,170		
Family Violence Prevention and Services / Grants for Battered Women's Shelters - Discretionary Grants	93.592	62,644		
Welfare Reform Research, Evaluations and National Studies	93.595	199,346		
Grants to States for Access and Visitation Programs	93.597	160,777		
Head Start	93.600	79,422		
Head Start	93.600		1,114,666	Richmond Public Schools
Developmental Disabilities Basic Support and Advocacy Grants	93.630	1,844,406		
Developmental Disabilities Projects of National Significance	93.631	113,237		
Developmental Disabilities University Affiliated Programs	93.632	283,233		
Children's Justice Grants to States	93.643	185,319		
Child Welfare Services - State Grants	93.645	3,903,130		
Social Services Research and Demonstration	93.647	3,222		
Child Welfare Services Training Grants	93.648	36,997		
Adoption Opportunities	93.652	85,053		
Temporary Child Care and Crisis Nurseries	93.656	11,325		
Foster Care - Title IV-E	93.658	56,222,470		
Adoption Assistance	93.659	10,563,526		
Social Services Block Grant	93.667	55,958,421		
Child Abuse and Neglect State Grants	93.669	504,918		
Child Abuse and Neglect Discretionary Activities	93.670	46,207		
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	1,778,283		
Independent Living	93.674	1,852,752		
State Children's Insurance Program	93.767	26,321,842		
Health Care Financing Research, Demonstrations and Evaluations	93.779	387,638		
Health Careers Opportunity Program	93.822	290,047		
Basic/Core Area Health Education Centers	93.824	28,647		
Medical Library Assistance	93.879	157,742		
Predoctoral Training in Primary Care (Family Medicine, General Internal Medicine/General Pediatrics)	93.896	108,322		
Rural Health Medical Education Demonstration Projects	93.906	12,620		
Rural Health Outreach and Rural Network Development Program	93.912	234,616		
Grants to States for Operation of Offices of Rural Health	93.913	198,364		
HIV Care Formula Grants	93.917	13,710,811		
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	437,385		
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1,497,298		
Ryan White HIV/AIDS Dental Reimbursements	93.924	7,165		
Healthy Start Initiative	93.926	2,880,069		
Health Centers Grants for Residents of Public Housing	93.927	104,410		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	294,214		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		6,000	American College Health Association
HIV Prevention Activities - Health Department Based Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.940	4,217,808		
Assistance Program for Chronic Disease Prevention and Control	93.944	749,159		
Block Grants for Chronic Disease Prevention and Control	93.945	594,935		
Block Grants for Community Mental Health Services	93.958	8,161,159		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	39,042,771		
Special Minority Initiatives	93.960	102,793		
Health Administration Traineeships and Special Projects Program	93.962	43,245		
Grants for Geriatric Education Centers	93.969	163,174		
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	1,769,796		
Preventative Health Services - Sexually Transmitted Diseases Research, Demonstrations and Public Education Grants	93.978	19,226		
Mental Health Disaster Assistance and Emergency Mental Health	93.982	21,917		
Academic Administrative Units in Primary Care	93.984	145,109		
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	297,022		
Preventive Health and Health Services Block Grant	93.991	3,691,212		
Maternal and Child Health Services Block Grant to the States	93.994	13,489,605		
Other Assistance: Alcohol & Drug Needs Assessment (Contract 270-95-0005)	93.000	197,638		

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
CARE Project		31,797		
Competency Based Knowledge and Skills Training			583,013	District of Columbia Child and Family Services Agency
Comprehensive State Based Tobacco Prevention & Control		4,777		
Education Training for Child Welfare		14,252		
Ensap Scholars 2000-01		194,160		
Food Sanitation Inspections and Food Safety		85,941		
Ford Foundation - Postdoctoral Fellow		693		
Intergovernmental Personnel Act		119,776		
Medicated Feed Inspections		7,860		
Needs Assessment Prevention		93,394		
NIMH Neuropathology Project		55,005		
NSU Bachelor of Social Work		59,001		
Office of Minority Health		10,000		
Oral Rehydration & Child Immunization			168	Morgan State University
Perinatal Addiction Curriculum			10,871	CDM Group, Inc.
Stroke Belt Initiative - Phase II		3,662		
US FDA Mammography		115,236		
Other		122,391		
		<u>500,946,402</u>	<u>2,228,787</u>	
Total Excluding Clusters Identified Below				
Aging Cluster:				
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	8,603,532		
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	8,682,469		
		<u>17,286,001</u>		
Total Aging Cluster				
Student Financial Assistance Programs Cluster:				
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	9,436,127		
Nursing Student Loans	93.364	1,900,603		
Scholarships for Students of Exceptional Financial Need	93.820	1,783		
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	149,406		
		<u>11,487,919</u>		
Total Student Financial Assistance Programs Cluster				
Child Care Cluster:				
Child Care and Development Block Grant	93.575	54,442,409		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	32,339,975		
		<u>86,782,384</u>		
Total Child Care Cluster				
Medicaid Cluster:				
Medicaid Fraud Control Unit	93.775	851,557		
State Survey and Certification of Health Care Providers and Suppliers	93.777	4,484,616		
Medical Assistance Program (Medicaid)	93.778	1,660,675,248		
		<u>1,666,011,421</u>		
Total Medicaid Cluster				
Research and Development Cluster:				
Food and Drug Administration - Research	93.103	30,964		
Food and Drug Administration - Research	93.103		36,567	University of Washington
Maternal and Child Health Federal Consolidated Programs	93.110	376,672		
Maternal and Child Health Federal Consolidated Programs	93.110		20,221	University of Pennsylvania
Maternal and Child Health Federal Consolidated Programs	93.110		15,119	University of Pennsylvania
Biological Response to Environmental Health Hazards	93.113	529,762		
Biometry and Risk Estimation - Health Risks from Environmental Exposures	93.115		198,587	Georgia Institute of Technology
Oral Diseases and Disorders Research	93.121	2,804,443		
Oral Diseases and Disorders Research	93.121		22,031	University of Texas
Technical and Non-Financial Assistance to Health Centers and National Health Service Corps (NHSC) Delivery Sites	93.129	88,412		
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	39,661		
Injury Prevention and Control Research and State and Community Based Programs	93.136	675,556		
NIEHS Superfund Hazardous Substances - Basic Research and Education	93.143		20,190	John Hopkins University
Demonstration Grants for the Prevention of Alcohol and Drug Abuse - Among High-Risk Populations	93.144		2,767	University of California
AIDS Education and Training Centers	93.145	516		
AIDS Education and Training Centers	93.145		222,821	University of Pittsburgh
International Cooperative Biodiversity Groups Program	93.168	600,366		

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Human Genome Research	93.172	727,523		
Human Genome Research	93.172		62,201	National Institutes of Health
Research Related to Deafness and Communication Disorders	93.173	3,480,852		
Research and Training in Complementary and Alternative Medicine	93.213	861,950		
Research on Healthcare Costs, Quality and Outcomes	93.226	310,401		
Consolidated Knowledge Development and Application (KD&A) Program	93.230	1,465,176		
Consolidated Knowledge Development and Application (KD&A) Program	93.230		12,865	Research Triangle Institute
Consolidated Knowledge Development and Application (KD&A) Program	93.230		52,861	University of North Carolina at Chapel Hill
Consolidated Knowledge Development and Application (KD&A) Program	93.230		1,900	University of North Carolina at Chapel Hill
State Rural Hospital Flexibility Program	93.241	9,480		
Mental Health Research Grants	93.242	4,866,779		
Mental Health Research Grants	93.242		28,301	Boston University School of Medicine
Mental Health Research Grants	93.242		40,652	Carnegie-Mellon University
Mental Health Research Grants	93.242		335,470	Duke University
Mental Health Research Grants	93.242		127,589	Harvard University
Mental Health Research Grants	93.242		3,198	The Medical College of Wisconsin
Mental Health Research Grants	93.242		118,615	University of California
Mental Health Research Grants	93.242		78,645	University of California, LA Neuropsychiatric Institute
Mental Health Clinical and AIDS Service - Related Training Grants	93.244	21,327		
Public Health Training Centers Grant Program	93.249	421		
Occupational Safety and Health Research Grants	93.262	162,627		
Occupational Safety and Health - Training Grants	93.263	54,719		
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	256,300		
Alcohol National Research Service Awards for Research Training	93.272	282		
Alcohol Research Programs	93.273	986,621		
Alcohol Research Programs	93.273		11,213	University of Texas Southwestern Med.
Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards	93.277	407,725		
Drug Abuse National Research Service Awards for Research Training	93.278	426,040		
Drug Abuse Research Programs	93.279	4,668,527		
Drug Abuse Research Programs	93.279		100,957	Institute De La Sante
Drug Abuse Research Programs	93.279		512,613	Johns Hopkins University
Drug Abuse Research Programs	93.279		7,266	Plowshares Technologies Inc.
Drug Abuse Research Programs	93.279		77,592	Research Triangle Institute
Drug Abuse Research Programs	93.279		74,159	University of Washington
Drug Abuse Research Programs	93.279		29,212	Washington State University
Drug Abuse Research Programs	93.279		34,642	Wayne State University
Mental Health Research Career/Scientist Development Awards	93.281	762,367		
Mental Health National Research Service Awards for Research Training	93.282	340,571		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	1,164,891		
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		39,542	University of Maryland
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		33,731	University of Pennsylvania
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		58,129	University of Pennsylvania
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	163,562		
Comparative Medicine	93.306	397,104		
Clinical Research	93.333	5,580,537		
Advanced Education Nursing Traineeships	93.358	210,316		
Nursing Research	93.361	373,678		
Nursing Research	93.361		19,103	University of Hawaii
Nursing Research	93.361		57,268	University of Texas
Biomedical Technology	93.371	681,735		
Grants for Graduate Training in Family Medicine	93.379	179,514		
Research Infrastructure	93.389	393,075		
Academic Research Enhancement Award	93.390	99,502		
Cancer Cause and Prevention Research	93.393	2,250,011		
Cancer Detection and Diagnosis Research	93.394	1,144,397		
Cancer Detection and Diagnosis Research	93.394		58,590	University of Pennsylvania
Cancer Detection and Diagnosis Research	93.394		123,174	Newport Instruments
Cancer Treatment Research	93.395	6,202,918		
Cancer Treatment Research	93.395		2,097	Allegheny-Singer Research Institute
Cancer Treatment Research	93.395		35,269	American Coll. of Surgeons of Oncology

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Cancer Treatment Research	93.395		42,255	American College of Radiation
Cancer Treatment Research	93.395		3,468	Eastern Virginia Medical School
Cancer Treatment Research	93.395		31,944	George Washington University
Cancer Treatment Research	93.395		35,749	John Hopkins University
Cancer Treatment Research	93.395		47	John Wayne Cancer Institute
Cancer Treatment Research	93.395		25,189	Northwestern University
Cancer Treatment Research	93.395		63,270	NorthWestern University
Cancer Treatment Research	93.395		706	Thomas Jefferson University
Cancer Treatment Research	93.395		62,137	University of Minnesota
Cancer Treatment Research	93.395		16,419	University of Oklahoma
Cancer Biology Research	93.396	6,179,779		
Cancer Centers Support Grants	93.397	2,087,019		
Cancer Centers Support Grants	93.397		40,207	John Hopkins University
Cancer Research Manpower	93.398	998,409		
Cancer Control	93.399	287,644		
Cancer Control	93.399		18,285	Alleghany-Singer Research Institute
Cancer Control	93.399		24,505	National Surgery Adjuvant Breast Imbilical Project
Promoting Safe and Stable Families	93.556		27,400	University of Maryland
Welfare Reform Research, Evaluations and National Studies	93.595	679,647		
Head Start	93.600	259,912		
Child Abuse and Neglect Discretionary Activities	93.670		22,027	University of Miami
Health Care Financing Research, Demonstrations and Evaluations	93.779	31,710		
Cell Biology and Biophysics Research	93.821	6,587,398		
Cell Biology and Biophysics Research	93.821		3,867	University of Oklahoma
Cell Biology and Biophysics Research	93.821		59,782	Midwest Molecular, Inc.
Heart and Vascular Diseases Research	93.837	12,662,806		
Heart and Vascular Diseases Research	93.837		25,414	Adenosin Therapeutics
Heart and Vascular Diseases Research	93.837		7,641	AMBI, Inc.
Heart and Vascular Diseases Research	93.837		2,400	Axio Research Corporation
Heart and Vascular Diseases Research	93.837		(1,163)	Collagen Matrix, Inc.
Heart and Vascular Diseases Research	93.837		996	Columbia University
Heart and Vascular Diseases Research	93.837		145,245	Imarx Pharmaceutical
Heart and Vascular Diseases Research	93.837		21,014	Kuakini Medical Center
Heart and Vascular Diseases Research	93.837		57,526	Magnetic Imaging Technologies, Inc.
Heart and Vascular Diseases Research	93.837		132	Meharry Medical College
Heart and Vascular Diseases Research	93.837		5,409	NorthWestern University
Heart and Vascular Diseases Research	93.837		35	Santa Cruz Biotechnology, Inc.
Heart and Vascular Diseases Research	93.837		(1,304)	Temple University
Heart and Vascular Diseases Research	93.837		115,119	University of Minnesota
Heart and Vascular Diseases Research	93.837		18,343	University of Pittsburgh
Heart and Vascular Diseases Research	93.837		374,573	Utah Artificial Heart Institute
Lung Diseases Research	93.838	1,712,993		
Lung Diseases Research	93.838		351	Washington University
Blood Diseases and Resources Research	93.839	1,450,193		
Blood Diseases and Resources Research	93.839		64,863	Allos Therapeutics
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	2,560,040		
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		101,101	University of Texas Health Science Center San Antonio
Diabetes, Endocrinology and Metabolism Research	93.847	4,318,080		
Diabetes, Endocrinology and Metabolism Research	93.847		(17)	Barnes-Jewish Hospital
Diabetes, Endocrinology and Metabolism Research	93.847		43,097	Chaotic Dynamical Systems
Digestive Diseases and Nutrition Research	93.848	6,675,883		
Digestive Diseases and Nutrition Research	93.848		105,379	Barnes-Jewish Hospital
Digestive Diseases and Nutrition Research	93.848		95,996	University of Texas Southwestern Medical Center at Dallas
Kidney Diseases, Urology and Hematology Research	93.849	3,492,934		
Kidney Diseases, Urology and Hematology Research	93.849		(15,236)	Beth Israel Deaconess Medical Center
Kidney Diseases, Urology and Hematology Research	93.849		3,119	Cardio Research, Inc.
Kidney Diseases, Urology and Hematology Research	93.849		99,302	Georgetown University
Kidney Diseases, Urology and Hematology Research	93.849		27,717	University of California
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	9,061,596		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		23,207	Columbia University
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		704	Emory University
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		134,232	Morehouse School of Medicine
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		35,802	Pacific Health Research Institute
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		65,279	Rush Presbyterian -St. Luke's Medical Center

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		6,152	Rush-Presbyterian-St. Luke's Medical Center
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		148,891	University of California
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		30,700	University of Iowa
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		78,685	University of Maryland
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		23,001	University of Minnesota
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		32,728	University of Rochester
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		23,230	University of Texas Health Science Center at Houston
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		66,180	University of Texas Health Science Center at Houston
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		14,507	University of Washington
Allergy, Immunology and Transplantation Research	93.855	7,215,539		
Allergy, Immunology and Transplantation Research	93.855		30,086	Adenosin Therapeutics
Allergy, Immunology and Transplantation Research	93.855		19,767	Brigham & Women's Hospital, Inc.
Microbiology and Infectious Diseases Research	93.856	9,674,855		
Microbiology and Infectious Diseases Research	93.856		45,324	BioCache Pharmaceuticals
Microbiology and Infectious Diseases Research	93.856		58,101	Duke University
Microbiology and Infectious Diseases Research	93.856		184,070	Federal University of Bahia, Brazil
Microbiology and Infectious Diseases Research	93.856		72,349	Techlab Research
Microbiology and Infectious Diseases Research	93.856		15,090	The Institute for Genomic Research
Microbiology and Infectious Diseases Research	93.856		(3,383)	University of Connecticut
Microbiology and Infectious Diseases Research	93.856		26,605	University of Washington
Microbiology and Infectious Diseases Research	93.856		759	Vaccine Research Institute of San Diego
Microbiology and Infectious Diseases Research	93.856		20,988	Wake Forest University
Microbiology and Infectious Diseases Research	93.856		49,366	Washington University
Pharmacology, Physiology, and Biological Chemistry Research	93.859	3,253,262		
Pharmacology, Physiology, and Biological Chemistry Research	93.859		2,141	University of Maryland
Pharmacology, Physiology, and Biological Chemistry Research	93.859		117,871	University of Minnesota
Pharmacology, Physiology, and Biological Chemistry Research	93.859		49,946	University of North Carolina at Chapel Hill
Pharmacology, Physiology, and Biological Chemistry Research	93.859		3,204	University of Texas Southwestern Medical
Pharmacology, Physiology, and Biological Chemistry Research	93.859		49,184	Utah State University
Genetics and Developmental Biology Research and Research Training	93.862	4,603,415		
Genetics and Developmental Biology Research and Research Training	93.862		55,410	MIT
Genetics and Developmental Biology Research and Research Training	93.862		187,781	University of Texas
Population Research	93.864	5,314,910		
Population Research	93.864		10,042	University of Louisville
Population Research	93.864		48,109	Utah State University
Center for Research for Mothers and Children	93.865	2,964,867		
Center for Research for Mothers and Children	93.865		49	Personal Improvement Computer Company, Inc.
Center for Research for Mothers and Children	93.865		14,732	University of Texas
Aging Research	93.866	1,641,122		
Aging Research	93.866		132,554	Duke University
Vision Research	93.867	1,854,231		
Vision Research	93.867		9,199	Emmes Corporation
Vision Research	93.867		16,343	John Hopkins University
Vision Research	93.867		6,625	University of Texas
Medical Library Assistance	93.879	299,607		
Minority Access to Research Careers	93.880	94,981		
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	23,255		
Resource and Manpower Development in the Environmental Health Sciences	93.894	71,712		
Resource and Manpower Development in the Environmental Health Sciences	93.894		59,614	Galaxy Scientific Corporation
Grants for Faculty Development in Family Medicine	93.895	224,229		
Predoctoral Training in Primary Care (Family Medicine, General Internal Medicine/General Pediatrics)	93.896	239,860		
Rural Health Medical Education Demonstration Projects	93.906	1,308		
Rural Health Outreach and Rural Network Development Program	93.912	238,706		
Grants to States for Operation of offices of Rural Health	93.913	39,349		

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2001**

Federal Department/Program	CFDA Number	Direct	Indirect	Pass-Through Entity Name
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	318,204		
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	258,570		
Center for Medical Rehabilitation Research	93.929	531,940		
Fogarty International Research Collaboration Award	93.934	91,709		
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	123,744		
Special Minority Initiatives	93.960	208,799		
Preventive Health Services - Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	34,351		
Academic Administrative Units in Primary Care	93.984	281,760		
Senior International Fellowships	93.989	342,315		
Preventive Health and Health Services Block Grant	93.991	3,137		
Maternal and Child Health Services Block Grant to the States	93.994	198,123		
Other Assistance:	93.000			
Antihypertensive and Lipid Lowering Treatment to Prevent				897 University of Texas Health Science Center at Houston
Development of Univ Head Start Partner		118,898		
EPA/NAFEO		13,352		
HIV/AIDS Data Evaluation		45,877		
Intraventricular Hemorrhage Thrombolysis Trial			1,015	Johns Hopkins University
Literature Review on the Quality of Cancer Care			1,021	National Research Council
Molecular Analysis of Heme Pathway		41,696		
NSU Family & Child Transgenerational Support Program		109,028		
Prostate Cancer in Minority Populations: Biological Factors		13,117		
Other		1,082,564		
Other			41,841	Henry M. Jackson Foundation
Other			4,053	Kaiser Foundation Hospitals, Center Health Research
Other			9,720	Kentucky Cancer Program
Other			36,206	The Louis Berger Group Inc.
Other			217,006	University of Georgia
<b>Total Research and Development Cluster</b>		<u>144,415,715</u>	<u>6,726,449</u>	
<b>Total U.S. Department of Health and Human Services</b>		<u>2,426,929,842</u>	<u>8,955,236</u>	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
State Commissions	94.003	216,315		
Learn and Serve America - School and Community Based Programs	94.004	295,237		
Learn and Serve America - Higher Education	94.005	182,324		
Learn and Serve America - Higher Education	94.005			3,766 American Association of Community Colleges
Learn and Serve America - Higher Education	94.005		350	University of Richmond
Learn and Serve America - Higher Education	94.005		399	Va Campus Opportunity Outreach League
Learn and Serve America - Higher Education	94.005		359	Virginia COOL--Office of Volunteer
AmeriCorps	94.006	1,403,568		
Planning and Program Development Grants	94.007	14,450		
Training and Technical Assistance	94.009	8,000		
Volunteers in Service to America	94.013			69 Corporation for National Services
Volunteers in Service to America	94.013			400 Travel for American Corp--Southern Service Center
<b>Total Corporation for National and Community Service</b>		<u>2,119,894</u>	<u>5,343</u>	
<b>SOCIAL SECURITY ADMINISTRATION</b>				
Social Security - Benefits Planning, Assistance, and Outreach Program	96.008	7,347		
Disability Insurance/SSI Cluster:				
Social Security - Disability Insurance	96.001	27,739,679		
<b>Total Social Security Administration</b>		<u>27,747,026</u>		
<b>Total Federal Grantor Agencies</b>		<u>\$ 5,493,333,121</u>	<u>\$ 30,770,079</u>	

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

COMMONWEALTH OF VIRGINIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2001

**1. PURPOSE OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires a schedule of expenditures of federal awards showing total federal expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA). The accompanying schedule includes all expenditures of federal awards of the Commonwealth of Virginia's departments, institutions, authorities, and component units except for the entities that were not audited by the Auditor of Public Accounts. Other auditors issued reports for the following organizations within the Commonwealth: Commission on the Virginia Alcohol Safety Action Program, Virginia Commonwealth University Health System Authority, Virginia Housing Development Authority, Virginia Resources Authority, and the Virginia State Crime Commission.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The information in the accompanying "Schedule of Expenditures of Federal Awards" is presented in accordance with OMB Circular A-133. The schedule presents a summary of direct and indirect federal financial assistance by federal department and CFDA Number.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and OMB Circular A-133 define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. Nonmonetary federal assistance including food stamps, food commodities, and surplus property, is considered federal assistance and, therefore, is reported on the "Schedule of Expenditures of Federal Awards." Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts in a vendor relationship between the Commonwealth of Virginia and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Direct Federal Assistance – Assistance received directly from the Federal government or received in a pass-through relationship from other State entities is classified as direct expenditures on the "Schedule of Expenditures of Federal Awards."

Indirect Federal Assistance – Assistance received in a pass-through relationship from entities other than the Federal government or other State entities is classified as indirect expenditures on the "Schedule of Expenditures of Federal Awards."

Major Programs – The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the criteria to be used in defining major programs. Major programs for the Commonwealth of Virginia were determined using a risk-based approach in accordance with OMB Circular A-133.

Catalog of Federal Domestic Assistance – The Catalog of Federal Domestic Assistance (CFDA) is a government-wide compendium of individual federal programs. Each program included in the catalog is assigned a five-digit program identification number (CFDA Number) which is reflected in the accompanying schedule.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. The following are the clusters administered by the Commonwealth: Food Stamp, Child Nutrition, Emergency Food Assistance, Schools and Roads, Public Works and Economic Development, CDBG – Entitlement and (HUD-Administered) Small Cities, Fish and Wildlife, Employment Services, JTPA, Highway Planning and Construction, Federal Transit, Highway Safety, Student Financial Assistance Programs, Special Education, TRIO, Aging, Child Care, Medicaid, Disability Insurance/SSI, and Research and Development. Research and Development, Student Financial Assistance Programs, and Highway Construction and Planning clusters expend funds from several Federal departments. The amount expended for these three clusters are reported under the appropriate federal department. The total amount expended for Student Financial Assistance was \$654,513,312, consisting of \$643,025,393 from the Department of Education and \$11,487,919 from the Department of Health and Human Services. The total amount expended for Highway Planning and Construction was \$545,434,179, consisting of \$545,369,440 from the Department of Transportation and \$64,739 from the Appalachian Regional Commission. The total amount expended for Research and Development was \$306,429,787, consisting of the following federal departments:

<u>Federal Department</u>	<u>Amount Expended</u>
Department of Health and Human Services	\$ 151,142,164
National Science Foundation	40,345,487
Department of Defense	36,947,196
National Aeronautics and Space Administration	18,873,705
Department of Agriculture	13,593,253
Department of Energy	11,536,052
Department of Education	7,904,615
Department of Transportation	5,945,809
Department of Commerce	5,930,388
Department of the Interior	3,370,374
Environmental Protection Agency	3,352,941
Agency for International Development	3,061,948
Department of Justice	1,034,866
National Foundation on the Arts and the Humanities	949,391
Department of Housing and Urban Development	804,127
National Archives and Records Administration	481,059

Small Business Administration	336,515
Nuclear Regulatory Commission	335,439
Department of State	141,519
Federal Emergency Management Agency	99,635
General Services Administration	94,145
Department of Labor	47,955
Department of Veterans Affairs	42,897
Institute of Peace	28,313
Tennessee Valley Authority	20,661
Office of Personnel Management	9,333
	\$ 306,429,787

**B. Basis of Accounting**

Federal program expenditures included in the accompanying schedule are presented using the cash basis of accounting. Under the cash basis of accounting, expenditures are recognized when paid rather than when the obligation is incurred. Federal non-cash assistance and loan/loan guarantee program activities are presented as described in Notes 2-C and 2-D below.

**C. Non-Cash Assistance**

The Commonwealth of Virginia participated in several federal programs in which non-cash benefits are provided through the state to eligible program participants. These include:

Food Distribution Programs (CFDA Numbers 10.550, 10.555, 10.569) – The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. The accompanying schedule includes commodity distributions of \$426,096, \$19,300,508, and \$3,957,596 for CFDA Numbers 10.550, 10.555, and 10.569, respectively. The accompanying schedule does not include Commonwealth-stored undistributed food commodities of \$157,623 and \$739,337 for CFDA Numbers 10.550 and 10.555.

Food Stamps (CFDA Number 10.551) – The face value of stamps distributed to program beneficiaries was the basis for calculating the value of food stamps. The accompanying schedule does not include food stamp inventory of \$66,968,149 held by local government subrecipients responsible for administration and issuance of food stamps to program beneficiaries.

Donation of Federal Surplus Personal Property (CFDA Number 39.003) – Donated federal surplus property is valued at 23.3 percent of the original acquisition cost as assigned by the federal government. The amount included in the accompanying schedule reflects distribution to other governmental entities during the year ended June 30, 2001. Administrative expenditures of \$1,067,075 are not included in the accompanying schedule. The value of surplus property on hand at June 30, 2001, totaled \$1,520,140.

Childhood Immunization Grants (CFDA Number 93.268) – The U.S. Department of Health and Human Services purchases and distributes immunizations to the Virginia Department of Health for use by the local health departments. The amount presented in the accompanying schedule reflects the cost of immunizations to the federal government of \$9,296,367. The remaining amount of \$3,749,612 is administrative expenditures. The value of inventory on hand at June 30, 2001, was \$604,912.

**D. Loan/Loan Guarantee Programs**

Family Federal Education Loans (CFDA Number 84.032) – The amount in the accompanying schedule reflects the value of new Stafford, PLUS, and SLS loans disbursed to students during the fiscal year.

Federal Perkins Loan Program - Federal Capital Contributions (CFDA Number 84.038) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2001.

Federal Direct Loan (CFDA Number 84.268) – The amount in the accompanying schedule reflects the value of new Federal Direct Loans disbursed to students during the fiscal year.

Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students (CFDA Number 93.342) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2001.

Nursing Student Loans (CFDA Number 93.364) – The amount in the accompanying schedule includes administrative costs during the fiscal year as well as the outstanding balance of loans receivable at June 30, 2001.

College Housing and Academic Facilities Loans (CFDA Number 84.142) – The amount in the accompanying schedule reflects the outstanding balance of loans payable at June 30, 2001.

Capitalization Grants for State Revolving Funds (CFDA Number 66.458) and Capitalization Grants for Drinking Water State Revolving Fund (CFDA Number 66.468) – The amounts in the accompanying schedule reflects disbursements for administrative costs and distributions to the Virginia Resources Authority for subsequent disbursement to subrecipients.

Economic Adjustment Assistance (CFDA Number 11.307) – The amount in the accompanying schedule reflects the cash on hand and the outstanding balance of loans receivable from subrecipients at June 30, 2001.

**E. Emergency Unemployment Benefits**

The amount included in the accompanying schedule for Unemployment Insurance (CFDA Number 17.225) includes \$39,383,181 administrative costs, \$10,461,003 federal unemployment benefits paid to federal employees, and \$242,559,898 state unemployment benefits paid to non-federal employees.

## **F. Program Expenditures**

Certain transactions relating to federal financial assistance may appear in the records of more than one state recipient agency. To avoid duplication and the overstatement of the aggregate level of federal financial assistance expended by the Commonwealth of Virginia, the following policies have been adopted:

1. When federal financial assistance is received by one state recipient agency and redistributed to another state agency (i.e., a pass-through of funds by the primary recipient state agency to a subrecipient state agency), the federal financial assistance will be reflected as expenditures by the subrecipient state agency.
2. When federal financial assistance is received by one state agency to purchase goods or services from another state agency, the federal financial assistance will be reflected as expenditures by the recipient (purchaser) agency.

### **3. OTHER ASSISTANCE PROGRAMS**

Federal financial assistance programs that have not been assigned a CFDA Number have been included in the accompanying "Schedule of Expenditures of Federal Awards." Programs for which the grantor agency is known are reported as other assistance and are identified as CFDA Number XX.000, where XX represents the federal grantor agency.

### **4. ASSISTANCE PROVIDED TO NON-STATE SUBRECIPIENTS**

The Commonwealth of Virginia disbursed pass-through funds to non-state subrecipients from the following programs:

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 5,159
10.217	Higher Education Challenge Grants	28,965
10.500	Cooperative Extension Service	396,316
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	2,017,005
10.560	State Administrative Expenses for Child Nutrition	1,137,147
10.664	Cooperative Forestry Assistance	300,395
11.419	Coastal Zone Management Administration Awards	652,294
12.000	U.S. Department of Defense - Other Assistance	231,371
12.112	Payments to States in Lieu of Real Estate Taxes	28,209
14.228	Community Development Block Grants/State's Program	19,941,435
14.231	Emergency Shelter Grants Program	1,235,114
14.235	Supportive Housing Program	476,017
14.239	HOME Investment Partnerships Program	9,408,213
14.241	Housing Opportunities for Persons with AIDS	305,377

<b>CFDA</b>		
<b>Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	307,739
15.612	Endangered Species Conservation	7,127
15.904	Historic Preservation Fund Grants-In-Aid	54,776
16.523	Juvenile Accountability Incentive Block Grants	1,041,566
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,829,983
16.575	Crime Victim Assistance	9,010,610
16.579	Byrne Formula Grant Program	4,618,044
16.588	Violence Against Women Formula Grants	3,057,683
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	154,026
16.592	Local Law Enforcement Block Grants Program	760,316
16.710	Public Safety Partnership and Community Policing Grants	150,000
17.235	Senior Community Service Employment Program	1,119,923
17.249	Employment Services and Job Training Pilots - Demonstrations and Research	9,786,772
17.253	Welfare-to-Work Grants to States and Localities	7,263,340
17.255	Workforce Investment Act	16,249,977
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	39,727
20.000	U.S. Department of Transportation - Other Assistance	379,153
23.001	Appalachian Regional Development	13,737
45.149	Promotion of the Humanities - Division of Preservation and Access	35,420
45.310	State Library Program	615,816
45.000	National Foundation on the Arts and the Humanities - Other Assistance	48,032
47.076	Education and Human Resources	15,091
59.037	Small Business Development Center	550,693
59.000	Small Business Administration - Other Assistance	79,309
64.124	All-Volunteer Force Educational Assistance	320,023
66.001	Air Pollution Control Program Support	136,120
66.466	Water Quality Management Planning	18,000
66.468	Capitalization Grants for Drinking Water State Revolving Fund	14,874,652
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	1,000
81.041	State Energy Program	8,915
81.042	Weatherization Assistance for Low-Income Persons	2,453,692
83.536	Flood Mitigation Assistance	133,953
83.544	Public Assistance Grants	3,497,941
83.548	Hazard Mitigation Grant	3,664,362

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
83.551	Project Impact - Building Disaster Resistant Communities	29,028
83.552	Emergency Management Performance Grants	1,156,431
84.002	Adult Education - State Grant Program	9,553,815
84.010	Title I Grants to Local Educational Agencies	114,492,104
84.011	Migrant Education - Basic State Grant Program	1,003,169
84.013	Title I Program for Neglected and Delinquent Children	24,037
84.029	Special Education - Personnel Development and Parent Training	118,346
84.048	Vocational Education - Basic Grants to States	20,506,478
84.068	Indochina Refugee Children Assistance	104,000
84.069	Leveraging Educational Assistance Partnership	656,449
84.128	Rehabilitation Services - Service Projects	330,993
84.162	Immigrant Education	2,353,913
84.181	Special Education - Grants for Infants and Families with Disabilities	110,910
84.185	Byrd Honors Scholarships	909,000
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,919,390
84.190	Christa McAuliffe Fellowships	31,711
84.194	Bilingual Education Support Services	99,411
84.196	Education for Homeless Children and Youth	128
84.213	Even Start - State Educational Agencies	1,770,153
84.215	Fund for the Improvement of Education	3,685
84.243	Tech-Prep Education	473,384
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	8,145,145
84.281	Eisenhower Professional Development State Grants	6,073,724
84.282	Charter Schools	188,115
84.298	Innovative Education Program Strategies	8,440,769
84.318	Technology Literacy Challenge Fund Grants	5,874,307
84.323	Special Education - State Program Improvement Grants for Children with Disabilities	433,091
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	2,006
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	221,017
84.330	Advanced Placement Incentive Program	49,231
84.332	Comprehensive School Reform Demonstration	2,257,556
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	1,090,660
84.338	Reading Excellence	3,733,589
84.340	Class Size Reduction	22,251,104

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
84.342	Preparing Tomorrow's Teachers to Use Technology	761,003
84.346	Occupational and Employment Information State Grants	80,679
84.000	U.S. Department of Education - Other Assistance	25,598
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	228,591
93.127	Emergency Medical Services for Children	41,008
93.192	Quentin N. Burdick Programs for Rural Interdisciplinary Training	480,942
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	71,128
93.230	Consolidated Knowledge Development and Application (KD&A) Program	64,460
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	7,128
93.268	Immunization Grants	379,347
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	223,809
93.556	Promoting Safe and Stable Families	4,907,112
93.558	Temporary Assistance for Needy Families	60,399,371
93.563	Child Support Enforcement	369
93.566	Refugee and Entrant Assistance - State Administered Programs	3,327,394
93.568	Low-Income Home Energy Assistance	7,972,066
93.569	Community Services Block Grant	8,254,607
93.576	Refugee and Entrant Assistance - Discretionary Grants	362,646
93.584	Refugee and Entrant Assistance - Targeted Assistance	583,904
93.585	Empowerment Zones Programs	410,000
93.595	Welfare Reform Research, Evaluations and National Studies	27,725
93.597	Grants to States for Access and Visitation Programs	117,150
93.600	Head Start	764
93.630	Developmental Disabilities Basic Support and Advocacy Grants	56,234
93.631	Developmental Disabilities Projects of National Significance	21,615
93.652	Adoption Opportunities	85,053
93.658	Foster Care - Title IV-E	56,222,470
93.659	Adoption Assistance	10,563,526
93.667	Social Services Block Grant	56,389,014
93.669	Child Abuse and Neglect State Grants	309,781

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,757,167
93.674	Independent Living	1,776,939
93.767	State Children's Insurance Program	1,766,304
93.822	Health Careers Opportunity Program	93,828
93.917	HIV Care Formula Grants	1,321,349
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	220,264
93.926	Healthy Start Initiative	1,430,755
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	234,429
93.940	HIV Prevention Activities - Health Department Based	1,149,427
93.945	Assistance Program for Chronic Disease Prevention and Control	52,513
93.958	Block Grants for Community Mental Health Services	7,319,862
93.959	Block Grants for Prevention and Treatment of Substance Abuse	37,225,141
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	7,785
93.991	Preventive Health and Health Services Block Grant	289,987
93.994	Maternal and Child Health Services Block Grant to the States	191,437
93.000	U.S. Department of Health and Human Services - Other Assistance	156,270
94.004	Learn and Serve America - School and Community Based Programs	295,237
	Research and Development Cluster	17,881,458
	Food Stamp Cluster	54,520,590
	Child Nutrition Cluster	129,906,818
	Emergency Food Assistance Cluster	807,126
	Schools and Roads Cluster	532,495
	JTPA Cluster	526,699
	Highway Planning and Construction Cluster	22,228,293
	Highway Safety Cluster	4,091,645
	Special Education Cluster	114,592,655
	Child Care Cluster	76,211,415
	Medicaid Cluster	34,290,904
		<u>\$ 1,062,120,670</u>

## ACRONYMS FOR AGENCIES AND INSTITUTIONS

<u>ACRONYM</u>	<u>AGENCY/INSTITUTION</u>
ABC	Department of Alcoholic Beverage Control
DOA	Department of Accounts
DMA	Department of Military Affairs
DMAS	Department of Medical Assistance Services
DMHMRSAS	Department of Mental Health, Mental Retardation and Substance Abuse Services
DIT	Department of Information Technology
DSS	Department of Social Services
VCCS	Virginia Community College System
VCU	Virginia Commonwealth University
VDH	Department of Health
VEC	Virginia Employment Commission
VPISU	Virginia Polytechnic Institute and State University
UVAMC	University of Virginia – Medical Center

COMMONWEALTH OF VIRGINIA

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