

**COMMONWEALTH OF VIRGINIA**  
**SINGLE AUDIT REPORT**

**For the Year Ended**  
**June 30, 1998**

***AUDITOR OF***  
***PUBLIC***  
***ACCOUNTS***



***COMMONWEALTH OF VIRGINIA***

## EXECUTIVE SUMMARY

The results of our single audit of the Commonwealth of Virginia for the year ended June 30, 1998 are summarized below:

- We issued an unqualified opinion on the general purpose financial statements;
- We did not identify material weaknesses in the internal control over financial reporting; however, we did find certain matters that we consider reportable conditions;
- 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 material noncompliance with selected provisions of laws and regulations related to major programs required to be reported in accordance with 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."

## - TABLE OF CONTENTS -

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EXECUTIVE SUMMARY

INTRODUCTION LETTER

INDEPENDENT AUDITOR'S REPORTS:

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

Report on Compliance with Requirements Applicable to Each Major  
Program and Internal Control Over Compliance in Accordance  
with OMB Circular A-133

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

Financial Statement Findings

Federal Awards Findings and Questioned Costs:

U.S. Department of Agriculture

U.S. Department of Labor

Federal Emergency Management Agency

U.S. Department of Education

U.S. Department of Health and Human Services

AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR YEAR  
AUDIT FINDINGS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report on the Schedule of Expenditures of  
Federal Awards

Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

ACRONYMS OF AGENCIES AND INSTITUTIONS AND STATE  
AGENCY CONTACTS



# Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

March 15, 1999

The Honorable James S. Gilmore, III  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Richard J. Holland  
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, 1998.

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.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

**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, 1998, and have issued our report thereon dated December 11, 1998. 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 generally accepted auditing standards 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 98-1 through 98-32.

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 none of the reportable conditions described above are material weaknesses.

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 for the information of the Governor and General Assembly of Virginia, management, federal awarding agencies, pass-through entities, and the people of the Commonwealth of Virginia. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS  
December 11, 1998

DBC:jld



# Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

## 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, 1998. 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 generally accepted auditing standards; 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, 1998. 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 98-33 through 98-39, and 98-58 through 98-60.

### 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 98-33 through 98-60.

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 none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Governor and General Assembly of Virginia, management, federal awarding agencies, pass-through entities, and people of the Commonwealth of Virginia. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

March 15, 1999

DBC:jld

COMMONWEALTH OF VIRGINIA  
SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED JUNE 30, 1998

**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:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
11.307	Special Economic Development and Adjustment Assistance Program – Sudden and Severe Economic Dislocation (SSED) and Long-Term Economic Deterioration (LTED)
16.579	Byrne Formula Grant Program
17.225	Unemployment Insurance
20.205	Highway Planning and Construction
20.505	Federal Transit Technical Studies Grants
59.037	Small Business Development Center
66.468	Capitalization Grant for Drinking Water State Revolving Fund
83.534	Emergency Management—State and Local Assistance
83.544	Public Assistance Grants
84.010	Title I Grants to Local Education Agencies

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.048	Vocational Education—Basic Grants to States
84.126	Rehabilitation Services—Vocational Rehabilitation Grants to States
84.142	College Housing and Academic Facilities Loan
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.569	Community Services Block Grant
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.658	Foster Care-Title IV-E
93.667	Social Services Block Grant
96.001	Social Security—Disability Insurance
93.044 93.045	Aging Cluster
17.207 17.801 17.804	Employment Services Cluster
15.605 15.611	Fish and Wildlife Cluster
10.551 10.561	Food Stamp Cluster
17.246 17.250	JTPA Cluster
93.775 93.777 93.778	Medicaid Cluster
84.007 84.032 84.033 84.038 84.063 84.268 93.108 93.342 93.364 93.820	Student Financial Assistance Cluster
(Footnote 2A)	Research and Development Cluster

Dollar threshold used to distinguish between

Type A programs:

\$12,725,000

Type B programs:

\$ 1,273,000

Commonwealth qualified as low-risk auditee?

**No**

## **FINANCIAL STATEMENT FINDINGS**

### **DATA PROCESSING CONTROLS**

#### **Access Controls**

##### **98-1. Improve Medicaid Information Security Administration**

Applicable to: Department of Medical Assistance Services

Repeated findings in prior years indicated weaknesses in security controls. These weaknesses allowed one individual to have inappropriate update access to MMIS Geographic Fee (GEOFEE) File. The individual, assigned to cluster VAGRP72, has update capabilities to the V02C screen, which updates National Drug Codes. Updates or changes to drug procedure codes is the most prevalent change made to the GEOFEE files.

The individual had this access in the prior year to help with a division backlog. In fiscal year 1998, the individual retained this capability; however, there was no indication of a division backlog. Inappropriate access is a result of the lack of review of user access. The Department continues exposing Medicaid data by allowing employees to maintain access that does not relate to their job duties.

DMAS should continue their efforts to enforce security policy and review user access to reduce the risks associated with inappropriate access to Medicaid data. Specifically, management should require Division Supervisors to review user access as job responsibilities change.

The Department took considerable action to address security issues since our last review. This includes instituting a Security Committee to address issues involving security. Although the Committee identified a number of security control measures, there is no indication that these controls effected the current year's activities and security administration remains a problem.

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

*DMAS is in the process of recruiting a new Security Officer. One of his/her duties will be to review security policies and to require that DMAS managers inform the security function when the status of a user/employee under their direction changes.*

*Dave Austin, Manager of Provider Review, is the individual responsible for implementing the corrective action. Estimated completion date is June 1, 1999.*

##### **98-2. Develop System Security Over Technician Codes**

Applicable to: Department of Medical Assistance Services

As noted in the prior audit, the Department does not maintain adequate security to prevent unauthorized use of technician codes. The codes are not machine address or employee specific and do not have password protection. Additionally, we found that a number of individuals know the codes and anyone processing claims can readily see the

codes. Finally, the lack of password protection allows anyone accessing the resolution screen to resolve claims with any technician code. Therefore, the Department can not hold technicians accountable for their actions to resolve pending claims.

The Department should implement security controls over technician codes to ensure accountability of all pending resolutions.

Management Plan for Corrective Action

*An Information Services Request (ISR) has been submitted to our fiscal agent to set an edit that will match an employee's security log-on-code to their tech code. This edit will prevent the use of arbitrary tech codes by staff assigned to claim processing. This will also allow a mechanism to properly track tech codes for those individuals responsible for claims adjudication. Tech codes will only be assigned to those individuals with security clearance for claims adjudication. This enhancement will be incorporated in the new Medicaid Management Information System.*

*Dave Austin, Manager of Provider Review, is responsible for the implementation of the corrective action plan. Estimated completion date is June 1, 1999.*

**98-3. Review User Access to the Budget Adjustment System**

Applicable to: Department of Planning and Budget

The Department does not have procedures to monitor whether users have appropriate access to the budget adjustment system, after initially granting access. Additionally, the budget adjustment system cannot produce a report of active users but instead lists all current and revoked users, making a periodic review of the report difficult and inefficient.

Management should develop written procedures to ensure user access records are current and accurate for users internal and external to the Department. Furthermore, management should consider changing the system to provide a user report to improve the efficiency of the access review process. Proper monitoring of access to critical systems is essential for preventing inappropriate user access.

Management Plan for Corrective Action

*The Department of Planning and Budget has developed a plan to correct audit findings regarding access to the department's budgeting and network systems. The Department has developed a step-by-step process that addresses systems access for:*

- *Newly hired employees,*
- *Terminated employees,*
- *Temporary programming needs, and*
- *Staff reassignments within the department.*

*The plan also addresses efforts to tighten security through the review of internal monthly reports and more frequent contact with agencies' budget officers. Our intent is to implement this plan as soon as possible, but no later than March 1, 1999.*

*Paul Bender, Acting Director of Information and Administrative Services is the responsible person for corrective action implementation.*

**98-4. Enhance Systems Access Monitoring Procedures**

Applicable to: State Lottery Department

We are again reporting that the Stratus system does not provide comprehensive user access reports, which renders periodic access reviews inefficient, ineffective, and cumbersome. Lottery identified the requirements for a system that would facilitate the review of system access and issued a Request for Proposal (RFP) in 1996. Due to a lack of adequate responses, a second RFP was issued, to which the responses were either cost prohibitive or did not fulfill the requirements. Since then, Lottery eliminated the funds to acquire this software from the fiscal year 1999 budget. Currently, the Department will not have the programming resources to develop a security system until after completing all programming changes for Year 2000. Until the Lottery procures additional application security software, or develops an internal alternative, the Information Systems Division should create reports that list menus and program functions for the on-line applications. To control access to on-line games, Lottery should develop procedures to periodically evaluate user access.

Management Plan for Corrective Action

*The Lottery recognizes that the security reporting capabilities of the Stratus Computer Systems are limited and inflexible. In the past, we have evaluated several products, which provide comprehensive user access reports, but have found them to be very expensive, extremely time consuming to implement, and not cost effective.*

*Currently, we do not have the programming resources to develop a security access reporting system in-house. We plan to continue our efforts to obtain a system that will allow us to more effectively evaluate user access on the Stratus system after we complete our Year 2000 project. A new initiative to identify a Security/Menu system which will provide proper reporting, and simplify its administration will be initiated by the Technical Support department by July 1, 2000.*

*Until we are able to procure this access reporting software, or develop an internal solution, we will continue to use the current inefficient and cumbersome "applications security report" which details security levels and access ability. Any new application menus will continue to be added to the on-line systems documentation and periodically reviewed by Lottery system security administrators and the security review committee.*

#### **98-5. Improve Access Controls**

Applicable to: University of Virginia – Medical Center

Medical Center Computing does not have any policies or procedures for changing access rules when employees are assigned different duties, employees terminate, or workstation addresses are changed or are no longer needed. While reviewing access to the Medical Center's systems, we found accounts for people no longer employed by the Medical Center and invalid workstation addresses with access. In addition, we found current employees with access they did not need for their changed job duties. The presence of unnecessary access points increases the likelihood of inappropriate transactions or access to sensitive data.

Medical Center Computing should develop a policy for Medical Center departments to follow when an employee terminates or receives reassignment to another department. Database administrators should periodically review the workstation address listing and remove invalid addresses from the list. Implementation and enforcement of such policies would further secure the Medical Center's critical systems and sensitive data.

##### Management Plan for Corrective Action

*Medical Center Computing has drafted a policy addressing system access and terminations, which will be forwarded through the Medical Policy Committee (MPC) for approval and adoption. This proposed manual process will be enhanced with automated controls/notification when a new human resources system is implemented in 1999.*

*The Medical Center Computing is the responsible area for implementing the corrective action. Estimated completion dates are June 1999 and December 1999.*

#### **98-6. Strengthen Security Over the PeopleSoft System**

Applicable to: University of Virginia – Medical Center

In our last audit, we identified two security weaknesses in the Medical Center's new financial systems. These weaknesses could lead to unauthorized use or alteration of the Medical Center's critical financial data. Our specific concerns follow:

- PeopleSoft application password security does not limit the number of failed logon attempts, does not require users to periodically change passwords, and does not use a specific password for a user's initial logon.
- The Medical Center has not installed data security firewalls to prevent network access by unauthorized users from outside networks including the Internet. Lack of firewalls make it easier for unauthorized external users to gain access to the financial databases and possibly alter or destroy financial data.

During this audit, we identified two additional security weaknesses. These weaknesses could result in making critical financial systems unavailable to users.

- The UNIX server running the financial system allows users to telnet (communicate from remote locations) and establish sessions. The ability to telnet to this server, especially in the absence of a firewall, significantly increases the possibility of a “hacker” attack to the server. An attack could result in bringing the entire server down. The Database Administrator (DBA) should strictly limit telnet to only those individuals that actively require this access and should regularly review whether users continue to need telnet access.
- The Medical Center is not taking full advantage of using the trusted mode in UNIX. As a result, a “hacker” could use free Internet products to determine user ID’s and passwords to the UNIX server. With password information, a hacker could effectively take over the server, making it unavailable to Medical Center personnel.

Medical Center Computing is reviewing potential ways to improve password security and is developing a request for proposal to purchase and install “firewall” technologies. The Medical Center should continue to work to resolve these security risks and improve security over its financial systems.

#### Management Plan for Corrective Action

*New procedures have been implemented by Medical Center Computing (MCC) to instruct personnel on the standard to change PeopleSoft passwords upon issuance and every 60 days thereafter. Since PeopleSoft does not provide automated password management, MCC will acquire and install a third party solution approach this fiscal year.*

*Medical Center Computing has established a committee with representation from MCC, HSF and ITC to develop a firewall strategy consistent with the requirements of the three organizations. MCC has developed an RFP to outsource the development and installation of "firewall" technologies, a project funded for this fiscal year. An appropriately configured firewall should be in place by the end of the current fiscal year.*

*Access to the DEC Alpha is limited to 15 predetermined IP addresses, stored in the server in a protected file. These addresses allow the capability to provide remote access to the server for routine and emergency support. The use of these addresses is monitored by the DBA. C2 level security is installed on the DEC Alpha. Additional auditing for logins, logouts, and password changes will be activated by the end of the first quarter, 1999.*

*The Medical Center Computing is the responsible area for implementing the corrective action. Estimated completion dates are March 1999 and June 1999.*

#### **98-7. Review Computer Access**

Applicable to: Virginia Polytechnic Institute and State University

The University does not have a policy that requires data custodians to periodically review access reports and request removal of inappropriate access. Failure to require a periodic review of access could lead to inappropriate access going undetected. During our review of the Human Resources System, we found the following:

- 24 employees have both update and approval access.
- 117 ID's do not have a name listed in the employee name table.
- 19 ID's do not have a defined role in the role table.

The University should develop a policy that requires data custodians to periodically review access reports and request removal of improper access and inactive ID's. Monitoring systems access will reduce the risk of unauthorized change or use of data.

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

*The ID's that have both approver and enterer capabilities have been changed and the request form used by departments has been redesigned to be more explicit. When HRIS personnel receive a dual request (to make an enterer an approver, or an approver an enterer), they will contact the user to determine which access is actually needed. The request form will be updated by January 15, 1999. Also, there will be a periodic review of all userid access by Personnel Services.*

*Information Resources Management (IRM) and the HRIS team will meet in early 1999 to investigate ID's that do not have associated names and/or roles. New security management software has been purchased by IRM and should assist in managing this process by providing periodic reports to both IRM and the Personnel Services staff.*

*Some issues have been resolved and final implementation is expected by December 31, 1999. Responsible person - Vice President for Information Systems.*

#### **Program Change Controls**

#### **98-8. Strengthen File Change Process**

Applicable to: Department of Medical Assistance Services

DMAS does not have specific processes to change drug procedure codes in the Geographic Fee File (GEOFEE). Additionally, no one reviews such changes for accuracy, nor retains documentation for requested changes. Updates and changes to drug procedure codes are the most frequent changes made to GEOFEE.

GEOFEE contain the maximum fees and prices for individual procedure codes for each invoice type. Additionally, it provides information for the MMIS to automatically price invoices and check fee-for-service providers' service limitations.

The lack of specific procedures to change drug codes places DMAS at an unnecessary risk of making improper and inaccurate payments. During fiscal year 1998, DMAS paid over \$220 million for drugs; almost ten percent of total Medicaid dollars. DMAS management can not rely on the surveillance and utilization system to identify and detect such errors without accurate drug procedure codes. Any change to the GEOFEE generates an *Online GEOFEE File Audit Trail* report that shows the record key, date, operator, and before and after fields. Some personnel receive the reports from the fiscal agent for review and verification. However, personnel responsible for changing drug procedure codes, do not receive this report.

Since our last review, the Department began reviewing a sample of the fiscal agent National Drug Code updates on a monthly basis, however, there is no review of changes made by the Department's pharmacy staff.

The Department should strengthen its file change and review process for drug procedure codes to minimize the risks of making improper Medicaid payments.

Management Plan for Corrective Action

*The Department has instituted a review of GEOFEE file changes by the Pharmacy staff.*

*Dr. Adelie, Medicaid Medical Officer, is the responsible person for corrective action implementation. Estimated completion date is June 1, 1999.*

**98-9. Standardize APECS Program Change Procedures**

Applicable to: Department of Social Services

The Department of Social Services should document and implement standard program change procedures for changing Automation Program to Enforce Child Support (APECS) system modules. The auditor could not trace program changes from request through modification, testing, compilation, and implementation. We noted the following exceptions.

- No documentation of end user sign-off on testing for 4 of 20 changed program modules.
- No analyst approval for 3 of 20 changed program modules.
- No migration sheet for movement back to production for 7 of 20 changed program modules.

Additionally, the auditor had difficulty in relating program change documentation to the change requests. Programmers used various documentation methods of tracking and migrating program changes and it is difficult to determine if the documentation supports the change or even if it exists. This lack of consistent documentation could lead to unauthorized changes if management could not verify proper authorization, testing, compilation, and migration of critical program modules to production environments.

Management Plan for Corrective Action

*We agree. Procedures existed but were out-of-date with current practices and were not uniformly distributed or enforced.*

*APECS staff are working with Operations staff to formalize and document a standard procedure to track program changes that will include control points for review/approval processes. This will cover the process from initiating a Librarian work order in response to a Service Request/Authorization (SRA) or problem report through the migration of the production modules. The documented procedure will be distributed to all APECS staff, who will be instructed in the use of the procedure. New staff will be provided a copy of the procedure as part of their orientation. We expect to implement the new procedures, including instructing the staff, by April 16, 1999.*

**98-10. Disseminate and Adhere to Program Change Procedures**

Applicable to: Department of Taxation

The Office of Information Resource Management (OIRM) needs to strengthen program change procedures and practices. During our review, we found:

- Program change procedures need updating and modification
- All program changes should be documented
- Certain duties and responsibilities should be separated

Taxation is currently updating and consolidating its program change procedures. Once this is accomplished, OIRM should distribute the procedures and follow them. Additionally, the procedures should address the development and maintenance of supporting documentation for program changes. Finally, management should reevaluate job responsibilities and improve separation of duties to minimize inappropriate access to computer resources.

Management Plan for Corrective Action

*We concur with the auditor's comment. Our corrective action plan will be to develop a detailed project scope and workplan by March 15, 1999 to focus on enhancing our current QA and change management procedures to accommodate applications development standards and procedures for the LAN (all servers) and standalone workstation environment, as well as, to review our existing procedures for the mainframe environment. By March 15, we will be in a better position to provide a completion date for implementation of the new and revised procedures and processes.*

*Tim Bass, the Manager of our IT Support Services area will be responsible for completion of this task.*

#### **98-11. Comply with Procedures for Program Changes to Human Resources System**

Applicable to: Virginia Polytechnic Institute and State University

The Human Resources Technical Team does not always document program changes to the system software as required by their policies and procedures. None of the four non-emergency changes we tested documented the approval of the user before moving the change into production. Also, emergency requests do not always document the reason, cause, or desired outcome of the change. Failure to follow procedures for program changes could lead to unauthorized or insufficiently tested changes.

The Human Resources Technical Team should follow established policies and procedures for documenting program changes. The University is evaluating automated change management software that would help this process. We support this implementation for the Human Resources System.

##### Management Plan for Corrective Action

*Program change procedures, including emergency modifications, have been updated and are followed. All requests must now document the reason, cause, or desired outcome of the change. Key managers in the Controller's Office and Personnel Services are informed of all changes. The automated change management software, CCCHarvest, will be implemented for the HRIS. Corrective actions will be implemented by May 31, 1999. Additional quality control processes will be investigated on an on-going basis following implementation of CCCHarvest.*

*Corrective actions will be implemented by May 31, 1999. Additional quality control processes will be investigated on an on-going basis following implementation of CCCHarvest. The Director of Personnel Services is responsible for implementing the corrective action.*

#### **Information Security Programs**

#### **98-12. Strengthen Information Security**

Applicable to: Department of Health

The past several audits reported system weaknesses within Patient Care Management System (PCMS) that require certain individuals to have unlimited access to patient and financial information under a super user logon. The current system cannot monitor changes made under this logon. Management and internal audit have attempted to reduce risk by implementing some compensating controls; however, due to the limits on the system these controls are not enough to safeguard against unauthorized transactions being processed. In addition, we found instances where the districts were not following these controls. We strongly recommend that Health resolve these security issues with the replacement PCMS.

We also noted instances where individuals had improper access to sensitive data. Management did not limit critical financial information commands to only users who perform financial functions. Similarly, they did not limit critical medical information screens to individuals who perform medical services. Users should only have access to those screens necessary to perform their job duties.

Additionally, Nutritional Program for Women, Infants, and Children (WIC) clinic employees can set up recipient accounts, enter and update recipient eligibility information, and approve recipients for benefits without supervisory review or independent verification. These employees also reconcile unmatched WIC checks. This lack of segregation of duties increases the risk that employees can initiate incorrect or fraudulent transactions. The current WIC system has limited security functions and inadequate compensating controls preventing operational changes to address these system weaknesses. Management should also address these issues when implementing their new WIC system.

Management Plan for Corrective Action

*We feel strongly that the limited weakness represented by this lack of adequate separation of responsibility is compensated for by the logging and review by managers of incompatible activities. This rare assignment of overlapping duties is occasionally unavoidable due to limited staff in some smaller districts. Management at VDH has made a good faith effort to resolve this prior year audit point within the confines of the existing systems and staff. An e-mail from the VDH Database administrator discussing the required separation of controls was issued in January 1997. Likewise, the policy was discussed in the OIM administrative manual issued to all district AMAs in early 1997. The Assistant Commissioner for Community Health issued a memo to Districts regarding this topic in November 1997. The Information Systems Audit Manager at an AMA conference made a presentation in November 1997 explaining the APA concerns.*

*The result of these efforts was to make it clear to District management that Information Systems Administrators roles were not to be used for end-user responsibilities. In the APA detailed management point workpapers supporting this finding, it is noted that there is not a high internal control risk, as these items have no financial statement impact. The VISION system will eliminate this system weakness.*

*Management has charged OIM and Internal Audit with these tasks and we feel the progress noted (the reduction in the volume of districts cited as being out of compliance) reflects the progress made in this area. We will continue to remind district directors to adequately segregate duties and to apply proper system access control security over sensitive data. OIM will continue to provide Information Security training to districts.*

Auditor's Response and Comments:

The agency misinterpreted our workpapers. We do feel that these issues represent an internal control risk.

**98-13. Complete the Security Safeguards and Contingency Plan for All University Information Systems**

Applicable to: Norfolk State University

As noted in prior years, the University has developed an Information Technology Security Program and has completed two of the five components of the program. The University has a business impact analysis and risk analysis. The business impact analysis and risk analysis have been revised to include the impact and risk associated with the new student information system that is currently being implemented.

The University still has not completed the implementation of the three remaining components:

- Information technology security safeguards,
- Security awareness and training programs, and
- Contingency management plan for all critical applications.

Management has briefly documented areas of physical security in the Information Technology Policies and Procedures Manual. However, no documentation exists considering personnel, data classification, access control, or communications security. Documentation of the expected controls allows management to determine if all controls meet their intended purpose.

Although management has revised the Senior Programmer/Analyst description to include serving as Information Security Officer, additional revisions should include:

- Written policies describing Security Officer job duties, including segregation of programming and production responsibilities; and
- Formal plans to provide the Security Officer and users with continuing information security training.

Understanding job duties and providing continuing training programs will ensure that all individuals involved in the management, operation, programming, maintenance, and use of critical information systems are aware of their security responsibilities and how to fulfill them.

The University has not updated or tested its contingency management plan. Updating and testing the plan and training the staff will identify and allow for correction of any problems that may exist with the plan. Without such a plan, the University has a great risk of not resuming business activity promptly by either recovering its computing capability or using alternate procedures, should a disaster strike.

The University should undertake and document a comprehensive security safeguard plan, security awareness and training, and contingency plan for all information systems. This plan must include administrative systems, academic applications, and databases regardless of whether they operate on mainframes, midrange computers, or file servers. Council of Information Management Standard 95-1 provides guidance in establishing such a plan.

#### Management Plan for Corrective Action

*We concur. The University has taken steps towards the development of a security program; all activities have not been completed.*

*The University is in the process of reviewing all current contingency plans and will complete the development of a comprehensive security plan and a management contingency plan in accordance with CIM Standard 95-1.*

*The security plan including a security awareness and training program will be completed by August 1, 1999. The contingency plan will be completed by May 1, 1999 with testing of the contingency plan completed by June 30, 1999. Judy Marchand, Director of the Office of Information Technology, is responsible for implementing the corrective action plan.*

**98-14. Improve Information Security Plan**

Applicable to: University of Virginia – Medical Center

The Medical Center's risk assessment does not identify the possible risks and vulnerabilities to critical applications and sensitive data. Medical Center Computing (MCC) had planned to perform a risk assessment and disaster recovery for the entire network and the client/server system by December 1997. Management decided to complete the planning for the Integrated Healthcare Management Information System before starting to update the Business Impact Analysis and Disaster Recovery Plan. This delay would allow the new assessment to include the new system's hardware and computing environment.

Since MCC is completing the planning for the new system, it should undertake the comprehensive risk assessment to identify possible risks and vulnerabilities to critical applications and sensitive data. This assessment should make recommendations for implementation of security safeguards to mitigate those risks. Management concurs and anticipates completing this plan by July 1999.

Management Plan for Corrective Action

*Medical Center Computing will implement corrective action as recommended by the auditors.*

*The Medical Center Computing is the responsible area for implementing the corrective action plan. Estimated completion date is July 1999.*

**98-15. Develop and Implement a Comprehensive Information Security Program**

Applicable to: Virginia Polytechnic Institute and State University

As described in our last report, the University does not have a comprehensive information security program and there is no clear policy defining who sets or enforces security. The University has implemented its information systems over time and addressed security concerns within individual systems. As the University moved to a more distributed computing environment with increased communication, the University did not develop and implement a comprehensive information security program that addresses managing security with a variety of users having access to different systems.

To develop a comprehensive information security program, the Council on Information Management recommends a five-step approach. These steps require conducting and issuing a business impact and risk analysis, a contingency management plan, a disaster recovery plan, and an information security plan. The final step is implementation that includes procedures for reviewing, updating, and changing the plans to address new situations and technology. Underlying this approach is the need for the

University to develop and use a common definition and understanding of what information and resources the University has, and who has responsibility for this information and resources.

Senior management needs to begin addressing security concerns over its new interconnectivity environment. The University can no longer simply address security issues by relying on the data owners or creators to establish the appropriate security or access. The new systems share and depend on data whose integrity relies on the security and access controls in other departments. Electronic commerce will depend on the person requesting the good or service. For example, personnel information creates data that payroll relies on without verification.

While the University has taken the initial steps to conduct a business impact analysis and risk assessment with its central information systems, much of the risk now resides outside the control of this central environment. Also, while the appointment of a University Information Security Officer is a very positive step, management has not given this individual the authority or directive to effectively set, review, or enforce security due to a lack of standards.

With the University's commitment to large scale interconnectivity, there is a need to address information security through a comprehensive program that sets minimum requirements and expectations for both the users and creators of information and for the use of these resources. The expectations must take a University-wide approach to these security issues. Further, management of interconnected systems and networks requires individuals and groups who understand the entirety of operations and address information security issues in broader terms.

A comprehensive information security program must equally address the needs of training, internal control, privacy, and enforcement. The program must understand and address both global needs and individual user needs. Therefore, management needs to properly provide the security program leaders with both the responsibility and the authority to accomplish these objectives.

#### Management Plan for Corrective Action

*At the August 1998, meeting of the Board of Visitors, the position of Information Resources and Technology Security Officer was approved. The position reports to the Vice President for Information Systems. The security officer will provide technology tools, education, awareness, and guidance necessary for a safe and secure information technology environment for teaching and learning, research, outreach, and the conduct of university business.*

*Position was approved August 1998, and programs are in the process of being implemented. Responsible Person: Vice President for Information Systems*

#### **98-16. Formally Consider Need for Security Firewalls**

Applicable to: Virginia Polytechnic Institute and University

The University has significant exchanges of information over its network and has a high volume of users. This information exchange involves both internal and Internet

traffic. One of the fundamental security measures in this environment is the use of firewalls that can both restrict and prevent unauthorized access. The University has neither reviewed this traffic nor formally considered the installation of appropriate firewalls to protect access to restricted information. Considering that the volume of potential sensitive information is increasing over the University networks daily, we strongly encourage the University to formally consider the need to install firewalls to protect against inappropriate access.

#### Management Plan for Corrective Action

*Beginning approximately three years ago, Communication Network Services (CNS) began replacing shared ethernet networks on campus with switched ethernet networks. In addition to providing a significant increase in effective bandwidth to network users, switched ethernet offers additional network security.*

*Similar to firewalls, switched ethernet networks control the flow of network data such that users only receive data that is sent directly to them or broadcast to all users. The switched ethernet hub filters out data that is intended for other users. This prevents users who run packet capture software from capturing data intended for others.*

*CNS is in the process of migrating to switched ethernet everywhere on campus. They will complete this upgrade in 12 to 18 months.*

*CNS has strategically located routers on campus to improve network security and manageability. The routers are configured to filter traffic based on the source address of the traffic. This prevents hackers from masquerading as a trusted user in attempts to gain access to restricted network resources such as servers. The routers that connect the modem pool and the internet to the campus network are also configured with this filter. End-to-end encryption and a strong authentication system are strongly recommended in cases where network security is a concern. These are additional measures that enhance network security. Implementation is in process and will continue through June 30, 2000.*

*In process and will continue through June 30, 2000. Responsible Person:  
Vice President for Information Systems*

#### **Disaster Recovery Plans**

##### **98-17. Complete and Document Disaster Recovery Plan for Disbursements**

Applicable to: Department of Accounts

As noted in the prior year's audit, Accounts should complete a contingency plan for processing warrants if the check writing equipment were to become unusable. After Accounts has formulated and tested the feasibility of alternative processing, they must document the process in a disaster recovery plan. Completing the contingency plan will provide the Commonwealth with an added degree of security in the event problems occur. The contingency planning section of COV ITRM Standard 95-1 issued by the Council on Information Management also requires emergency response procedures appropriate to any incident or activity that may endanger the capability to perform essential functions.

#### Management Plan for Corrective Action

*In prior years the Department of Accounts has been unable to totally resolve this finding due to our inability to find an acceptable backup (on or off-site) for the Troy Printers. The Department of Accounts and the Department of Treasury have issued an RFP, which will replace the current checkwrite system. Bids regarding this replacement are currently in progress and an award should be made within the 1<sup>st</sup> calendar quarter of 1999. The conclusion of this process and implementation of an enhanced check printing system will facilitate the Commonwealth establishing an acceptable off-site disaster recovery site and provide for an added degree of security should a disaster occur. Additionally, this will enable the Departments of Treasury and Accounts to comply with the Council on Information Management's standard COV ITRM Standard 95-1.*

*The purchase and installation of the new check writing machines should be completed by July 1, 1999. However, the establishment of an off-site disaster recovery site target date is not determinable at this time. Accounts will not be able to determine if there is a compatible disaster recovery site, until the machines are actually purchased and installed.*

*The Director of Administration is responsible for the purchase of the new machines and the Manager, Systems Analysis and Programming will be responsible for establishing an acceptable off-site disaster recovery site.*

#### **98-18. Complete Contingency Management for the LAN and ES9000**

Applicable to: State Corporation Commission

As noted in our previous report, the Commission's Contingency Management Plan is incomplete in that it only addresses restarting the IBM ES9000. The plan lacks the detail to obtain a location, software, and hardware for an actual recovery of the IBM ES9000. Further, the Contingency Management Plan only outlines hardware and software recovery measures in the event of a minor disaster. It does not address recovery measures should a major disaster occur. The Commission should complete a contingency management plan for the LAN and update its plan for the IBM ES9000 to include major as well as minor disasters. Additionally, once completed, the Commission should periodically test the plan.

#### Management Plan for Corrective Action

*As part of our Y2K strategy, and based on the requirements of the CDCI Project Office, we are in the process of developing a Contingency Plan that provides alternative strategies to our plans and activities related to Year 2000.*

*The critical business processes for each division and the Commission are being identified. These will be incorporated into the Y2K Contingency Plan, and then into the SCC Contingency Plan that follows.*

*Upon completion of the Y2K Contingency Plan, efforts will concentrate on the Contingency Management Plan for the LAN and for the Mainframe. While the ES9000 is our current platform, we are in the process of migrating to a newer generation of this mainframe family. We are also converting our current VM operating system to the MVS/OS390 operating system.*

*We are also implementing a number of significant changes to our LAN. These include a conversion from token ring to Ethernet, upgrading our wire closets, and implementation of a number of management and control packages/features. Because of these major changes, we will focus the new plan on the emerging environment. In the process of the conversions/implementations, we are developing documentation that will be appropriate as input to the plan. We are also starting the investigation of contingency processing options and environments.*

*Our timetable currently calls for the Y2K Contingency Plan to be completed in February 1999, after which the full planning process will commence to be completed by December 31, 1999.*

*Gerald Pacyna, Director of Information Technology, is the responsible person for corrective action implementation.*

**98-19. Prepare Disaster Recovery Plan and Backup Data**

Applicable to: University of Virginia – Medical Center

The Human Resources Department does not have an adequate disaster recovery plan for its systems. The current plan does not assess risk, analyze business impact, or adequately detail procedures to follow. In addition, Human Resources has no documented procedures for backing up its programs and data. Internal Audit reported similar findings in 1994.

In the event of a disaster, the University could lose critical information and disrupt Human Resources functions for an extended period. Human Resources should develop a formal disaster recovery plan that assesses risks affecting its systems, identifies business impact in the event of the loss of computing, and includes detailed recovery procedures. The contingency plan should also identify a specific location for operations should present facilities be unavailable. Additionally, Human Resources should document procedures for backing up its programs and data. We understand that Human Resources has begun work to complete disaster recovery and backup data plans.

Management Plan for Corrective Action

*The Department of Human Resources will complete a reassessment of its disaster recovery plan during the first quarter of 1999. The reassessment will review the business risks affecting its systems and data. Based on the results, the appropriate steps will be taken to implement the assessment's recommendations.*

*The Department of Human Resources has developed written documented procedures for backing up its programs and data. These procedures involve the daily and weekly back up of programs and data, which is transported off-site to a secure location.*

*The Human Resources Department is responsible for corrective action implementation. Estimated completion date is March 1999.*

## Year 2000

### **98-20. Ensure Year 2000 Compliance**

Applicable to: Department of Health

Due to poor project management, CDCI assumed direct oversight of the Year 2000 (Y2K) project on June 1, 1998. CDCI designated one of their staff as Health's Project Director. This Project Director supervised the hiring of a consultant to complete a comprehensive assessment, oversaw the consultant's assessment activities, and approved the composition of Health's Y2K Steering Committee. The Project Director's additional responsibilities include meeting on a weekly basis with the consultant's project manager, the Y2K Project Coordinator, and the Assistant Secretary of Health and Human Resources. During these meetings, the Project Director reports on Health's assignment of staff and vendor resources to meeting the Y2K plan. Health retains responsibility for providing adequate staff and budget resources to the Y2K project and is ultimately responsible for ensuring compliance of Health's systems and activities.

The consultant facilitated the completion of a Y2K assessment. The consultant issued its report, "Initial Year 2000 Inventory Review and Impact Assessment," on October 12, 1998, and made the following findings and recommendations.

- More than 25 percent of systems hardware is not Y2K compliant or needs more testing. Nearly all the software products need more testing or upgrades. Additionally, only 14 percent of custom applications are Y2K compliant, 40 percent need more compliance testing, and 46 percent need renovation. Health needs to test and remediate these custom applications and replace, repair, upgrade, and test their information technology as required.
- Fifty one percent of data exchanges are not Y2K compliant. Health needs to perform further analyses and include related findings in the Y2K remediation plan.
- The Y2K compliance status is unknown for nearly 82 percent of telecommunications equipment. However, per OIM management, Health was aware of the telecommunications issues and to date has nearly completed the replacement of this equipment.

In conclusion, Health needs to complete further testing to finish assessing its Y2K problem, develop a remediation plan that includes contingency planning, and implement remediation plans. Furthermore, Health should determine the impact of reliance on mission critical vendors who are not Y2K compliant. The consultant estimated Health would need seven additional staff for six months to complete the recommendations. Relative to prior years, Health has made significant progress in handling Y2K challenges ever since CDCI assumed direct oversight. However, to be successful, Health must continue its efforts to obtain additional funding to support the Y2K project and institute recommendations. It is crucial that Health ensure it can continue its operations and carry out its goals and mission in the upcoming millenium.

### Management Plan for Corrective Action

*OIM management has long been aware that much of the telecommunications equipment was not Y2K compliant and a plan to remediate this was begun more than a year ago. A major vendor has been physically on-site for that entire period to assist in this effort. The plan for upgrading the network should be executed and completed by the end of January 1999.*

*Everyone, including CDCI staff assigned to VDH, recognize that considerable Y2K assessment was underway at VDH during past years, however, that work was not adequately reported per CDCI guidelines. The wording above is factually inaccurate and should more correctly state that "due to poor project reporting...." While CDCI has been given considerable due credit in the report for turning around the VDH Y2K effort, much of the accolades for the work that has been accomplished since June should also be shared with VDH Management and the Y2K Steering Committee that has worked so diligently on the tasks involved. Both VISION and Y2K projects continue to progress. VDH is making progress in the areas of obtaining funding to support Y2K efforts and in implementing remediation plans. There has been substantial increase in the Commissioner's involvement in the Y2K effort at VDH. Dr. Peterson is meeting with the CDCI Director on a monthly basis to assess progress, and she and the senior management team are meeting regularly with CDCI staff members responsible for VDH compliance. In addition, she is meeting weekly with a staff member from the OSHHR. VDH has a project team in place, funded by CDCI working in collaboration with VDH.*

### Auditor's Response and Comments:

As evidenced by the other issues noted in the Health report, the Year 2000 problems are not simply reporting issues. Poor project management in conjunction with poor project reporting resulted in CDCI assuming direct oversight. CDCI agreed with our assessment.

## **INFORMATION SYSTEMS PROJECT MANAGEMENT**

### **98-21. Develop Systems in Accordance with an Overall Project Plan**

Applicable to: Department of Health

The past several audits reported that Health's WIC and Vital Records systems are ineffective, inefficient, and in need of immediate replacement. In order to achieve effective and efficient information systems, OIM has been working for several years on VISION. VISION, an integrated data system that incorporates most of Health's existing systems needs, will allow access to aggregate data by the private sector and other government agencies. In this plan, each system will employ the same structure allowing communication and sharing of information. Additionally, VISION addresses the Year 2000 compliance issues for the systems it will replace.

OIM did not adequately manage VISION to ensure the project's timely completion. OIM did not follow its overall project plan and timelines for VISION and frequently rescheduled implementation. Implementation was nine months behind schedule during our last audit, with full implementation by October 1998, which it did not meet.

To rectify this problem, during October 1998, the new Acting Director of OIM and the former VISION Project Manager reorganized the overall project plan and timelines for VISION. This new plan calls for implementing VISION in three phases. The Department is currently working on Phase I of implementation. Phase I includes the development and implementation of the following system modules in VISION.

- WIC-NET
- Patient Care Management System (PCMS)
- Vital Records Electronic Birth Certificate System
- Radiological Health
- Emergency Medical Services – Trauma Registry
- Bedding and Reupholstered Furniture Inspection Management System
- Virginia Health Information Data Warehouse

OIM management hopes to complete these tasks within the revised project plans and timelines. To date, Health has implemented the Birth Certificate System and the VHI Data Warehouse and plans to fully implement the remaining Phase I modules by January 1999. In order to meet this new plan, Project managers will need to continually identify and address the impact of project delays and communicate them in a timely manner to Health's senior management.

Management Plan for Corrective Action

*Corrective action taken by the Department is noted in the audit comment. The Office of Information Systems is the responsible party.*

**98-22. Improve Project Reporting and Management**

Applicable to: Department of Health

OIM issued only one overall project status report during the fiscal year, although various employees prepared weekly and monthly updates for project managers. This one report did not adequately address the status of development, implementation, or the cost of all VISION modules. Without an effective mechanism to report project status, senior management could not monitor project costs.

In January 1998, senior Health management created the Agency Information Management Advisory Committee to recommend information projects' priorities, funding mechanisms, and review on-going project status. Beginning August 31, 1998, OIM began issuing weekly project status reports that adequately address the overall status of the VISION project. These weekly reports go to executive management, internal audit, the Advisory Committee, and the Century Date Change Initiative Office (CDCI).

Senior management should make sure project managers are comparing project progress to the project plan and budget and making recommendations when issues arise in the weekly status reports. Senior management can then effectively shift project priorities or resources, obtain additional resources when necessary, and focus project efforts toward the initial objectives.

Management Plan for Corrective Action

*We do not concur with the assessment that there was inadequate monitoring or reporting of VDH information management projects, budget or priorities. Planning for better control of these items with the goal of effective cost containment began at the October 15, 1997 meeting of the Senior Management Committee and culminated in the Agency Management Information Advisory Committee (AIMAC) in December 1997. This group (AIMAC) has met seven different times to review project status reports from OIM Management, as well as to discuss efforts by OIM management to contain costs and to expedite the development of VISION. At the July 23, 1998 meeting the AIMAC approved for recommendation to the Budget Steering Committee, a budget that included all known expenses for OIM operations and Y2K Compliance. This budget and various funding strategies were reviewed in detail at two subsequent meetings of the Budget Steering Group and then by the Senior Management Committee.*

Auditor's Response and Comments:

We stand by our assessment that up until the creation of the AIMAC committee reporting and management of the VISION project was inadequate. However, we do recognize that since the creation of AIMAC and with the issuance of weekly status reports since August 1998, Health has implemented proper corrective action. The agency states they began planning for better control of these items in October 1997; however, we did not see evidence that they had started putting a priority on the issue that early.

**98-23. Develop an Overall Project Budget**

Applicable to: Department of Health

OIM has not prepared a comprehensive budget for VISION, nor has management found sufficient resources for the completion of VISION. During October 1998, OIM determined budget needs for aggregate OIM operations and Year 2000 compliance. Management is actively trying to obtain funding by requesting the reallocation of surplus funds in the general fund, requesting the reallocation of central appropriations, and requesting emergency budget amendments from CDCI.

Failure to establish a proper budget, set aside funds for completion of the project, and monitor project costs jeopardizes the completion of VISION. Health should continue its efforts to secure additional funding. OIM should develop a detailed project budget for VISION that corresponds to the project plan. OIM must monitor progress against the project plan and budget. They should accurately and promptly report progress and costs to senior management.

### Management Plan for Corrective Action

*VDH is actively trying to secure additional resources to assure the completion of VISION, address Y2K compliance issues and support the agency's information management activities for the current as well as future fiscal periods. The primary reasons that the agency's information management activities have been underfunded in FY 1999 and FY 2000 include insufficient general funds appropriated in the Computer Services category, cost growth in performing information management activities, and past reliance on other funding sources that are no longer available.*

*The following management actions have been taken since the July 1998 AIMAC meeting at which the OIM proposed budget was recommended: A general fund reappropriation request was submitted to DPB in September 1998 which included \$2.4 million in proposed expenditures for information management. Additional funding for Y2K compliance was submitted to the CDCI office in October 1998. An additional request for funding of information management operations was submitted to DPB and subsequently to CIM in October 1998. Requests for further allotment and for reappropriation of prior year general fund balances were also submitted to DPB in October and November 1998. It is not correct to refer to the October 1998 OIM prepared provisional budget as the updated budget for OIM, as it does not include potential expenditures that could result from budget amendments that are currently pending the governor and general assembly approval.*

*The Office of Information Management is responsible for corrective action implementation. Completion date will be determinable only when response regarding the additional appropriations is received from the Department of Planning and Budget and the CDCI Office.*

## **INTERNAL SERVICE OPERATIONS**

### **98-24. Limit Data Center Access**

Applicable to: Department of Information Technology – Service Bureau

As of March 31, 1998, 259 individuals had access to the Department of Information Technology's (DIT) data center, several of whom have no need for this access. Currently, there are no guidelines for area managers to follow when determining whether their employees need data center access. Individual area managers request physical access for employees under them. Additionally, Center management only annually reviews who has data center access.

DIT should develop written guidelines specifying which employees should have access to the data center. We recommend that supervisors regularly review the listing of employees with data center access and remove access for all employees who's job functions do not require them to enter the data center. Limiting physical access to employees who have the need to enter the data center reduces the risk of theft and vandalism.

### Management Plan for Corrective Action

*The Computer Operations Division (COD) will develop and document agency procedures in the area of physical access of the DIT Data Center. These procedures will cover the following areas:*

- *Definition of possible qualified candidates*
- *Initial request, review, and approval*
- *Regularly scheduled management reviews*
- *Updating*
- *Termination of access*

*The COD Director is responsible for completing the corrective action plan. Procedures will be presented to DIT Management no later than June 30, 1999.*

### **98-25. Require Vendor Notification of Employee Terminations**

Applicable to: Department of Information Technology – Service Bureau

DIT does not have a policy that requires vendors to give notification when their employees with data center access terminate. Several of DIT's outside vendors have physical access to the data center. Physical security relies on the vendor to tell them when their employees terminate.

We recommend that DIT implement a policy that requires vendors to notify DIT of employee terminations when the employees have data center access. DIT could best enforce this policy by making it part of all new vendor contracts. This procedure would limit the risk of a disgruntled vendor employee returning to the data center after termination and causing damage.

### Management Plan for Corrective Action

*The COD and Security agrees that lack of vendor notification of transferred and terminated employees is a problem. We do not think; however, that just adding new contract wording will resolve this problem. We feel the best way to resolve this problem is to implement changes to the access authorized to our vendor community.*

*The Security and COD Directors agree that we should only provide permanent computer room access cards to those vendor employees who actually work in the DIT Data Center or facility on a daily basis. This will remove permanent access to all but four vendors.*

*The vendors allowed permanent access will be monitored, and a report will be processed every quarter by Security and then distributed to the Division Directors where these daily and permanent access vendors work. The Division Director or their designated manager will review the access and note that the vendor representative is still working in their area. Therefore, a quarterly review will be performed to ensure that any recent changes in employment status are noted and changes made in the access cards.*

*All other vendors will be allowed access by being listed on an authorized list kept at the Capitol Police duty station. These other non-permanent access Vendor personnel will then come to the Capitol Police Station at the entrance to the Data Center and check out an access card. They can use this access card while they perform the maintenance service activities in the Data Center or other part of DIT. The vendor personnel will then check this card back into Capitol Police at the conclusion of their work session. We will immediately begin taking the permanent access cards away from all vendor personnel, except for the daily access vendors.*

*We should be able to have these new access processes and the quarterly reviews implemented by July 1, 1999. The COD and Security Directors are responsible for implementing the corrective action plan.*

**98-26. Enforce Policy Requiring Employees to Visibly Display Picture ID Badges**

Applicable to: Department of Information Technology – Service Bureau

DIT does not enforce its policy requiring employees to visibly display picture ID badges at all times. We noted numerous instances of employees carrying their ID badge in their pocket or laying their ID badge down where someone else could easily pick it up. We recommend that DIT reinforce the importance of displaying ID badges to all employees. By enforcing this policy, DIT reduces the risk of current and terminated employees accessing unauthorized areas.

Management Plan for Corrective Action

*DIT Policy 1.04 states that employees must visibly display picture ID badges at all times. We will update the Policy to include the following:*

*The DIT Director, Deputy Directors, Division Directors, and Capitol Police have authorization to challenge people if a badge is not displayed. Violations will be reported to the Security Division. As a disciplinary action, names will be kept on file within the Security Division for a period of one year. At that time they will be reviewed with Division Directors for any patterns of violations.*

*Jim Adams, Division Director of Security, is responsible for implementing the corrective action plan. Estimated completion date is April 15, 1999.*

**98-27. Enforce Policy Requiring Supervisors to Promptly Notify Personnel of Employee Terminations**

Applicable to: Department of Information Technology – Service Bureau

DIT does not enforce its policy requiring supervisors to immediately tell Personnel of employee terminations. We recommend that DIT remind supervisors of this policy regularly. DIT's ability to enforce this policy ensures prompt termination of all access, reducing the risk of intentional destruction of property.

Management Plan for Corrective Action

*DIT will place the following reminder in the next issue of its News Bytes online in-house newsletter: "REMINDER TO SUPERVISORS - Please be sure to notify Personnel as soon as possible when you receive resignations from employees."*

*Human Resources Division Director is responsible for corrective action implementation. The estimated completion date is the February 11, 1999 issue of News Bytes.*

**98-28. Modify Router Configurations**

Applicable to: Department of Information Technology – Service Bureau

The primary routers that route communication traffic between DIT, user agencies, and the Internet allow all sources to attempt to logon to the router via Telnet. Additionally, DIT does not store the passwords used to protect the router's configuration in an encrypted format. This current configuration increases the chance of unauthorized changes to the router's configuration.

We recommend that DIT deny Telnet access to these routers or set the router configuration to accept Telnet functions from a few trusted administrators' addresses. The passwords should also make use of Cisco's encryption features.

Management Plan for Corrective Action

*DIT will set up the router configurations to accept Telnet functions from a few trusted administrators and make use of Cisco's encryption feature.*

*John Perkins is the responsible person for corrective action implementation. The estimated completion date is February 28, 1999.*

**98-29. Secure DIT Space in the James Monroe Building**

Applicable to: Department of Information Technology – Service Bureau

DIT should keep all equipment and sensitive information in a physically secure environment. However, the System Development Division has unsecured equipment and customer application program information in the James Monroe Building.

DIT should secure their area in the James Monroe Building. This would reduce the possibility of unauthorized access and therefore reduce the risk of theft or vandalism.

Management Plan for Corrective Action

*The Systems Development Division of DIT is currently in the process of negotiating space in the Richmond Plaza building and occupying the 3<sup>rd</sup> floor along with DIT. This move will house SDD in the secured area of DIT. Access to the SDD area will be controlled by the DIT receptionist or by access card.*

*Jim Adams, Division Director of Security, is the responsible person for corrective action implementation. The estimated completion date is July 1, 1999.*

**98-30. Document Testing Performed on Hardware Changes**

Applicable to: Department of Information Technology – Service Bureau

There is no documentation of testing performed on changes to hardware. A lack of proper testing could result in problems with systems performance and wastes time when the changes are not correct. We recommend that DIT perform a test and document this testing for all hardware changes.

*Management Plan for Corrective Action*

*COD agrees that we need to document that testing has been performed when hardware changes are made. However, the testing has always taken place. We just have not always ensured that the person closing the change record clearly documented the fact testing was performed in the change request documentation. COD will insure that we modify the existing hardware change form in our INFOSYS System and also in the new Applix system so we create a field that notes the date that installation and testing takes place. We will have this new field created as a mandatory field so COD staff will always be required to document the installation and test dates for all hardware changes.*

*The COD Director should have the new test field modified in our change records by March 1, 1999. This will ensure that hardware and diagnostics testing processes are documented for each hardware change.*

**98-31. Improve Procedures for Systems Development Support and Modifications**

Applicable to: Department of Information Technology – Service Bureau

The System Development Division (SDD) has inadequate procedures for development, support, and modification projects. Additionally, evidence of testing and client acceptance before moving applications into production is inadequate. Finally, documentation of who moves applications into production does not exist.

We recommend that the SDD develop procedures that require changed programs to be tested, accepted by the client, and documented before being placed into production.

*Management Plan for Corrective Action*

*SDD has written SDD Directive 7, Change Control, to address this issue, and will be implemented to specifically address and assign responsibility to rectify the inadequacies noted by the APA. The deliverables will be the “records” that will be maintained in the Project Master Files. This Directive may be found on DIT’s Intranet.*

*All SDD employees share in the responsibility; additionally, Project Leaders and Project Managers have been given specific responsibilities as noted in Paragraph 1 of the Directive. Actions to rectify the inadequacies will be a part of the Division’s ongoing procedures. Day forward implementation will commence on February 15, 1999.*

**98-32. Write a Policy for Updating and Reviewing Policies and Procedures**

Applicable to: Department of Information Technology – Service Bureau

There is no formal policy for updating, revising, or regularly reviewing policies and procedures. This increases the risk that employees may be following outdated or incorrect versions of policies and procedures. We found one instance where an older version of a policy was updated instead of the most current version. In another case, we found that the policy for documenting system software changes had been updated, but not made official.

By establishing a formal written policy for updates and revisions, employees will be comfortable in initiating policy changes when they realize a policy is outdated. A regular review will ensure policies and procedures are kept current and that everyone has the same version.

Management Plan for Corrective Action

*DIT has placed a procedure addressing this issue on its Intranet.*

*The Human Resources Division Director is responsible for corrective action implementation. The corrective action plan has been completed.*

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**U.S. DEPARTMENT OF AGRICULTURE**

**Activities Allowed or Unallowed**

**98-33. Strengthen Controls Over WIC Checks**

10.557

Applicable to: Department of Health

Control and Compliance Finding: One of ten local health departments visited stored blank WIC checks in unsecured areas, affording all employees access to the checks. Additionally, two of ten departments visited did not perform monthly physical inventories of blank WIC drafts. We also found one instance where a WIC clinic employee distributed her daughter's checks. Lack of segregation of duties for WIC employees who have family members receiving WIC benefits could result in fraud and abuse of program benefits.

Requirement: 7 CFR Part 246.7, "Certification of Participants" requires the grantee to control and account for the receipt and issuance of supplemental food instruments and to ensure secure storage of unissued food instruments. Health further requires the local health departments to inventory WIC manual checkbooks monthly and to store manual checks in a locked and secure place with access limited to designated staff members.

Recommendation: Health should strictly enforce the policy of segregation of duties for WIC employees with family members receiving benefits and take administrative action against employees who violate the policy. Health should emphasize to the local departments the importance of performing inventories and safeguarding WIC checks.

Management Plan for Corrective Action: *Local health districts are monitored for security and access of WIC checks by WIC office staff. When findings indicate check security is compromised, the local health district is notified and a corrective action plan is required within a designated time frame. The WIC office will re-emphasize to all health districts the importance of safeguarding and limiting access to WIC checks, by dissemination of a policy memo in December 1998.*

**U.S. DEPARTMENT OF LABOR**

**Special Tests and Provisions**

**98-34. Improve Administration of Contracts**

17.225

Applicable to: Virginia Employment Commission

Control and Compliance Finding: The Commission does not have adequate procedures to award and administer contracts. The purchasing department issued contracts for computer network wiring services for time and materials without obtaining estimates for the work. The Commission expended \$858,667 for 42 locations with estimates for only 24 of these locations that total \$374,826. For those contracts with estimates, contract administrators allowed the contractor to exceed their estimates by as much as 130% without adequate justification. In one instance, the contract administrator approved invoices for payment that exceeded the estimates and did not document the reasons that the contractor exceed their estimate.

Contractors were allowed to exceed estimates because management has not provided contract administrators with procedures to follow to monitor the quality of goods and services provided by outside contractors. Management also has not provided guidance or minimal procedures for contract administrators to follow when monitoring costs and invoices from outside contractors before approving these invoices for payment.

Management has no procedures to monitor changes in staffing at field offices to ensure that contract administration duties are properly assigned when staffing changes occur. In one instance, the new Facility Manager was not aware of the responsibilities for contract administration and these responsibilities were not fulfilled. By not assigning contract administrators, the field offices are not monitoring contract services and ensuring that these services meet the needs of the agency or that they meet minimal quality standards.

Requirement: 29 CFR Part 95.47, "Contract Administration," requires the Commission to maintain a system for contract administration that ensures contractor conformance with the terms, conditions, and specifications of the contract.

Recommendation: Management should require contractors to provide estimates for contracts awarded for time and materials. Contract administrators should use these estimates to monitor the contract. To assist contract administrators in monitoring their contracts, management should provide contract administrators with adequate training. This will not only enhance their

understanding of their general administrative responsibilities but also help them understand the specific requirements of the contracts they are administering. For those instances when staffing changes occur, management should develop procedures that ensure that managers assign contract administrator responsibilities to new staff.

*Management Plan for Corrective Action: We plan to conduct training for a large number of cost center managers this year. We will review our procedures on the assignment of contract administrators to ensure these responsibilities are not overlooked, and a policy/procedure to formalize our process will be issued.*

*Eddie Sparkman, Chief of General Services, is the responsible person for corrective action implementation. Estimated completion date is June 30, 1999.*

**FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION**

**Cash Management**

**98-35. Comply with Cash Management Improvement Act Agreement**

83.534      Applicable to: Department of Emergency Services

Control and Compliance Finding: The Department of Emergency Services did not follow procedures outlined in the Cash Management Improvement Act Agreement. This Agreement requires agencies to either reduce future drawdowns for refunds or send the refund to the federal government. For all refunds tested, Department of Emergency Services held these amounts for an excessive period and did not reduce future drawdowns. Not following these procedures results in an interest liability for the Commonwealth.

Requirement: Per 31 CFR part 205, "Rules and Procedures for Funds Transfers," the CMIA Agreement requires that agencies either 1) offset succeeding drawdowns when refunds are being retained or 2) submit the refund to the federal government in a timely manner.

Recommendation: Emergency Services should have procedures for the timely disposition of refunds.

*Management Plan for Corrective Action: Procedures have been put into place in FY 99 requiring prompt and proper processing of federal grant refunds.*

*Linda Coleman, Fiscal Director, is the responsible person for corrective action implementation.*

**U.S. DEPARTMENT OF EDUCATION****Allowable Costs/Cost Principles****98-36. Properly Charge Payroll to Federal Programs**

All programs      Applicable to: Department of Social Services      \$41,628

Control and Compliance Finding: Two out of five Division of Information Systems employees tested failed to enter all hours worked in the Time Tracking System. The Time Tracking System allocates payroll expenses to Federal programs each quarter. Incomplete or inaccurate information in this system improperly allocates costs. This resulted in questioned costs of \$41,628.

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 Division of Information Systems should ensure all employees properly record their time in the Time Tracking System. Supervisors should review and approve the information in the system for accuracy and completeness and document this work. The Division of Finance should confirm all Information System employees have recorded their time before preparing the quarterly cost allocation.

Management Plan for Corrective Action: *DIS has adopted a corrective action plan consisting of two parts:*

- 1. All DIS staff and respective Project Managers now have PP&E's requiring prompt, accurate, and complete recording of hours worked on all DIS projects. Failure to comply will result in adverse performance evaluations.*
- 2. All DIS Project Managers will be required to provide written certification of the Division Director each month that all staff hours have been properly recorded in the SRA Tracking System. Failure to comply will result in adverse performance evaluations.*

*Howard Weiner, Director Division of Information Systems, is responsible for corrective action implementation. Estimated completion date is June 30, 1999.*

**98-37. Obtain Effort Reports Promptly**

Research &  
Development  
Cluster

Applicable to: Virginia Polytechnic Institute and State  
University

Control and Compliance Finding: The University delayed sending out effort reports to allow departments to process payroll cost distribution changes because the new effort reporting system does not accept retroactive payroll changes after printing the effort report. Consequently, the University sent out Summer 1997 in January 1998, Fall 1997 in April 1998, and Spring 1998 in September 1998. In addition, Sponsored Programs does not have adequate follow-up procedures to ensure it receives all signed effort reports from employees. As of September 1998, Sponsored Programs had not received 1,349 out of 3,377 (40 percent) of Summer 1997 and 2,320 out of 4,926 (47 percent) of Fall 1997 effort reports. Sponsored Programs does not include a due date with the effort report sent to employees. Failure to obtain effort reports could lead to significant questioned costs that could result in the University refunding unsupported amounts to the Federal Government.

Requirement: OMB Circular A-21, "Cost Principles for Educational Institutions," Part J 8 c (2) (b), "After-the-fact Activity Records," requires universities to have a system to monitor the allocation of personal service costs that includes an effort report from staff to adjust any estimated cost allocations.

Recommendation: The University should commit the resources to change the new effort reporting system to accept retroactive payroll changes. Sponsored Programs should send out effort reports with an established due date for prompt return at the end of each semester and strengthen its procedures to contact employees not submitting effort reports by the due date. After we brought this matter to the attention of University management, Sponsored Programs subsequently obtained all required effort reports. We have reviewed the information for completeness and appropriate authorization and have, therefore, not questioned any costs.

Management Plan for Corrective Action: *The University is currently developing programs to change the effort reporting system to accept retroactive payroll changes, and it is believed that this will be accomplished in the early part of Spring 1999. All effort reports currently sent out have established due dates.*

*In addition, OSP is currently making recommendations for improvements in both the effort reporting system and in simplifying the forms that are sent to the individual Faculty, Classified, and Graduate Students. One of the improvements already put into place is the centralization of the effort reporting function within OSP.*

*The Director of Sponsored Programs is responsible for implementing the corrective action plan. Estimated completion date is March 31, 1999.*

### **Subrecipient Monitoring**

#### **98-38. Properly Monitor Subrecipients**

Research &  
Development  
Cluster

Applicable to: Virginia Polytechnic Institute and State University

Control and Compliance Finding: As reported in our previous audit, Sponsored Programs does not comply with procedures to request and monitor subrecipient audit reports. We could find no documentation that Sponsored Programs requested the required reports or reviewed the reports. Subrecipient expenses amounted to approximately \$5.9 million for fiscal year 1998.

Requirement: OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education," Subpart C, Section .51, "Monitoring and Reporting Program Performance," requires recipients to determine whether subrecipients meet the audit requirements of the Single Audit Act, spent federal assistance according to applicable laws and regulations, and took appropriate corrective action in instances of noncompliance with federal laws and regulations.

Recommendation: Sponsored Programs should comply with procedures for monitoring subrecipients and reestablish a tracking system for requesting, receiving, and reviewing subrecipient audit reports to ensure compliance with federal regulations. Sponsored Programs should also ensure that it has adequate monitoring procedures for subrecipients not having an audit.

Management Plan for Corrective Action: *This function has been centralized, and will in the future be handled by the Associate Director of Sponsored Programs (OSP). A list of all outstanding audit reports has been compiled. The subrecipients with missing audit reports will receive a letter from the Associate Director requesting the delinquent audit report. This letter has been developed, and will be sent out beginning in December 1998. All audit reports will be received by the Associate Director of OSP, and maintained centrally. The audit reports will be reviewed by either the Director or the Associate Director of OSP.*

*The Director of Sponsored Programs is responsible for corrective action implementation. Estimated completion date is May 31, 1999.*

**Special Tests and Provisions**

**98-39. Establish Refund Policy for Unofficial Withdrawals**

Financial  
Aid Cluster

Applicable to: Virginia State University

Control and Compliance Finding: The University has no procedures to establish a withdrawal date and issue refunds for unofficial withdrawals by students receiving financial aid. Consequently, VSU did not issue refunds and retained the entire amount of financial aid awards for all unofficial withdrawals.

Requirement: 34 CFR Section 668.22, "Institutional Refunds and Repayments," requires an institution to have a fair and equitable refund policy under which the institution makes a refund of unearned tuition, fees, room and board, and other charges to a student who received financial aid if the student withdraws. An institution must determine the withdrawal date for a student within 30 days of the earliest date on which the institution determines that the student dropped out; expiration of the academic term in which the student withdrew; or expiration of the period of enrollment for which the student has been charged.

The 1997-98 Federal Student Financial Aid Handbook Chapter Three Section 4, "Refunds and Repayments", states that: "Participating SFA schools are expected to monitor student attendance for the purpose of determining a withdrawal date in case of unofficial withdrawal. The school must demonstrate that the student has remained in academic attendance through a specified point in time. The school's determination must be based on an event that the school routinely monitors and must be confirmed by an employee of the school. If these conditions are met, the following are acceptable forms of such documentation: exams, records of attendance, tutorials, computer-assisted instruction, counseling, academic advisement, or study groups."

Recommendation: The University should establish procedures for the purposes of determining a withdrawal date for unofficial withdrawals and issue refunds to students receiving student financial aid.

Management Plan for Corrective Action: *The University will explore options to strengthen controls surrounding unofficial withdrawals by the Fall of 1999. We will consider implementing the following procedures:*

1. *Requesting faculty complete a referral form to notify the Registrar's Office of student absences at the beginning and at various intervals during a semester.*
2. *Accessing students whose mid-term grades are all "F" as a check-point for attendance.*

*Abraham Maven, Director of Orientation and Advisement, is responsible for implementing the corrective action plan.*

### **Other Internal Control Matters**

#### **98-40. Strengthen Management Oversight Over Research Center Operations.**

Research &  
Development  
Cluster

Applicable to: Virginia Polytechnic Institute and University

Control Finding: An internal audit of a research center found an almost total lack of management oversight over the center and its director. The lack of oversight resulted in numerous findings of noncompliance with University policy and possible misuse of funds. We know two other research centers had similar experiences of misuse of funds in recent years. The University's current system of internal controls assumes a hierarchy of departments residing within colleges. This structure delegates authority and accountability to department heads, deans, and division directors. However, the University has not clearly defined the relationship of research centers and their directors to the rest of the University. This lack of a clear structure results in confusion among University management and administrative personnel responsible for the integrity of the internal controls and increases the risk of loss of assets.

Recommendation: University management should re-examine the policies for research centers and develop internal controls that clearly provide the appropriate management oversight. This oversight should consider the steps necessary to ensure that the centers meet University, state, and federal policies and procedures to protect University assets. The University has a task force to review and update center policies, develop a training program for center staff and clearly define research center issues with affiliated organizations.

Management Plan for Corrective Action: *A review committee, co-chaired by the Executive Vice President and the Vice Provost for Research and Graduate Studies, was formed to identify issues, re-confirm established internal controls, and provide educational and consulting services to assure that the goals of the university centers and the university as a whole would be well served by these important interdisciplinary units. Also, a consulting program, piloted during the summer of 1998, is now ready to be fully implemented as existing centers, which could benefit from such a review, are identified by the Vice Provost for Research and Graduate Studies, or as new centers are established. New centers will undergo an initial needs assessment, from which a consulting and training program will be customized.*

**98-41. Reconcile Financial Aid Programs**

Financial  
Aid Cluster

Applicable to: Virginia State University

Control Finding: General Accounting and Financial Aid did not reconcile all financial aid programs between the financial aid, student accounts receivable and general ledger systems on a monthly basis. The University only completed year-end reconciliations five months after year-end. For the Direct Loan Program, out of total disbursements of \$15,326,581 the University could not explain a difference of \$293,667 between the general ledger and both the financial aid and the student accounts receivable systems. For Federal Work-Study, out of total disbursements of \$540,658, the University could not explain a difference of \$24,138 between the financial aid and general ledger systems.

Recommendation: Management should require monthly reconciliations for all financial aid programs to determine that amounts on the various accounting systems properly reflect the disbursements and to facilitate adequate monitoring of financial aid funds.

Management Plan for Corrective Action: *The University knows that reconciling data monthly is conducive to good internal controls. Currently, our manual financial aid reconciliation process is labor intensive and with limited resources, this task could not be completed timely. We are now looking to automate this reconciliation which will allow us to complete this task on a monthly basis. We hope to have this automated by December 31, 1999.*

*The difference of \$293,667 in Direct Lending is a reconciling item of disbursements made in fiscal year 1998 for awards prior to fiscal year 1998. For College Work Study, the reconciliation has been revised to include our accrued expenditures and has brought the difference down to \$343, which is immaterial.*

*Dennis Jones, Manager of Accounting Operations, is responsible for implementing the corrective action plan.*

**98-42. Complete Implementation of Information Security Plan**

Applicable to: Virginia State University

Control Finding: The University has not completed the implementation of an information security plan appropriate for its information technology environment. The University has not completed a risk assessment or a contingency management plan.

As a result, there is the possibility that risks exist for which adequate security safeguards have not been implemented.

Recommendation: In order to complete the contingency management plan, the University should procure the services of a “Hotsite” and complete the “Tools and Resources” sections of the plan. Further, once completed, the University should test and review the contingency management plan on a periodic basis.

Management Plan for Corrective Action: *The information security plan is complete with the exception of the risk assessment. Two of the three firewalls were deactivated in order to accommodate SCT telnet access requirements. These two firewalls are scheduled to be re-activated on February 15, 1999.*

*The Office of Information and Technology (OIT) has received samples of other institutions’ contingency management plans to use as a model. It has been recommended that the University investigate the RISKWATCH (risk analysis and risk assessment) software as a tool for all departments to develop and maintain the plan. Many other State institutions are presently using this software. OIT will acquire a demonstration version of the software and make its recommendations to the University Technology Coordinating Committee for action by February 26, 1999.*

*Also, the University is pursuing funds for a “Hotsite.”*

## **DATA PROCESSING CONTROLS**

### **Access Controls**

#### **98-43. Improve Medicaid Information Security Administration**

Applicable to: Department of Medical Assistance Services

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-1.

#### **98-44. Develop System Security Over Technician Codes**

Applicable to: Department of Medical Assistance Services

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-2.

**98-45. Review Computer Access**

Applicable to: Virginia Polytechnic Institute and State University

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-7.

**Program Change Controls**

**98-46. Strengthen File Change Process**

Applicable to: Department of Medical Assistance Services

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-8.

**98-47. Standardize APECS Program Change Procedures**

Applicable to: Department of Social Services

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-9.

**98-48. Comply with Procedures for Program Changes to Human Resources System**

Applicable to: Virginia Polytechnic Institute and State University

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-11.

**Information Security Programs**

**98-49. Strengthen Information Security**

Applicable to: Department of Health

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-12.

**98-50. Complete the Security Safeguards and Contingency Plan for All University Information Systems**

Applicable to: Norfolk State University

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-13.

**98-51. Develop and Implement a Comprehensive Information Security Program**

Applicable to: Virginia Polytechnic Institute and State University

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-15.

**98-52. Formally Consider Need for Security Firewalls**

Applicable to: Virginia Polytechnic Institute and State University

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-16.

**Disaster Recovery Plans**

**98-53. Complete and Document Disaster Recovery Plan for Disbursements**

Applicable to: Department of Accounts

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-17.

**Year 2000**

**98-54. Ensure Year 2000 Compliance**

Applicable to: Department of Health

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-20.

**Information Systems Project Management**

**98-55. Develop Systems in Accordance with an Overall Project Plan**

Applicable to: Department of Health

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-21.

**98-56. Improve Project Reporting and Management**

Applicable to: Department of Health

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-22.

**98-57. Develop an Overall Project Budget**

Applicable to: Department of Health

This comment is included in the “Financial Statement Findings” section of this report at finding number 98-23.

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Eligibility**

**98-58. Properly Include Mandatory Language on Foster Care Court Orders**

93.658

Applicable to: Department of Social Services

Control and Compliance Finding: The required language on the initial court orders was not found for 4 of 20 (20 percent) foster care cases tested. The four judicial determination cases did not contain the language in the court order to indicate reasonable efforts were made to prevent removal of the child from the home and that the child remaining in the home would be contrary to his/her welfare. None of these cases had “Nunc Pro Tunc” orders to correct this error. However, Social Services corrected the court orders when audit staff brought this to their attention. We will not question these costs.

Local Social Service Agencies did not properly re-determine eligibility for IV-E Foster Care payments for 3 of 20 (15 percent) foster care cases tested. The three case files in question did not contain the IV-E eligibility re-determinations required by federal regulation to justify foster care payments. Upon bringing this to the attention of Social Services, re-determinations were retroactively made to correct this error. We will not question these costs.

Requirement: 42 U.S. Code Section 672(a)(1)(4), “Foster Care Maintenance Payments Program,” states that if a child is removed from the home as a result of judicial determination, the court order must contain language to the effect that the child’s remaining at home would be contrary to his/her welfare and that reasonable efforts have been made to prevent removal.

45 CFR Part 206.10 (a)(9)(iii), “Application, Determination of Eligibility and Furnishing Assistance – Public Assistance Programs,” states that where an individual has been determined to be eligible, eligibility will be reconsidered or re-determined periodically, within agency established time standards, but not less frequently than every twelve months. The Commonwealth of Virginia has stated re-determinations must be performed every twelve months.

Recommendation: Social Services should continue to work with court officials and local case workers to ensure that proper language is included in the court orders, and that eligibility re-determinations are made timely.

*Management Plan for Corrective Action: The Division of Family Services has reviewed your findings of January 20, 1999. We concur with your findings and agree with your recommendations. The Foster Care Unit has been conducting training for the judges on the proper language to be used in court orders.*

*In October and November 1998, the Department of Social Services in conjunction with the Supreme Court of Virginia conducted joint training for all Juvenile and Domestic Relation Court Judges, agency directors, and supervisors, agency attorneys, clerks, and others throughout Virginia. Approximately 1000 persons attended. The focus of one of the presentations was on "reasonable efforts." We took this opportunity to again stress the importance of the language on court orders to provide the needed documentation for Title IV-E funding. We are also in the process of updating our new worker training materials in foster care and will again emphasize the importance of documenting reasonable efforts on the court orders.*

*Our Regional Offices have been conducting joint services and eligibility staff training on Title IV-E. This training has been helpful in clarifying the role of eligibility and services in the determination and redetermination process. In the training we have stressed the importance of timeliness.*

*Corrective action implementation will be an on-going process. Larry Mason, Director of Local Operations, is responsible for corrective action implementation.*

### **Reporting**

#### **98-59. Submit Federal Reports**

93.778

Applicable to: Department of Medical Assistance Services

Control and Compliance Finding: The Department did not submit required federal reports for the Intensive Assisted Living Waiver for 1997. Agency officials did not submit the reports because necessary claims data could not be extracted from MMIS. The Department spent \$1.28 million under this waiver in 1997.

Requirement: 42 CFR 441.302 (h), "State Assurances," requires that annually the state provide information on the cost of services provided. The cost data collected should demonstrate that average per capita costs of an individual in the waiver is less than or equal to the costs that would have been incurred had the individual received care in a hospital, nursing facility, or intermediate care facility.

**Recommendation:** The Department should develop MMIS programs to collect claims data related to the Intensive Assisted Living Waiver and submit required federal reports.

***Management Plan for Corrective Action:** Even though the HCFA 372 report cannot be run, there is no danger that DMAS is out of compliance with the HCFA requirement that the individuals in the waiver cannot cost more than the individuals would cost in a nursing facility. The recipients of the Elderly and Disabled Waiver (E&D) are most like the recipients of the Intensive Assisted Living Waiver. Individuals in the E&D Waiver may be even more disabled and, therefore, have higher acute care costs. The annual acute care costs for individuals in the E&D Waiver are \$4,119 per person (FY '97). The cost of personal care under the Intensive Assisted Living Waiver can be no more than \$180 per month per person or \$2,160. Therefore, the total cost for someone in the Intensive Assisted Living Waiver is no more than \$6,279. The cost of care in a nursing facility is estimated to be about \$64 per day or \$23,360 annually. Acute care costs for an individual in a nursing facility are approximately \$2,684 per person, per year. The total cost for an individual in a nursing facility is \$26,044.*

*When comparing the cost of care for an individual in Intensive Assisted Living of \$6,279 and the cost of care in a nursing facility of \$26,044, the cost of care in Intensive Assisted Living is \$19,765 per person per year less than the cost of care in a nursing facility. This is the information that would be reflected on the HCFA 372 report.*

*Development of programs to collect claims data is on the priority list for First Health and should be complete by the end of April 1999. Diane Thorpe, Director of Appeals, is responsible for implementing corrective action.*

### **Special Test and Provisions**

#### **98-60. Establish Controls over Transportation Providers**

93.778

**Applicable to:** Department of Medical Assistance Services

**Control and Compliance Finding:** The Department does not analyze all available claims data to ensure reasonableness of Medicaid transportation claims prior to payment. Although the information is available, the Department's Medicaid system cannot record arrival, departure, and wait times during processing. The Medicaid system could use this data, coupled with information service date and mileage, to identify questionable claims. In prior audits, we noted findings and questioned costs resulting from registered drivers and taxi

providers overstating mileage, submitting duplicate and conflicting claims, not completing verification forms, recording unreasonable wait times, and submitting split billings. The Department reimbursed transportation providers \$42.2 million for claims in 1998.

Requirement: 42 CFR §447.45(f)(iii), "Prepayment and Postpayment Claims Review" states: "For all claims, the agency must conduct prepayment claims review consisting of verification that the claim does not duplicate or conflict with one reviewed previously or currently being reviewed."

Recommendation: The Department should improve controls in the Medicaid system and develop adequate prepayment review procedures for registered driver and taxi provider claims.

Management Plan for Corrective Action: *Two system enhancements to the Medicaid Management Information System (MMIS) have been implemented this year to establish controls over transportation providers.*

- 1. Additional edits are now in place to pend registered driver claims as possible duplicates when different providers bill for the same recipient with the same date of service. This system enhancement was implemented July 1998.*
- 2. Excessive mileage when billed by registered drivers or taxis is now subject for review. Mileage in excess of 200 for registered drivers and 150 for taxis will pend for manual review. Mileage considered to be excessive that is not explained by the provider will be denied. This system enhancement was implemented October 1998. These mileage edits are table driven and can be changed as necessary.*

*A third control not yet implemented requires recipients to register with every registered driver(s) they wish to transport them, and requires the registered driver to only bill for those recipients registered with them. This enhancement will be incorporated into the new MMIS.*

*James Cohen, Manager of Provider Operations, is responsible for corrective action implementation. Estimated completion date is June 1, 1999.*

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

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**

1997	25	17	Complete and Document Disaster Recovery Plan for Disbursements	N/A	DOA	-	See Audit Control Number 98-17.
1997	28	21	Establish Uniform Procedures for Identifying and Accounting for Subrecipient Funds	N/A	DOA	-	Corrective action implemented.
1997	28	22	Refund Federal Share of Over-Recoveries in the Internal Service Funds	N/A	DOA	-	Met with the Office of Inspector General in January 1998 while the federal auditors reviewed the Department's plan to repay the over-recoveries. The Department has not received a final disposition from the U.S. Dept of Health and Human Services, Division of Cost Allocation. This finding remains unresolved since the Dept. has not refunded the federal share of the over-recoveries. However, the finding was not reissued since the Department is unable to proceed any further until the federal government reaches a final decision.
1997	32	29	Status of Year 2000 Compliance for Statewide Systems	N/A	DOA	-	Corrective action implemented.

**Department of Health**

1997	21	13	Complete Business Impact Analysis and Disaster Recovery Plan	N/A	VDH	-	Corrective action implemented.
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**Department of Information Technology - Service Bureau**

1997	28	23	Review MVS Operating System Settings After System Start Up	N/A	DIT	-	Corrective action implemented.
1997	29	24	Improve Protection Over Inside Computer Tapes	N/A	DIT	-	Corrective action implemented.
1997	29	25	Write Policies and Procedures to Prevent Programs Being Placed into Production by the Person Making the Change	N/A	DIT	-	See Audit Control Number 98-31.
1997	30	26	Write Policies and Procedures for Documentation of System Software Changes	N/A	DIT	-	Corrective action implemented.
1997	30	27	Write Policies and Procedures for Resolving Data Processing Errors	N/A	DIT	-	Corrective action implemented.
1997	31	28	Write a Formal Policy for Updating Policies and Procedures	N/A	DIT	-	See Audit Control Number 98-32.

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

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

1997	9	1	Improve Medicaid Information Security Administration	N/A	DMAS	-	See Audit Control Number 98-1.
1997	17	9	Strengthen File Change Process	N/A	DMAS	-	See Audit Control Number 98-8.

**Department of Motor Vehicles**

1997	10	2	Improve Access Controls	N/A	DMV	-	Corrective action implemented.
1997	18	10	Improve Program Change Procedures for Testing	N/A	DMV	-	Corrective action implemented.

**Department of Planning and Budget Statewide Issues**

1997	32	29	Status of Year 2000 Compliance for Statewide Systems	N/A	DPB	-	Corrective action implemented.
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**Department of Social Services**

1997	21	14	Comply with the Standards As Issued by the Council On Information Management	N/A	DSS	-	Corrective action implemented.
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**Department of Taxation**

1997	11	3	Review Systems Access	N/A	TAX	-	Corrective action implemented.
1997	19	11	Document Program Changes	N/A	TAX	-	Corrective action implemented.
1997	32	29	Status of Year 2000 Compliance for Statewide Systems	N/A	TAX	-	Corrective action implemented.

**State Lottery Department**

1997	12	4	Enhance Systems Access Monitoring Procedures	N/A	SLD	-	See Audit Control Number 98-4.
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**University of Virginia**

1997	13	5	Strengthen Controls Over Personnel and Payroll Systems	N/A	UVA	-	Corrective action implemented.
1997	15	6	Strengthen Security Over the PeopleSoft System	N/A	UVA	-	See Audit Control Number 98-6.
1997	16	7	Periodically Review and Updated RACF Security Options	N/A	UVA	-	Corrective action implemented.
1997	23	15	Implement an Information Security Program at Clinch Valley College	N/A	UVA	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
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**Virginia Commonwealth University**

1997	26	19	Monitor Year 2000 Conversion	N/A	VCU	-	Corrective action implemented.
1997	27	20	Monitor Year 2000 Conversion - Medical Center	N/A	VCU	-	VCU - Medical Center is now a component unit of the Commonwealth. We no longer audit the Medical Center and therefore they are no longer included in our Single Audit Report.

**Virginia Polytechnic Institute and State University**

1997	16	8	Strengthen Security Over Payroll System	N/A	VPISU	-	Corrective action implemented.
1997	19	12	Strengthen Program Change Controls	N/A	VPISU	-	Corrective action implemented.
1997	23	16	Develop and Implement a Comprehensive Information Security Program	N/A	VPISU	-	See Audit Control Number 98-15.
1997	26	18	Update Computing Center Disaster Recovery Plan	N/A	VPISU	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

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**

1997	34	30	Limit Access to Blank WIC Drafts	10.557	VDH	-	See Audit Control Number 98-33.
1997	35	31	Properly Prepare Federal Reports	Food Stamp Cluster	DSS	-	Corrective action implemented.
1997	36	32	Replace WIC System	10.557	VDH	-	Corrective action implemented.
1997	37	33	Strengthen Information Security	10.557	VDH	-	See Audit Control Number 98-49.
1996	141	25	Require Recipient Sign Manual WIC Drafts	10.557	VDH	28	Corrective action implemented; questioned costs remain unresolved.
1996	141	26	Investigate Unmatched WIC Food Instruments	10.557	VDH	114,660	Corrective action implemented; questioned costs remain unresolved.

**U.S. Department of Commerce**

1997	39	34	Properly Monitor Subrecipients	R&D Cluster	VPISU	-	This finding was incorrectly reported as a U.S. Dept. of Commerce finding in FY 1997. The finding should have been reported as a U.S. Dept. of Defense finding. See Audit Control Number 98-38.
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**U.S. Department of Justice**

1995	137	21	Prepare Time and Attendance Records	16.579	VSP	11,967	Corrective action implemented.
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**U.S. Department of Labor**

1993	151	22	Evaluate Procedures to Allocate EIS	17.002	VEC	1,141,416	Corrective action implemented.
			Payroll Costs	17.203	VEC	86,656	Corrective action implemented.
				17.207	VEC	50,142	Corrective action implemented.
				17.225	VEC	240,590	Corrective action implemented.
				17.245	VEC	22,994	Corrective action implemented.
				17.250	VEC	60,355	Corrective action implemented.

**U.S. Department of Education**

1997	40	35	Charge Expenses to the Proper Grant	R&D Cluster	VPISU	-	Corrective action implemented.
1997	41	36	Document Justification for Changes to Financial Aid's Expected Family Contribution and to the Aid Amount Awarded	SFA Cluster	UVA	-	Corrective action implemented.
1997	42	37	Properly Determine Eligibility for Federal Financial Aid	SFA Cluster	VPISU	20,746	Corrective action implemented; questioned costs remain unresolved.
1997	47	40	Follow Established Procedures for Pro Rata Refunds	SFA Cluster	ODU	10,553	Corrective action implemented.

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
1997	47	41	Comply With Federal Regulations for Exit Counsel	84.268	VPISU	-	Corrective action implemented.
1997	50	50	Develop an Information Security Program	84.126	DRS	-	Corrective action implemented.
1997	51	52	Update University Information Technology Security Plan	SFA Cluster	ODU	-	Corrective action implemented.
1995	138	22	Properly Distribute Payroll Costs	84.010	DOE	Unknown	Corrective action implemented.
				84.027	DOE	Unknown	Corrective action implemented.
				84.048	DOE	Unknown	Corrective action implemented.
1995	177	59	Obtain Comparable Services Before Using Federal Rehabilitation Funds	84.126	DVH	8,210	Finding does not warrant further action; two years have passed since the audit report was issued, the Federal agency is currently not following up on this issue, and a management decision has not been issued.
1995	179	62	Meet Matching Requirements	84.048	DOE	118,018	Corrective action implemented.
1995	183	66	Properly Report Pell Grant Expenditures	84.063	VCCS/TW	25,648	Corrective action implemented.
1994	201	82	Redeposit Pell Funds Timely	84.063	VCCS/PDC	-	Corrective action implemented.
1993	151	22	Evaluate Procedures to Allocate EIS Payroll Costs	84.048	VEC	170,777	Corrective action implemented.

**U. S. Department of Education - Findings Effecting Multiple Federal Departments**

1997	44	38	Monitor Federal Fund Subrecipients	ALL	VDH	-	Corrective action implemented.
1997	45	39	Improve Voucher Processing	ALL	VDH	-	Corrective action implemented.
1997	48	42	Establish Uniform Procedures for Identifying and Accounting for Subrecipient Funds	N/A	DOA	-	Corrective action implemented.
1997	48	43	Refund Federal Share of Over-Recoveries in the Internal Service Funds	N/A	DOA	-	Met with the Office of Inspector General in January 1998 while the federal auditors reviewed the Department's plan to repay the over-recoveries. The Department has not received a final disposition from the U.S. Dept of Health and Human Services, Division of Cost Allocation. This finding remains unresolved since the Department has not refunded the federal share of the over-recoveries. However, the finding was not reissued since the Department is unable to proceed any further until the federal government reaches a final decision. See Audit Control Number 98-43.
1997	49	44	Improve Medicaid Information Security Administration	N/A	DMAS	-	
1997	49	45	Strengthen Controls Over Personnel and Payroll Systems	N/A	UVA	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1998							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
1997	49	46	Strengthen Security Over Payroll System	N/A	VPISU	-	Corrective action implemented.
1997	49	47	Strengthen File Change Process	N/A	DMAS	-	See Audit Control Number 98-46.
1997	49	48	Strengthen Program Change Controls	N/A	VPISU	-	Corrective action implemented.
1997	49	49	Complete Business Impact Analysis and Disaster Recovery Plan	N/A	VDH	-	Corrective action implemented.
1997	50	51	Comply with the Standards As Issued by the Council On Information Management	N/A	DSS	-	Corrective action implemented.
1997	52	53	Develop and Implement a Comprehensive Information Security Program	N/A	VPISU	-	See Audit Control Number 98-51.
1997	52	54	Complete and Document Disaster Recovery Plan for Disbursements	N/A	DOA	-	See Audit Control Number 98-53.
1997	52	55	Update Computing Center Disaster Recovery Plan	N/A	VPISU	-	Corrective action implemented.
1997	52	56	Monitor Year 2000 Conversion	N/A	VCU	-	Corrective action implemented.
1996	176	61	Review User Access and Test Software Purchases and Upgrades for Financial Aid System	N/A	CWM	-	Corrective action implemented.
1996	178	63	Fully Implement ACF2 Security Software	N/A	LC	-	Corrective action implemented.
1996	182	70	Implement Information Technology Security Program	N/A	NSU	-	See Audit Control Number 98-50.
1995	134	17	Properly Charge Systems Payroll Costs to Federal Programs	ALL	DSS	102,329	Corrective action implemented.
1995	208	101	Information Security Programs	N/A	VSU	-	See Audit Control Number 98-42.

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

1997	53	57	Establish Controls Over Registered Drivers	Medicaid Cluster	DMAS	411	Corrective action implemented.
1997	54	58	Establish Controls Over Taxi Providers	Medicaid Cluster	DMAS	1,993	Corrective action implemented.
1997	55	59	Properly Include Mandatory Language on Foster Care Court Orders	93.658	DSS	-	See Audit Control Number 98-58.
1997	56	60	Control Fixed Assets	93.558 93.560 93.561 93.563 93.568 93.574 93.575 93.658	DSS	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA  
Comments on Resolution of Prior Year Audit Findings  
For the Year Ended June 30, 1998

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
				93.659			
				93.667			
				Medicaid			
				Cluster			
1996	119	8	Improve Controls Over Registered Drivers	93.778	DMAS	20,283	Corrective action implemented.
1996	185	77	Medicaid Management Information System Development Project	93.778	DMAS	-	Corrective action implemented.



# Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

## 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, 1998, and have issued our report thereon dated December 11, 1998. 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 generally accepted auditing standards; 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 for the information of the Governor and General Assembly of Virginia, management, federal awarding agencies, pass-through entities, and the people of the Commonwealth of Virginia. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

December 11, 1998

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	#VDACS/VPISU	\$ 75,376
Forestry Incentives Program	10.064	DOF	41,500
Conservation Reserve Program	10.069	DOF	15,225
Market Protection and Promotion	10.163	VDACS	27,356
Grants for Agricultural Research, Special Research Grants	10.200	VPISU	475,987
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	VPISU	17,923
Sustainable Agriculture Research and Education	10.215	VPISU	710
Higher Education Challenge Grants	10.217	VPISU	117,061
Buildings and Facilities Program	10.218	VSU	287,026
Higher Education Multicultural Scholars Program	10.220	VPISU	20,500
Alternative Agricultural Research and Commercialization Program	10.240	VCCS	8,091
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	VDACS	1,369,742
Cooperative Extension Service	10.500	VPISU/VSU	11,761,537
Food Distribution	10.550	#DMHMRSAS/#DOC/VDA/VDACS/ VSDBH	2,983,517
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	VDH/#VSU	69,432,616
Child and Adult Care Food Program	10.558	VCU	48,125
State Administrative Expenses for Child Nutrition	10.560	DOE/VDACS	1,051,534
Nutrition Education and Training Program	10.564	DOE	126,125
Foreign Market Development Cooperation Program	10.600	#VPISU	(4,223)
Forestry Research	10.652	VPISU	122,000
Cooperative Forestry Assistance	10.664	#DGIF/DOF/VCA/VDACS	2,391,889
Schools and Roads - Grants to States	10.665	DOE	873,688
National Forest - Dependent Rural Communities	10.670	VCA	10,000
Rural Cooperative Development Grants	10.771	VPISU	18,754
Resource Conservation and Development	10.901	DOF	26,076
Watershed Protection and Flood Prevention	10.904	DOF	7,322
Technical Agricultural Assistance	10.960	GMU	19,968
International Training - Foreign Participant	10.962	VPISU	25,685
Other Assistance:	10.000		
National Agriculture Statistics Service		VDACS	3,457
Agriculture Marketing Service		VDACS	3,400
Other		#VPISU	1,086,424
Total Excluding Clusters			92,444,391
Food Stamp Cluster:			
Food Stamps	10.551	DSS/VPISU	322,426,132
State Administrative Matching Grants for Food Stamp Program	10.561	DSS	56,417,013
Total Food Stamp Cluster			378,843,145
Child Nutrition Cluster:			
School Breakfast Program	10.553	#DJJ/#DMHMRSAS/#DOE/#VSDBH/ #VSDBS	23,515,805
National School Lunch Program	10.555	#DJJ/#DMHMRSAS/DOE/VDACS/ #VSDBH/#VSDBS/#WWRC	111,969,447
Special Milk Program for Children	10.556	DOE	66,328
Summer Food Service Program for Children	10.559	MWC/NSU/VCCS/VPISU/VSU	78,190
Total Nutrition Cluster			135,629,770
Emergency Food Assistance Cluster:			
Emergency Food Assistance Program (Administrative Costs)	10.568	VDACS	825,835
Emergency Food Assistance Program (Food Commodities)	10.569	VDACS	2,204,005
Total Emergency Food Assistance Cluster			3,029,840
Research and Development Cluster:			
Agricultural Research - Basic and Applied Research	10.001	LC/VIMS/VMI/VPISU	178,328
Plant and Animal Disease, Pest Control, and Animal Care	10.025	VPISU	17,912
Federal - State Marketing Improvement Program	10.156	VPISU	12,061
Grants for Agricultural Research, Special Research Grants	10.200	GMU/#VCU/VPISU/VSU	506,596
Cooperative Forestry Research	10.202	VPISU	560,025
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	VPISU	3,219,844
Payments to 1890 Land - Grant Colleges and Tuskegee University	10.205	VPISU/VSU	2,311,222

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Grants for Agricultural Research - Competitive			
Research Grants	10.206	JMU/VCU/VIMS/VPISU	\$ 1,360,479
Animal Health and Disease Research	10.207	VPISU	108,809
Food and Agricultural Sciences National Needs			
Graduate Fellowship Grants	10.210	VPISU	145,532
1890 Institution Capacity Building Grants	10.216	VSU	469,040
Higher Education Challenge Grants	10.217	VPISU	4,404
Biotechnology Risk Assessment Research	10.219	VIMS	5,954
Fund for Rural America - Research, Education, and			
Extension Activities	10.224	VPISU	13,051
Agricultural and Rural Economic Research	10.250	VPISU	2,180
Small Farmer Outreach Training and Technical Assistance			
Program	10.443	VSU	190,211
Cooperative Agreements with States for Intrastate			
Meat and Poultry Inspection	10.475	VSU	(143)
Forestry Research	10.652	DOF/JMU/RU/UVA/VIMS/VPISU	726,924
Cooperative Forestry Assistance	10.664	DOF/VCU/VPISU	228,129
Resource Conservation and Development	10.901	VPISU	120,478
Soil and Water Conservation	10.902	VPISU/VSU	183,304
Technical Agricultural Assistance	10.960	VPISU	9,493
International Agricultural Research Program	10.961	UVA/VIMS	25,335
Scientific and Technical Cooperation	10.963	UVA	13,547
Other Assistance:	10.000		
Establishing a Monitoring Protocol			
for Small Mammals on Allegheny		VCU	9,496
Other		CWM/JMU/VPISU/VSU	1,401,919
Total Research and Development Cluster			<u>11,824,130</u>
Total U.S. Department of Agriculture			<u>621,771,276</u>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
Export Promotion - Market Development Cooperator	11.112	VEDP	44,721
Economic Development - Technical Assistance	11.303	VPISU	123,564
Special Economic Development and Adjustment Assistance			
Program - Sudden and Severe Economic Dislocation (SSED) and			
Long - Term Economic Deterioration (LTED)	11.307	SBFA/VCCS	13,789,072
Interjurisdictional Fisheries Act of 1986	11.407	MRC	172,816
Sea Grant Support	11.417	VPISU	220,480
Coastal Zone Management Administration Awards	11.419	#CBLAD/#DCR/DEQ/#DHR/#DOF	2,149,808
		#MRC/#VCU/VDH	
Coastal Zone Management Estuarine Research Reserves	11.420	VDES	128,823
Chesapeake Bay Studies	11.457	MRC/#VCU	391,097
Atlantic Coastal Fisheries Cooperative Management Act	11.474	MRC	161,600
Public Telecommunications Facilities - Planning			
and Construction	11.550	ODU/VCCS	138,401
Telecommunications and Information Infrastructure			
Assistance Program	11.552	VSP	5,096
Measurement and Engineering Research and Standards	11.609	PMC/VCCS	1,372,005
Advanced Technology Program	11.612	GMU	19,049
Other Assistance:	11.000		
William C. Foster Fellows Visit Scholar Program		ODU	90,033
Consortia of American Businesses in the Newly			
Independent States		VCU	49,405
Total Excluding Cluster			<u>18,855,970</u>
Research and Development Cluster:			
Economic Development - Technical Assistance	11.303	RU	484
Research and Evaluation Program	11.312	#LC	19,332
Anadromous Fish Conservation Act Program	11.405	VIMS	40,995
Interjurisdictional Fisheries Act of 1986	11.407	VPISU	38,437
Sea Grant Support	11.417	UVA/VIMS/VPISU	1,248,471
Coastal Zone Management Administration Awards	11.419	UVA/#VIMS/#VPISU	442,942
Coastal Zone Management Estuarine Research Reserves	11.420	#CWM/UVA/VIMS/VPISU	263,926
Financial Assistance for Ocean Resources Conservation and			
Assessment Program	11.426	VIMS	39,042
Fisheries Development and Utilization Research and			
Development Grants and Cooperative Agreements Program	11.427	RU/#VIMS	290,581
Undersea Research	11.430	VIMS	38,093
Climate and Atmospheric Research	11.431	UVA	134,365
Marine Fisheries Initiative	11.433	VIMS	11,412
Unallied Management Projects	11.454	VIMS	117,910
Chesapeake Bay Studies	11.457	DGIF/UVA/VIMS	531,495
Climate and Air Quality Research	11.459	UVA	7,493
Special Oceanic and Atmospheric Projects	11.460	UVA	1,398
Meteorologic and Hydrologic Modernization			
Development	11.467	UVA	50,782

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Unallied Science Program	11.472	VIMS	\$ 85,184
Telecommunications and Information Infrastructure Assistance Program	11.552	UVA	7,115
Measurement and Engineering Research and Standards	11.609	UVA/VPISU	817,486
Other Assistance:	11.000		
Critical Evaluation of Conservation Success		VCU	88,167
Other		CWM/VIMS/VPISU	178,256
Total Research and Development Cluster			4,453,366
Total U.S. Department of Commerce			23,309,336

**U.S. DEPARTMENT OF DEFENSE**

Procurement Technical Assistance For Business Firms	12.002	VCCS	146,882
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	DEQ	567,213
Military Construction, National Guard	12.400	DMA	1,139,470
National Guard Military Operations and Maintenance (O&M) Projects	12.401	DMA	9,383,099
Basic Scientific Research	12.431	VSU	136,376
Other Assistance:	12.000		
Troops that Teach		DOE	99,997
Humanitarian Demining Center (Contract)		JMU	518,972
U.S. Department of the Army		NSU	137,538
Navy Exchange Service Command NNA250-95-C-0022		ODU	438,107
Troops to Teachers		#ODU	64,964
U.S. Army Corps of Engineers - IPA Army		VCU	12,814
Other		VPISU	138,922
Total Excluding Cluster			12,784,354

Research and Development Cluster:			
Aquatic Plant Control	12.100	VSU	25
Beach Erosion Control Projects	12.101	UVA	3,603
Flood Control Projects	12.106	VPISU	2,087
Collaborative Research and Development	12.114	CWM/UVA	62,421
Basic and Applied Scientific Research	12.300	CWM/GMU/JMU/UVA/#VIMS	3,158,367
Military Medical Research and Development	12.420	UVA/VCU	981,706
Basic Scientific Research	12.431	UVA/#VCU/VPISU	2,989,359
International Education - U.S. Colleges and Universities	12.550	UVA	13,216
Basic, Applied, and Advanced Research in Science and Engineering	12.630	UVA/VCU/VPISU	173,824
Air Force Defense Research Sciences Program	12.800	CWM/GMU/NSU/UVA/VCU/VIMS/VSU	3,232,490
Mathematical Sciences Grants Program	12.901	JMU/UVA	65,827
Information Security Grant Program	12.902	UVA	55,451
Research and Technology Development	12.910	UVA/VPISU	2,448,035
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911	UVA/VPISU	516,446
Other Assistance:	12.000		
Atlantic White Cedar Research		CNU	16,133
CMOS Power Distribution Survey		CNU	19,144
Optical and Transport Properties of Semiconductor and Heterostructures		CNU	714
Department of the Army		GMU	1,364,137
Office of Naval Research		GMU	1,482,568
U.S. Air Force		GMU	1,308,419
Department of Defense		GMU	1,397,927
Other		CWM/JMU/UVA/VIMS/#VPISU	12,475,173
Total Research and Development Cluster			31,767,072
Total U.S. Department of Defense			44,551,426

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

Community Development Block Grants/State's Program	14.228	DHCD	25,055,441
Emergency Shelter Grants Program	14.231	DHCD	1,035,181
Supportive Housing Program	14.235	DHCD	1,618,404
Historically Black Colleges and Universities Program	14.237	NSU	124,710
Shelter Plus Care	14.238	DMHMRSAS	154,086
HOME Investment Partnerships Program	14.239	DHCD	11,068,362
Housing Opportunities for Persons with AIDS	14.241	DHCD	407,800
Fair Housing Assistance Program - State and Local	14.401	DPOR	222,888
General Research and Technology Activity	14.506	GMU	7,932
Community Outreach Partnership Center Program	14.511	GMU	164,208
Public Housing - Tenant Opportunities Program	14.853	VCCS	(1,613)
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	DHCD	261,543
Other Assistance:	14.000		
NSU Center for Crime Prevention		NSU	174,557

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
HUD Aware / Brambleton Redesign		NSU	\$ 87,892
Other		DMHMRSAS/VPISU	92,580
Total Excluding Clusters			<u>40,473,971</u>
CDBG - Entitlement and (HUD - Administered) Small Cities Cluster: Community Development Block Grants/Entitlement Grants	14.218	VCCS	<u>26,468</u>
Research and Development Cluster: General Research and Technology Activity	14.506	VCU	1,606
Community Outreach Partnership Center Program	14.511	VCU	<u>28,649</u>
Total Research and Development Cluster			<u>30,255</u>
Total U.S. Department of Housing and Urban Development			<u>40,530,694</u>

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

Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	DMME	3,289,791
Abandoned Mine Land Reclamation (AMLR) Program	15.252	DMME	5,575,639
Coastal Wetlands Planning, Protection and Restoration Act	15.614	DCR	741,558
Clean Vessel Act	15.616	#VDH	292,654
U.S. Geological Survey - Research and Data Acquisition	15.808	DCR/DMME	97,886
Historic Preservation Fund Grants-In-Aid	15.904	DHR/LC	703,192
Outdoor Recreation - Acquisition, Development and Planning	15.916	DCR/VCCS	65,857
National Center for Preservation Technology and Training	15.923	GMU	4,636
Other Assistance:	15.000		
Cooperative Agreement #1443CA00195108		DHR	55,063
Other		VDACS	<u>37,696</u>
Total Excluding Clusters			<u>10,863,972</u>
Fish and Wildlife Cluster: Sport Fish Restoration	15.605	DGIF/MRC/#VIMS	3,385,793
Wildlife Restoration	15.611	DGIF/VPISU	<u>4,867,168</u>
Total Fish and Wildlife Cluster			<u>8,252,961</u>
Research and Development Cluster: Recreation Resource Management	15.225	VPISU	18,053
Fish and Wildlife Management Assistance	15.608	VPISU	98,015
Coastal Wetlands Planning, Protection and Restoration Act	15.614	VIMS	33,115
Cooperative Endangered Species Conservation Fund	15.615	DGIF/VIMS	56,986
Assistance to State Water Resources Research Institutes	15.805	#CWM/UVA/VPISU	94,830
Earthquake Hazards Reduction Program	15.807	VPISU	152,322
U.S. Geological Survey - Research and Data Acquisition	15.808	#CWM/#RU/UVA/VIMS/VPISU	401,242
Historic Preservation Fund Grants-In-Aid	15.904	JMU/VPISU	72,503
National Natural Landmarks Program	15.910	UVA	13,104
National Historic Landmark	15.912	CWM	7,089
Technical Preservation Services	15.915	UVA/VPISU	319,035
Outdoor Recreation - Acquisition, Development and Planning	15.916	VIMS/VPISU	55,081
Rivers, Trails and Conservation Assistance	15.921	JMU	48,776
American Battlefield Protection	15.926	JMU	994
Other Assistance:	15.000		
Survey of the Amphibians and Reptiles at Ft. Monroe Including Big Bethel Reservoir		CNU	5,266
Other		#CWM/GMU/UVA/VIMS/VPISU	<u>1,842,602</u>
Total Research and Development Cluster			<u>3,219,013</u>
Total U.S. Department of the Interior			<u>22,335,946</u>

**U.S. DEPARTMENT OF JUSTICE**

Equal Employment Opportunity	16.101	CHR	29,306
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	DCJS/#DJJ/#DOE/#PDC/#VCOY/VWC	1,719,636
Juvenile Justice and Delinquency Prevention - Special Emphasis	16.541	DCE/DJJ	136,217

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
National Institute for Juvenile Justice and Delinquency Prevention	16.542	VCU	\$ 30,375
Victims of Child Abuse	16.547	DCJS	25,890
Part E - State Challenge Activities	16.549	DCJS	115,691
State Justice Statistics Program for Statistical Analysis Centers	16.550	DCJS	9,358
National Criminal History Improvement Program (NCHIP)	16.554	#SUPCT/VSP	1,829,311
Crime Victim Assistance	16.575	DCJS/#DSS/#VDH	6,101,609
Byrne Formula Grant Program	16.579	#ATG/#CASC/#CNU/#DCE/DCJS/#DJJ/ #DOC/#DOE/MWC/#ODU/#SUPCT/ #VCCS/#VCSC/VMI/#VSP/#VSU	11,609,191
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	DCJS/SUPCT/VSP	332,567
Drug Court Discretionary Grant Program	16.585	SUPCT	86,242
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	DOC	85,250
Violence Against Women Formula Grants	16.588	DCJS/#GMU/#SUPCT/#VCU	2,563,857
Grants to Encourage Arrest Policies	16.590	#SUPCT	114,749
Local Law Enforcement Block Grants Program	16.592	DCJS/VSP	465,130
Residential Substance Abuse Treatment for State Prisoners	16.593	#DMHMRSAS	594,093
State Identification Systems Grant Program	16.598	DCJS	94,721
Public Safety Partnership and Community Policing Grants	16.710	CWM/DCJS/ODU/RU	359,727
Other Assistance:	16.000		
COPS Universal Hiring Program		NSU	129,970
Listening to Diverse Groups; Institutionalizing Diversity Training in the Virginia Judiciary		SUPCT	48,107
Dispute Resolution for Judges; A Guide for Developing Judicial Training on Alternative Dispute Resolution		SUPCT	9,606
Ending Case Delay: Better Serving our Customers		SUPCT	20,818
Other		DOC/CWM	2,294,587
<b>Total Excluding Cluster</b>			<b>28,806,008</b>
Research and Development Cluster:			
Law Enforcement Assistance - FBI Advanced Police Training	16.300	#VPISU	481,844
Law Enforcement Assistance - FBI Crime Laboratory Support	16.301	UVA	32,899
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	#UVA	86,271
National Institute for Juvenile Justice and Delinquency Prevention	16.542	UVA	27,978
Justice Research, Development, and Evaluation Project Grants	16.560	UVA	107,779
Byrne Formula Grant Program	16.579	UVA	123,644
Other Assistance:	16.000		
Other		VCU	8,607
<b>Total Research and Development Cluster</b>			<b>869,022</b>
<b>Total U.S. Department of Justice</b>			<b>29,675,030</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
Labor Force Statistics	17.002	VEC	1,411,430
Compensation and Working Conditions Data	17.005	DOLI	105,327
Certification of Foreign Workers for Temporary Agricultural Employment	17.202	VEC	127,410
Labor Certification for Alien Workers	17.203	VEC	1,109,948
Unemployment Insurance (UI)	17.225	VEC	236,277,236
Senior Community Service Employment Program	17.235	GETD	2,986,553
Trade Adjustment Assistance - Workers	17.245	VEC	4,083,402
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	DOE	555,038
Occupational Safety and Health - State Program	17.503	DOLI	2,676,246
Consultation Agreements	17.504	DOLI	624,376
Mine Health and Safety Grants	17.600	DMME	291,530
Other Assistance:	17.000		
Cooperative Agreement - Data Collection Program		DOLI	23,559
<b>Total Excluding Clusters</b>			<b>250,272,055</b>
Employment Services Cluster:			
Employment Service	17.207	GETD/VEC	18,062,569
Disabled Veterans' Outreach Program (DVOP)	17.801	VEC	1,939,813
Local Veterans' Employment Representative Program	17.804	VEC	1,153,299
<b>Total Employment Services Cluster</b>			<b>21,155,681</b>

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
JTPA Cluster:			
Employment and Training Assistance -			
Dislocated Workers	17.246	GETD/#ODU/VCCS/#VEC	\$ 10,092,920
Job Training Partnership Act	17.250	DJJ/#DOE/GETD/#VCCS/VEC	30,143,171
Total JTPA Cluster			40,236,091
Total U.S. Department of Labor			311,663,827
<b>U.S. DEPARTMENT OF STATE</b>			
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	UVA	742
Other Assistance:	19.000		
Other		VPISU	13,633
Total Excluding Cluster			14,375
Research and Development Cluster:			
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	RU	6,658
Total Research and Development Cluster			6,658
Total U.S. Department of State			21,033
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Boating Safety Financial Assistance	20.005	DGIF	901,502
Airport Improvement Program	20.106	DOAV	898,006
Highway Planning and Construction	20.205	#DCR/#DHR/DMV/DRPT/ #SMV/VDOT	448,490,555
Highway Training and Education	20.215	#GMU/VSU	87,136
Motor Carrier Safety Assistance Program	20.218	DMV/VSP	1,542,129
National Recreational Trails Funding Program	20.219	DCR	97,467
Local Rail Freight Assistance	20.308	DRPT	308,722
Federal Transit Technical Studies Grants	20.505	DRPT	965,595
Public Transportation for Nonurbanized Areas	20.509	DRPT	6,791,416
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513	DRPT	738,289
Pipeline Safety	20.700	SCC	268,177
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	VDES	112,587
Entrepreneurial Training and Technical Assistance Program	20.907	VSU	26,055
Other Assistance:	20.000		
FY '95 Strategic Plan for Traffic Records		DMV	17,000
Alcohol Countermeasures (WRAP)		DMV	34,552
FY '92 Fatal Accident and Reporting System		DMV	17,066
VA Air Bag Enforcement		DMV	9,480
Red Light Running Public Safety Campaign		DMV	2,975
Computerized Model of Combined Explosive Detection		NSU	149,831
Other		GMU/VPISU	2,233
Total Excluding Clusters			461,460,773
Highway Safety Cluster:			
State and Community Highway Safety	20.600	#ABC/DMV/#DOE/#DRPT/#ODU/RU/ #SUPCT/#UVA/#VCU/#VDH/#VDOT/ #VMI/VPISU/#VSP	4,686,972
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	#DCJS/DMV/#SUPCT/#VCU/#VSP	667,366
Total Highway Safety Cluster			5,354,338
Research and Development Cluster:			
Aviation Research Grants	20.108	GMU/VPISU	629,129
Highway Planning and Construction	20.205	VPISU	342,027
Highway Training and Education	20.215	UVA/VPISU	722,738
Motor Carrier Safety	20.217	UVA	402,082
Federal Transit Grants for University Research and Training	20.502	UVA/VPISU	150,000
Federal Transit Technical Assistance	20.512	GMU	378,119
University Research Institutes Program	20.702	VPISU	2,892
Entrepreneurial Training and Technical Assistance Program	20.907	UVA	112,765
Other Assistance:	20.000		
Investigation of Processing & Communication in Designing		NSU	55,432
Other		VPISU	243,851
Total Research and Development Cluster			3,039,035
Total U.S. Department of Transportation			469,854,146
<b>APPALACHIAN REGIONAL COMMISSION</b>			
Appalachian Regional Development	23.001	SVHEC/#VCCS/VPISU	419,260

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Appalachian Supplements to Federal Grant-in-Aid	23.002	VCCS	\$ 19,999
Appalachian Development Highway System	23.003	VDOT	79,752
Appalachian State Research, Technical Assistance, and Demonstration Projects	23.011	DHCD/VCCS	<u>325,737</u>
Total Appalachian Regional Commission			<u>844,748</u>
<b>OFFICE OF PERSONNEL MANAGEMENT</b>			
Research and Development Cluster: Intergovernmental Personnel Act (IPA) Mobility Program	27.011	UVA	<u>4,890</u>
<b>GENERAL SERVICES ADMINISTRATION</b>			
Donation of Federal Surplus Personal Property	39.003	DGS	<u>1,615,658</u>
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>			
Technology Transfer	43.002	DEQ	6,587
Other Assistance:	43.000		
Rural Outreach Project		NSU	31,324
Quality Education for Minority-NASA Sharp Plus		ODU	46,220
Other		VPISU	<u>2,745</u>
Total Excluding Cluster			<u>86,876</u>
Research and Development Cluster:			
Aerospace Education Services Program	43.001	CWM/GMU/JMU/#UVA/VPISU/VSU	6,520,027
Technology Transfer	43.002	GMU/JMU/LC/UVA/#VIMS/VPISU	972,634
Other Assistance:	43.000		
Three-Dimensional Vortex Modeling of Airframe Noise Sources		CNU	38,718
A NASA/University Joint Venture in Space Science		CNU	7,626
Control on Methane Emissions from Vegetated Wetlands		CNU	19,231
Shielding From Space Radiation II		CNU	66,087
Optical Fiber Spectroscopy		CNU	20,968
Application of Spectroscopy Methods to Study Atmospheric Trace Gas Constituents		CNU	109,712
Summer Teacher Enhancement Institute for Science, Mathematics and Technology Using the Problem- Based Learning Model		CNU	213,891
Development of a Three-Dimensional Heavy Ion, Charged Particle Boltzmann Transport Solver		CNU	15,461
TIGER PAU: Thermally Induced Gradient Effects Research Paramater Assessment Undertaking		CNU	17,774
Validation of Measurement of Pollution in the Troposphere (MOPITT) Experiment by Ground Based Infrared Solar Spect Meaurement of CO and CH4		CNU	6,899
NASA-Faculty Loan		NSU	25,000
NASA-CHROME		NSU	58,444
NASA-Earth System Science		NSU	210,087
Materials Research Lab		NSU	232,255
Pre-Service Teachers Summer 1998		NSU	69,360
Pre-Service Teachers Conference		NSU	158,745
Investigation of Molecular Ions		NSU	(7,433)
Science and Math for Everyone		NSU	148,066
Effects of Stretch Orientation		NSU	19,208
Summer Workshop Program		NSU	5,424
Feasability Study of Piezoelectric Actuators		NSU	19,274
Visual of Atomspheric Water Vapor Data for SAGE		NSU	83,234
Research Experience in Earth Science		NSU	37,815
Studies of Nucleation, Polymerization and Nanoparticle Composites in Super		VCU	97,287
Other		CWM/GMU/JMU/VIMS/VPISU/VSU	<u>5,849,465</u>
Total Research and Development Cluster			<u>15,015,259</u>
Total National Aeronautics and Space Administration			<u>15,102,135</u>
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	UVA/VCU	50,042
Promotion of the Arts - Partnership Agreements	45.025	VCA	507,722
Promotion of the Humanities - Federal/State Partnership	45.129	UVA/VCCS	10,236
Promotion of the Humanities - Division of Preservation and Access	45.149	#CWM/LVA	208,012
Promotion of the Humanities - Fellowships and Stipends	45.160	GMU	58,804
Promotion of the Humanities - Education Development and Demonstration	45.162	UVA/VCCS	75,618

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Promotion of the Humanities - Seminars and Institutes	45.163	GMU/VCU	\$ 59,759
Promotion of the Humanities - Public Programs	45.164	UVA	15,327
Institute of Museum and Library Services - General Operating Support	45.301	DCR/LC	39,682
Other Assistance:	45.000		
Fast Forward		VMFA	5,000
Paintings Storage		VMFA	25,000
Total Excluding Cluster			<u>1,055,202</u>
Research and Development Cluster:			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	UVA/VCU	1,696
Promotion of the Humanities - Federal/State Partnership	45.129	CWM	6,000
Promotion of the Humanities - Division of Preservation and Access	45.149	CWM/UVA	24,511
Promotion of the Humanities - Fellowships and Stipends	45.160	VPISU	(12,602)
Promotion of the Humanities - Research	45.161	UVA	396,822
Promotion of the Humanities - Education Development and Demonstration	45.162	GMU/UVA	210,264
Promotion of the Humanities - Public Programs	45.164	VPISU	43,208
Institute of Museum and Library Services - General Operating Support	45.301	CWM	325
Other Assistance	45.000	VPISU	23,784
Total Research and Development Cluster			<u>694,008</u>
Total National Foundation on the Arts and Humanities			<u><u>1,749,210</u></u>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Engineering Grants	47.041	VCCS/VPISU	734,029
Education and Human Resources	47.076	JMU/#LC/#MWC/#NSU/RU/#VCCS/ VCU/VPISU	1,461,276
Academic Research Infrastructure	47.077	VCCS	3,785
Other Assistance:	47.000		
Science Studio		NSU	5,305
Sustain Economic Education at HBCU's		NSU	20,605
General Chemistry Lab with Computers		NSU	6,004
Research - Earth Sciences		VMNH	8,675
Other		GMU/VPISU	112,489
Total Excluding Cluster			<u>2,352,168</u>
Research and Development Cluster:			
Engineering Grants	47.041	CWM/GMU/UVA/VCU/VPISU	6,439,662
Mathematical and Physical Sciences	47.049	CWM/GMU/#JMU/#NSU/UVA/ VCU/VIMS/VPISU	8,185,423
Geosciences	47.050	CWM/GMU/UVA/VIMS/VPISU	1,408,654
Computer and Information Science and Engineering	47.070	CWM/GMU/UVA/VPISU	2,087,047
Biological Sciences	47.074	CWM/GMU/JMU/UVA/#VCU/#VIMS/ VPISU	5,569,119
Social, Behavioral, and Economic Sciences	47.075	CWM/GMU/RU/UVA/VCU/VPISU	917,387
Education and Human Resources	47.076	#CWM/GMU/UVA/VPISU	2,905,499
Academic Research Infrastructure	47.077	VIMS	893
Other Assistance:	47.000		
RUI: Methane Emission		CNU	98,348
Detector Development for, and Nuclear Physics			
Research with the CLAS Detector at CEBAF		CNU	96,773
Tidewater Summer Science Camp		NSU	(363)
Rimi Effects of Crystal Field in Quasi Four-Level Lasers		NSU	86,923
National Science Foundation - IPA		NSU	84,624
Alliance to Prepare Technicians for Technology		NSU	16,668
Research in Particle Physics Atlas at LHC		NSU	4,050
X-Ray Crystallographic and Affinity Labeling		NSU	18,961
Other		CWM/JMU/UVA/VPISU	774,024
Total Research and Development Cluster			<u>28,693,692</u>
Total National Science Foundation			<u><u>31,045,860</u></u>

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
<b>SMALL BUSINESS ADMINISTRATION</b>			
Business Development Assistance to Small Business	59.005	CNU/JMU/RU/UVA	\$ 7,946
Small Business Development Center	59.037	DBA/#GMU/JMU/#LC/#MWC/#RU/ #VCCS	2,233,143
Other Assistance:	59.000		
Microloan Grant Program for Non-Intermediaries		DBA	52,319
SBDC Defense Economic Transition Assistance		DBA	101,228
Other		GMU	(2,328)
Total Small Business Administration			<u>2,392,308</u>
<b>TENNESSEE VALLEY AUTHORITY</b>			
Research and Development Cluster:			
Other	62.000	VPISU	<u>71,722</u>
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
All-Volunteer Force Educational Assistance	64.124	DOE	260,623
State Cemetery Grants	64.203	DVA	<u>223,516</u>
Total Excluding Cluster			<u>484,139</u>
Research and Development Cluster:			
Grants to States for Construction of State Home Facilities	64.005	VPISU	7,912
Other Assistance:	64.000		
Beta-Blocker Evaluation of Survival Trial		VCU	<u>22,555</u>
Total Research and Development Cluster			<u>30,467</u>
Total U.S. Department of Veterans Affairs			<u>514,606</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Air Pollution Control Program Support	66.001	DEQ	2,680,735
State Indoor Radon Grants	66.032	VDH	50,552
Water Pollution Control - State and Interstate Program Support	66.419	#DCR/DEQ	2,059,596
State Public Water System Supervision	66.432	VDH	1,339,946
Water Quality Management Planning	66.454	DEQ	672,329
Capitalization Grants for State Revolving Funds	66.458	DEQ	41,079,977
Nonpoint Source Implementation Grants	66.460	#CBLAD/DCR/#DMME/DOF/#VDOT/ #VPISU	2,188,626
Wetlands Protection - Development Grants	66.461	DCR	143,552
National Pollutant Discharge Elimination System Related			
State Program Grants	66.463	DEQ	173,961
Chesapeake Bay Program	66.466	#CBLAD/#DCR/#DEQ/DOF	3,903,583
Wastewater Operator Training Grant Program - (Technical Assistance)	66.467	DEQ	35,281
Capitalization Grants for Drinking Water State Revolving Fund	66.468	VDH	5,005,522
Environmental Protection - Consolidated Research	66.500	UVA	3,640
Environmental Justice Grants to Small Community Groups	66.604	VPISU	(1)
Performance Partnership Grants	66.605	VDACS	781,631
Surveys, Studies, Investigations and Special Purpose Grants	66.606	DEQ	300
Training and Fellowships for the Environmental Protection Agency	66.607	VPISU	238
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707	VDH	287,035
Pollution Prevention Grants Program	66.708	DEQ	66,492
Hazardous Waste Management State Program Support	66.801	DEQ	1,860,513
Superfund State Site - Specific Cooperative Agreements	66.802	DEQ	219,330
State Underground Storage Tanks Program	66.804	DEQ	234,001
Leaking Underground Storage Tank Trust Fund Program	66.805	DEQ	1,622,964
Solid Waste Management Assistance	66.808	DEQ	40,146
Superfund State Core Program Cooperative Agreements	66.809	DEQ	502,823
CEPP Technical Assistance Grants Program	66.810	VDES	1,352
Environmental Education Grants	66.951	VCCS	2,272
Other Assistance:	66.000		
Regulations Concerning Certified Lead Contractor Notification		DOLI	504
Other		DEQ/UVA/VPISU	<u>298,125</u>
Total Excluding Cluster			<u>65,255,025</u>
Research and Development Cluster:			
Water Pollution Control - State and Interstate Program Support	66.419	#UVA/VPISU	127,151
Nonpoint Source Implementation Grants	66.460	#JMU/UVA	58,557
Wetlands Protection - Development Grants	66.461	VIMS/VPISU	311,309
Chesapeake Bay Program	66.466	#VCU/VIMS/#VPISU	449,638
Environmental Protection - Consolidated Research	66.500	CNU/GMU/UVA/VCU/VIMS/#VPISU	1,316,182

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Environmental Justice Grants to Small Community Groups	66.604	VCU	\$ 53,127
Surveys, Studies, Investigations and Special Purpose Grants	66.606	VCU/VIMS	37,014
Training and Fellowships for the Environmental Protection Agency	66.607	UVA	9,565
Environmental Education and Training Program	66.950	VIMS	5,836
Environmental Education Grants	66.951	VPISU	5,369
Other Assistance:	66.000		
King William Reservoir Compensation Mitigation Plan		CNU	12,062
Other		GMU/JMU/UVA/VIMS/VSU	264,041
Total Research and Development Cluster			2,649,851
Total Environmental Protection Agency			67,904,876
<b>NUCLEAR REGULATORY COMMISSION</b>			
Radiation Control - Training Assistance and Advisory Counseling	77.001	VDH	102,583
Research and Development Cluster:			
Other	77.000	UVA/VPISU	252,223
Total Nuclear Regulatory Commission			354,806
<b>U.S. DEPARTMENT OF ENERGY</b>			
State Energy Program	81.041	DMME/VCCS/VPISU	527,150
Weatherization Assistance for Low-Income Persons	81.042	DHCD	1,866,239
Office of Energy Research Financial Assistance Program	81.049	VCU	172,033
Other Assistance:	81.000		
Continuous Electron Beam Accelerator Facility		ODU	354,751
Continuous Electron Beam Accelerator Facility - Computer		ODU	52,462
Landfill Decision Analysis Project		VCU	52,027
Cost Modeling Systems Capability Comparison		VCU	40,393
Total Excluding Cluster			3,065,055
Research and Development Cluster:			
Energy - Related Inventions	81.036	UVA	13,897
Office of Energy Research Financial Assistance Program	81.049	CWM/GMU/NSU/UVA/VIMS/VPISU/VSU	4,839,444
University Coal Research	81.057	VPISU	16,385
Conservation Research and Development	81.086	VPISU	89,278
Renewable Energy Research and Development	81.087	CWM/VPISU	148,787
Other Assistance:	81.000		
Master Contract		CNU	90,813
Free Electron Laser Development - TJNAF		CNU	7,778
Center for Materials Research		NSU	1,761,587
Experiments in Science		NSU	42,352
Investigation of Nanoscale Magnetism-Double Polarization		VCU	46,525
Air Missile Defense Joint Mission Area Architect Multivariant		VCU	9,338
Historically Black & Minority Education Inst. Research		VSU	1,610
Other		CWM/GMU/JMU/VIMS/VPISU	3,371,237
Total Research and Development Cluster			10,439,031
Total U.S. Department of Energy			13,504,086
<b>U.S. INFORMATION AGENCY</b>			
Educational Exchange - Graduate Students	82.001	JMU	4,409
Educational Exchange - University Lecturers (Professors) and Research Scholars	82.002	VPISU	30,193
Other Assistance:	82.000		
Affiliation Between VCU and Bulawayo Polytechnic and Harare Poly.... Zimbabwe		VCU	23,431
Total U.S. Information Agency			58,033

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>			
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	83.011	VDES	\$ 69,626
Flood Insurance	83.100	DEQ	17,978
Community Assistance Program - State Support Services Element (CAP-SSSE)	83.105	#DCR	43,384
State Disaster Preparedness Grants	83.505	VDES	31,792
Emergency Management - State and Local Assistance	83.534	VDES	2,778,608
Mitigation Assistance	83.535	VDES	203,699
Individual and Family Grants	83.543	VDES	30
Public Assistance Grants	83.544	DSS/VDES/#VDOT/#VMI	16,637,347
National Arson Prevention Initiative	83.546	#DFP/VDES	42,712
Hazard Mitigation Grant	83.548	VDES	1,957,741
Other Assistance:	83.000		
Hazardous Materials Conference		VDES	82
Salem DUG Conference		VDES	50,000
Other		#DFP	2,552
Total Excluding Cluster			<u>21,835,551</u>
Research and Development Cluster:			
Other	83.000	UVA	<u>15,484</u>
Total Federal Emergency Management Agency			<u>21,851,035</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Adult Education - State Grant Program	84.002	#DCE/#DMHMRAS/DOE/#LC/#RU/ #VCCS/#VCU/#VRCB/#WWRC	6,142,460
Title I Grants to Local Educational Agencies	84.010	DOE	102,145,813
Migrant Education - Basic State Grant Program	84.011	DOE	802,314
Title I Program for Neglected and Delinquent Children	84.013	#DCE/DOE	812,300
Undergraduate International Studies and Foreign Language Programs	84.016	VCCS	56,168
Higher Education - Institutional Aid	84.031	NSU/VCCS/VSU	4,761,530
TRIO - Student Support Services	84.042	NSU/ODU/RU/UVA/VCCS/VSU	3,335,392
TRIO - Talent Search	84.044	VCCS/VPISU/VSU	1,761,245
TRIO - Upward Bound	84.047	MWC/NSU/ODU/#VCCS/VPISU/VSU	2,884,024
Vocational Education - Basic Grants to States	84.048	#DCE/DOE/#JMU/#ODU/#VCCS/ VEC/#VPISU	22,979,859
TRIO - Educational Opportunity Centers	84.066	VSU	1,107
State Student Incentives Grants	84.069	#CNU/JMU/#LC/#MWC/#NSU/ #ODU/#RBC/#RU/SCHEV/#VCCS/ VCU/#VMI/VPISU/#VSU	1,126,530
Fund for the Improvement of Postsecondary Education	84.116	NSU/VCCS	157,140
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	DRS/DVH/ODU/#VCCS/VRCB	50,999,843
Rehabilitation Services - Service Projects	84.128	VCU	623,540
Rehabilitation Long-Term Training	84.129	UVA/VCU	74,290
Centers for Independent Living	84.132	DRS	379,021
National Institute on Disability and Rehabilitation Research	84.133	#WWRC	19,196
College Housing and Academic Facilities Loans	84.142	NSU/ODU/VCU/VSU	16,502,659
Business and International Education	84.153	NSU/RU	139,351
Rehabilitation Services - Client Assistance Program	84.161	DRVD	231,788
Immigrant Education	84.162	DOE	998,315
Eisenhower Professional Development - Federal Activities	84.168	VCCS	106
Independent Living - State Grants	84.169	DRS/DVH	404,621
Javits Fellowships	84.170	UVA	52,901
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	DVH	183,982
Special Education - Grants for Infants and Families with Disabilities	84.181	DMHMRAS/#RU/VDH	6,412,919
Safe and Drug-Free Schools and Communities - National Programs	84.184	JMU	10,276
Byrd Honors Scholarships	84.185	DOE	603,060
Safe and Drug-Free Schools and Communities - State Grants	84.186	#ABC/#DCE/#DCJS/#DJJ/DOE/ #VCU/#VPISU/#VSDBH/#VSDBS/#VSP	8,520,547
Supported Employment Services for Individuals with Severe Disabilities	84.187	DRS/DVH	679,057
Bilingual Education - Professional Development	84.195	GMU	111,615
Education for Homeless Children and Youth	84.196	DOE	81,886
Graduate Assistance in Areas of National Need	84.200	UVA	209,922

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Javits Gifted and Talented Students Education Grant Program	84.206	CWM	\$ 1,824
Even Start - State Educational Agencies	84.213	DOE	983,275
Capital Expenses	84.216	DOE	155,771
State Grants for Assistive Technology	84.224	DRS/#DRVD/#GMU/VCCS	796,676
Projects with Industry	84.234	VCU	15,025
Special Projects and Demonstrations for Providing Vocational Rehabilitation Services to Individuals with Severe Disabilities	84.235	VCU	9,898
Program of Protection and Advocacy of Individual Rights	84.240	DRVD	114,880
Tech-Prep Education	84.243	DOE/#VCCS	1,981,404
National Institute for Literacy	84.257	#VCCS/VCU	9,831
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	DRS/DVH	168,792
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	DOE	1,623,291
Eisenhower Professional Development State Grants	84.281	#DCE/DOE/#GMU/#RU/SCHEV/ #UVA/VCCS/#VCU	4,169,813
Innovative Education Program Strategies	84.298	DOE/#VSDBH/#VSDBS	6,070,197
Technology Literacy Challenge Fund Grants	84.318	DOE	580,680
Other Assistance:	84.000		
HBCU/Training Program Westinghouse		NSU	(2,050)
Tidewater Writing Project 92-VA07		ODU	20,184
Other		CWM/DCE/#DMHMRAS/DOE/ #DRS/JMU/GMU/LVA/NSU/ODU/ UVA/#VCCS/#VCU/VPISU/ #VSDBH/VSDBS/VSU	<u>5,888,664</u>
Total Excluding Clusters			<u>256,792,932</u>
Student Financial Assistance Programs Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007	CNU/CWM/GMU/JMU/LC/ MWC/NSU/ODU/RBC/RU/UVA/ VCCS/VCU/VMI/VPISU/VSU	7,322,733
Federal Family Education Loans	84.032	CNU/CWM/JMU/LC/MWC/RBC/ RU/VCCS	113,865,010
Federal Work-Study Program	84.033	CNU/CWM/GMU/JMU/LC/ MWC/NSU/ODU/RBC/RU/UVA/ VCCS/VCU/VMI/VPISU/VSU	10,125,001
Federal Perkins Loan Program - Federal Capital Contributions	84.038	CNU/CWM/GMU/JMU/LC/MWC/ NSU/ODU/RU/UVA/VCCS/VCU/ VMI/VPISU/VSU	72,458,778
Federal Pell Grant Program	84.063	CNU/CWM/GMU/JMU/LC/MWC/ NSU/ODU/RBC/RU/UVA/VCCS/ VCU/VMI/VPISU/VSU/WWRC	87,853,906
Federal Direct Loan	84.268	GMU/NSU/ODU/UVA/VCCS/ VCU/VMI/VPISU/VSU	346,591,258
Total Student Financial Assistance Programs Cluster			<u>638,216,686</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	#DCE/DOE/#DVH/#JMU/ #RU/#VCCS/#VCU/#VPISU/#VSDBH/ #VSDBS	63,418,409
Special Education - Preschool Grants	84.173	#CWM/DOE/#GMU/#JMU/VSDBH/#VSDBS	<u>9,089,746</u>
Total Special Education Cluster			<u>72,508,155</u>
Research and Development Cluster:			
National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	84.015	UVA	279,563
International: Overseas - Faculty Research Abroad	84.019	UVA	2,524
International: Overseas - Doctoral Dissertation	84.022	UVA	7,801
Early Education for Children with Disabilities	84.024	GMU	(337)
TRIO - Upward Bound	84.047	UVA	700,778
Vocational Education - Basic Grants to States	84.048	UVA	4,420
National Vocational Education Research	84.051	VPISU	11,143
Fund for the Improvement of Postsecondary Education	84.116	CWM/UVA/VPISU	49,191
National Institute on Disability and Rehabilitation Research	84.133	UVA/VCU	1,993,064
Eisenhower Professional Development - Federal Activities	84.168	CWM/UVA	13,678
Safe and Drug-Free Schools and Communities - State Grants	84.186	#CWM/UVA	57,788
Education for Homeless Children and Youth	84.196	#CWM	372,826
Javits Gifted and Talented Students Education Grant Program	84.206	UVA	3,019
Eisenhower Professional Development State Grants	84.281	#CWM/#VPISU	110,706

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
National Institute on Student Achievement, Curriculum, and Assessment	84.305	UVA	\$ 333,505
National Institute on Educational Governance, Finance, Policymaking, and Management	84.308	VCU	60,339
Other Assistance: Project RISE	84.000	VCU	14,737
Other		CWM/GMU/UVA/VCU/VPISU	<u>2,420,617</u>
Total Research and Development Cluster			<u>6,435,362</u>
Total U.S. Department of Education			<u><u>973,953,135</u></u>

**U.S. NATIONAL ARCHIVES AND RECORDS ADMINISTRATION**

National Historical Publications and Records Grants	89.003	LVA/UVA	237,207
Research and Development Cluster: National Historical Publications and Records Grants	89.003	CWM	<u>14,977</u>
Total U.S. National Archives and Records Administration			<u><u>252,184</u></u>

**U.S. INSTITUTE OF PEACE**

Research and Development Cluster: International Peace and Conflict Management - Research and Education	91.001	UVA	<u><u>31,903</u></u>
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**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	VDA	118,081
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	VDA	116,463
Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	93.043	VDA	420,764
Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	93.046	VDA	213,020
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	VDA	43,471
Grants for Residential Treatment Programs for Pregnant and Postpartum Women	93.101	DMHMRSAS/#VCU	434,785
Demonstration Grants for Residential Treatment for Women and Their Children	93.102	DMHMRSAS/VCU	1,080,085
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	DMHMRSAS	988,307
Maternal and Child Health Federal Consolidated Programs	93.110	VDH	444,106
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	VDH	1,084,208
Nurse Anesthetist Traineeships	93.124	VCU	56,772
Mental Health Planning and Demonstration Projects	93.125	DMHMRSAS	2,161,633
Emergency Medical Services for Children	93.127	VCU	42,156
Primary Care Services - Resource Coordination and Development Primary Care Offices	93.130	VDH	109,975
Cooperative Agreements for Addiction Treatment Training Centers	93.131	VCU	959,432
Protection and Advocacy for Individuals with Mental Illness	93.138	DRVD	387,956
Financial Assistance for Disadvantaged Health Professions Students	93.139	VCU	75,369
AIDS Education and Training Centers	93.145	VCU	1,192,892
Projects for Assistance in Transition from Homelessness (PATH)	93.150	DMHMRSAS	341,312
Grants for Faculty Training Projects in Geriatric Medicine and Dentistry	93.156	UVA	155
Programs of Excellence in Health Professions Education for Minorities	93.157	RU/#VCCS/VCU	71,185
Grants for State Loan Repayment	93.165	VDH	12,303
Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	93.178	VCCS	180,748
Allied Health Project Grants	93.191	VCCS	12,248
Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	VDH	792,927

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
HIV/AIDS Mental Health Services Demonstration Program	93.216	VCU	\$ 287,454
Family Planning - Services	93.217	VDH	4,552,195
Abstinence Education	93.235	VDH	141,851
Mental Health Clinical and AIDS Service-Related Training Grants	93.244	VCU	95,126
Immunization Grants	93.268	VDH	11,015,280
Alcohol National Research Service Awards for Research Training	93.272	UVA	85
Alcohol Research Programs	93.273	UVA	455
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	VDH/VPISU	537,250
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	RU	236,338
Professional Nurse Traineeships	93.358	ODU/RU/VCU	240,979
Grants for Graduate Training in Family Medicine	93.379	VCU	102,026
Cancer Control	93.399	VCCS	15,092
Family Preservation and Support Services	93.556	DSS	3,146,894
Temporary Assistance for Needy Families	93.558	DSS	123,139,409
Child Support Enforcement	93.563	#DJI/DSS	37,421,066
Refugee and Entrant Assistance - State Administered Programs	93.566	#DMAS/DSS	2,315,457
Low-Income Home Energy Assistance	93.568	#DHCD/DSS	21,061,639
Community Services Block Grant	93.569	DSS/VSU	8,650,938
Community Services Block Grant - Discretionary Awards	93.570	DSS/NSU/VCU/VSU	235,224
Community Services Block Grant Discretionary Awards - Community Food and Nutrition	93.571	DSS	55,659
Child Care and Development Block Grant	93.575	#DHCD/#DMHMRSAS/DSS/#SBFA	19,523,666
Refugee and Entrant Assistance - Discretionary Grants	93.576	#DOE/DSS/VDH	457,643
Refugee and Entrant Assistance - Targeted Assistance	93.584	DSS	531,335
State Court Improvement Program	93.586	SUPCT	206,742
Refugee Assistance - Naturalization and Citizenship Activities	93.589	DSS	(4,323)
Welfare Reform Research, Evaluations and National Studies	93.595	DSS	79,727
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DSS	36,393,521
Grants to States for Access and Visitation Programs	93.597	DSS	(31,254)
Head Start	93.600	DSS/GMU	40,842
Developmental Disabilities Basic Support and Advocacy Grants	93.630	DMHMRSAS/#DRVD/VBPD/#VCU/#VDA	1,738,265
Developmental Disabilities University Affiliated Programs	93.632	VCU	299,658
Children's Justice Grants to States	93.643	DCJS	232,535
Child Welfare Services - State Grants	93.645	DSS	9,944,659
Social Services Research and Demonstration	93.647	DSS	17,407
Child Welfare Services Training Grants	93.648	VCU	51,378
Adoption Opportunities	93.652	DSS	107,096
Foster Care - Title IV-E	93.658	DSS/RU	40,398,918
Adoption Assistance	93.659	DSS	4,621,280
Social Services Block Grant	93.667	#DCJS/#DOE/DSS/#VDH	66,448,101
Child Abuse and Neglect State Grants	93.669	DSS/JMU	506,563
Child Abuse and Neglect Discretionary Activities	93.670	VCU	28,404
Family Violence Prevention and Services/Grants For Battered Women's Shelters - Grants to States and Indian Tribes	93.671	DSS	1,034,618
Independent Living	93.674	DSS	1,134,836
Health Care Financing Research, Demonstrations and Evaluations	93.779	VDA	202,754
Health Careers Opportunity Program	93.822	VCCS/VCU	187,486
Area Health Education Centers	93.824	JMU/#LC/#UVA/#VCCS/VCU	1,961,990
Medical Library Assistance	93.879	VCU	15,138
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	VCU	23,001
Grants for Faculty Development in Family Medicine	93.895	VCU	209,044
Grants for Predoctoral Training in Family Medicine	93.896	VCU	125,818
Grants for Faculty Development in General Internal Medicine and /or General Pediatrics	93.900	VCU	148,372
Rural Health Medical Education Demonstration Projects	93.906	VCCS/VCU	71,509
Grants to States for Operation of Offices of Rural Health	93.913	VDH	54,217
HIV Care Formula Grants	93.917	#VCU/VDH	8,269,491
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	VDH	506,764
Ryan White HIV/AIDS Dental Reimbursements	93.924	#UVA/VCU	101,104
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	VCU	79,235
Healthy Start Initiative	93.926	VDH	478,794

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	#DOE/#GMU/JMU	\$ 185,705
HIV Prevention Activities - Health Department Based Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.940	#DMHMRSAS/VCU/VDH	3,896,872
Block Grants for Community Mental Health Services	93.944	VDH	383,527
Block Grants for Prevention and Treatment of Substance Abuse	93.958	DMHMRSAS	6,147,693
Health Administration Traineeships and Special Projects Program	93.959	DMHMRSAS/#VDH	34,007,410
Grants for Geriatric Education Centers	93.962	VCU	31,639
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.969	UVA/VCU	49,335
Grants for Establishment of Departments of Family Medicine	93.977	#VCU/VDH	1,407,329
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.984	VCU	183,986
National Health Promotion	93.988	VDH	111,672
Preventive Health and Health Services Block Grant	93.990	VCU	154
Maternal and Child Health Services Block Grant to the States	93.991	VDH	4,881,587
Other Assistance:	93.994	#GMU/#VCU/VDH	13,429,037
Grant from the National Institute of Mental Health CARE Project	93.000	MWC	39,298
Recruitment Grant for ALLHAT Study		NSU	89,285
Tidewater Managed Care Project		VCU	4,815
Food and Drug Adm., Food Sanitation Inspections		VCU	3,226
Food and Drug Adm., Medicated Feed Inspections		VDACS	53,732
Project Assist - Stop Smoking Intervention		VDACS	5,965
Stroke Belt Initiative - Phase II		VDH	1,126,542
US FDA Mammography		VDH	661
FDA Diagnostic X-Ray		VDH	98,864
HIV/AIDS Data Evaluation		VDH	13,186
Other		VDH	158,753
		#DJJ/DMHMRSAS/DOC/DRS/DSS/ UVA/VCCS/VCU/VDH/VPISU	794,084
<b>Total Excluding Clusters</b>			<b>487,891,461</b>
<b>Aging Cluster:</b>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	VDA	7,461,875
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	VDA	7,774,333
<b>Total Aging Cluster</b>			<b>15,236,208</b>
<b>Student Financial Assistance Programs Cluster:</b>			
Health Education Assistance Loans	93.108	GMU/VCU	1,359,793
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	UVA/VCU/VPISU	10,322,941
Nursing Student Loans	93.364	JMU/NSU/RU/UVA/ VCCS/VCU	1,789,397
Scholarships for Students of Exceptional Financial Need	93.820	VCU	144,055
<b>Total Student Financial Assistance Programs Cluster</b>			<b>13,616,186</b>
<b>Medicaid Cluster:</b>			
State Medicaid Fraud Control Units	93.775	ATG	570,680
State Survey and Certification of Health Care Providers and Suppliers	93.777	VDH	3,129,152
Medical Assistance Program (Medicaid)	93.778	DMAS/#DMHMRSAS/#DRS/#DSS/ #VDH	1,240,630,821
<b>Total Medicaid Cluster</b>			<b>1,244,330,653</b>
<b>Research and Development Cluster:</b>			
Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	93.048	VCU	895
Food and Drug Administration - Research	93.103	VCU/VPISU	173,584
Maternal and Child Health Federal Consolidated Programs	93.110	UVA/VCU	381,808
Biological Response to Environmental Health Hazards	93.113	VCU/VPISU	306,372
Applied Toxicological Research and Testing	93.114	VPISU	105,752
Oral Diseases and Disorders Research	93.121	UVA/VCU/VPISU	2,213,707
Technical and Non-Financial Assistance to Health Centers	93.129	GMU	144,205

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Cooperative Agreements for Addiction Treatment Training Centers	93.131	#UVA	\$ 53,578
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	VCU	18,781
Injury Prevention and Control Research and State and Community Based Programs	93.136	UVA/VCU	186,591
NIEHS Superfund Hazardous Substances - Basic Research and Education	93.143	UVA	1,938
AIDS Education and Training Centers	93.145	UVA	(528)
Human Genome Research	93.172	GMU/UVA	323,057
Research Related to Deafness and Communication Disorders	93.173	JMU/UVA/VCU	2,576,878
Health Care Systems Cost and Access Research and Development Grants	93.226	UVA/VCU	381,096
Consolidated Knowledge Development and Application Program	93.230	UVA/VCU	268,290
Mental Health Research Grants	93.242	CWM/GMU/UVA/#VCU/#VPISU	7,587,632
Mental Health Clinical and AIDS Service - Related Training Grants	93.244	#UVA/VPISU	145,406
Occupational Safety and Health Research Grants	93.262	UVA/VPISU	295,871
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	VCU	83,096
Alcohol Research Programs	93.273	VCU/VPISU	632,068
Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards	93.277	VCU	207,320
Drug Abuse National Research Service Awards for Research Training	93.278	VCU	8,960
Drug Abuse Research Programs	93.279	DJJ/GMU/UVA/VCU/VPISU	5,749,962
Mental Health Research Career/Scientist Development Awards	93.281	GMU/UVA/VCU	704,013
Mental Health National Research Service Awards for Research Training	93.282	UVA	198,702
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	UVA/VCU	151,758
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	UVA	225,082
Comparative Medicine	93.306	UVA	260,837
Clinical Research	93.333	UVA/VCU/VPISU	5,095,940
Professional Nurse Traineeships	93.358	GMU/UVA	155,631
Nursing: Special Projects	93.359	UVA	217,359
Nursing Research	93.361	UVA/VCU	874,937
Biomedical Technology	93.371	GMU/UVA/VCU	270,881
Minority Biomedical Research Support	93.375	VSU	212,478
Academic Research Enhancement Award	93.390	CWM	59,218
Cancer Cause and Prevention Research	93.393	UVA/VCU	3,155,698
Cancer Detection and Diagnosis Research	93.394	UVA/VCU	254,368
Cancer Treatment Research	93.395	UVA/VCU/#VPISU	4,668,893
Cancer Biology Research	93.396	UVA/VCU/VPISU	3,469,208
Cancer Centers Support	93.397	UVA/VCU	1,601,860
Cancer Research Manpower	93.398	UVA/VCU	980,561
Cancer Control	93.399	VCU	401,791
Head Start	93.600	VCU/VPISU	1,155,721
Health Care Financing Research, Demonstrations and Evaluations	93.779	VCU	234,671
Cell Biology and Biophysics Research	93.821	UVA/VCU/VPISU	4,620,019
Health Careers Opportunity Program.	93.822	UVA	246,857
Heart and Vascular Diseases Research	93.837	UVA/VCU/VPISU	8,480,323
Lung Diseases Research	93.838	UVA	951,580
Blood Diseases and Resources Research	93.839	UVA/VCU	249,485
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	UVA/VCU/VPISU	1,161,325
Diabetes, Endocrinology and Metabolism Research	93.847	UVA/VCU	3,413,262
Digestive Diseases and Nutrition Research	93.848	UVA/VCU/VPISU	4,644,067
Kidney Diseases, Urology and Hematology Research	93.849	UVA/VCU	2,410,401
Clinical Research Related to Neurological Disorders	93.853	UVA/VCU	4,253,489
Biological Basis Research in the Neurosciences	93.854	CWM/UVA/VCU/VPISU	5,824,459
Allergy, Immunology and Transplantation Research	93.855	UVA/VCU/VPISU	5,271,631
Microbiology and Infectious Diseases Research	93.856	UVA/VCU/VPISU	6,519,018
Pharmacology, Physiology, and Biological Chemistry Research	93.859	UVA/VCU	3,402,905
Genetics and Developmental Biology Research	93.862	UVA/VCU	2,952,750
Population Research	93.864	UVA/VCU/VSU	3,602,605
Research for Mothers and Children	93.865	GMU/UVA/VCU	3,124,945
Aging Research	93.866	UVA/VCU	1,751,100
Vision Research	93.867	UVA/VCU/VPISU	1,382,130
Medical Library Assistance	93.879	GMU/UVA	370,140
Minority Access to Research Careers	93.880	UVA/VCU	36,024
Grants for Residency Training in General Internal Medicine and / or General Pediatrics	93.884	UVA	134,030
Resource and Manpower Development in the Environmental Health Sciences	93.894	VCU/VPISU	222,128

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Grants for Faculty Development in General Internal Medicine and / or General Pediatrics	93.900	UVA	\$ 14,878
Communications Programs for Demonstrating the Prevention of Alcohol, and Drug Problems	93.901	UVA	3,990
Rural Health Medical Education Demonstration Projects	93.906	#VSU	158,727
Center for Medical Rehabilitation Research	93.929	UVA	140,252
Fogarty International Research Collaboration Award	93.934	UVA/VCU	109,313
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	VPISU	129,767
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	#UVA	10,344
Senior International Fellowships	93.989	UVA/VPISU	782,245
Maternal and Child Health Services Block Grant to the States	93.994	#UVA	108,979
Other Assistance:	93.000		
Molecular Analysis of Heme Pathway		NSU	142,437
Manage Care Management		NSU	5,682
Oral Hydration & Child Immunization		NSU	70,421
Office of Science Policy and Technology Transfer - IPA, NIH		VCU	48,822
Prevent of Events with Angiotensin convertible Enzyme		VCU	2,764
Antihypertensive and Lipid-Lowering Treatment		VCU	4,922
Healing Russia?		VCU	6,189
Antifungal Susceptibility Testing		VCU	29,959
Richmond / Moravia & Pulaski Partnership Project		VCU	23,978
Genetic Data Collection in the Commonwealth		VCU	4,500
Dynamic Registry for PTCA Patients		VCU	3,041
Bypass Angioplasty Revascularization Investigation		VCU	6,297
Inositol Glycan Mediators in Polycystic Ovary Syndrome		VCU	25,025
Other		CWM/VIMS/#VPISU	484,796
Total Research and Development Cluster			<u>113,537,927</u>
Total U.S. Department of Health and Human Services			<u>1,874,612,435</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
State Commissions	94.003	DSS	112,163
Learn and Serve America - School and Community Based Programs	94.004	DOE	255,302
Learn and Serve America - Higher Education	94.005	CWM/JMU/RU/VCCS/VPISU	121,798
AmeriCorps	94.006	DSS	1,409,387
Training and Technical Assistance	94.009	DSS	133,936
Other	94.000	MWC	11,364
Total Excluding Cluster			<u>2,043,950</u>
Research and Development Cluster:			
Learn and Serve America - Higher Education	94.005	#VCU/VPISU	<u>71,566</u>
Total Corporation for National and Community Service			<u>2,115,516</u>
<b>SOCIAL SECURITY ADMINISTRATION</b>			
Social Security - Disability Insurance	96.001	DRS	23,054,928
Research and Development:			
Social Security - Research and Demonstration	96.007	VCU	<u>155,684</u>
Total Social Security Administration			<u>23,210,612</u>
<b>UNIDENTIFIED ASSISTANCE</b>			
Other Assistance:	00.000		
Linkage Support for Urban Management		VCU	40,263
Other		DSS/UVA/VCCS/#VPISU/VSU	<u>3,785,164</u>
Total Excluding Cluster			<u>3,825,427</u>

**COMMONWEALTH OF VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1998**

<b>Federal Department/Program</b>	<b>CFDA Number</b>	<b>State Agency(s)</b>	<b>Amount</b>
Research and Development Cluster:			
Other Assistance:	00.000		
Fraud, Electrical Reform and Democracy in Costa Rica, 1902-49		CNU	\$ 1,587
Other		GMU/VPISU	<u>4,198,295</u>
Total Research and Development Cluster			<u>4,199,882</u>
Total Unidentified Assistance			<u>8,025,309</u>
Total Federal Grantor Agencies			<u>\$ 4,602,927,782</u>

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

# Denotes federal assistance passed through from other state agencies/institutions.

COMMONWEALTH OF VIRGINIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 1998

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 federal financial assistance administered by the Commonwealth of Virginia, its departments, institutions, authorities, and component units except for the Virginia Housing Development Authority, Virginia Resources Authority, Hampton Roads Sanitation District Commission, the Commission on the Virginia Alcohol Safety Action Program, Virginia Equine Center Foundation, and the Medical College of Virginia Hospitals Authority. Other auditors have issued separate audit reports for the organizations listed above, where applicable.

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 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 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.

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 types of clusters of programs administered by the Commonwealth are: Food Stamp, Child Nutrition, Emergency Food Assistance, CDBG – Entitlement and (HUD-administered) Small Cities, Fish and Wildlife, Employment Services, JTPA, Highway Safety, Special Education, Aging, Medicaid, Student Financial Assistance, and Research and Development. Research and Development and Student Financial Assistance clusters expend funds from several federal departments. The amount expended for these two clusters are reported under the appropriate federal department. The total amount expended for Student Financial Assistance was \$651,832,872, consisting of \$638,216,686, from the Department of Education and \$13,616,186 from the Department of Health and Human Services. The total amount expended for Research and Development was \$237,522,479, consisting of the following federal departments:

<u>Federal Department</u>	<u>Amount Expended</u>
Department of Health and Human Services	\$ 113,537,927
Department of Defense	31,767,072
National Science Foundation	28,693,692
National Aeronautics and Space Administration	15,015,259
Department of Agriculture	11,824,130
Department of Energy	10,439,031
Department of Education	6,435,362
Department of Commerce	4,453,366

Department of the Interior	3,219,013
Department of Transportation	3,039,035
Environmental Protection Agency	2,649,851
Department of Justice	869,022
National Foundation on the Arts and Humanities	694,008
Nuclear Regulatory Commission	252,223
Social Security Administration	155,684
Tennessee Valley Authority	71,722
Corporation for National and Community Service	71,566
Institute of Peace	31,903
Department of Veteran's Affairs	30,467
Department of Housing and Urban Development	30,255
Federal Emergency Management Agency	15,484
National Archives and Records Administration	14,977
Department of State	6,658
Office of Personnel Management	4,890
Unidentified	<u>4,199,882</u>
Total	<u>\$ 237,522,479</u>

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 noncash 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 \$892,595, \$15,274,867, and \$2,204,005 for CFDA Numbers 10.550, 10.555, and 10.569, respectively. The accompanying schedule does not include Commonwealth-stored undistributed food commodities of \$172,680, \$114,575, and \$265,228 for CFDA Numbers 10.550, 10.555, and 10.569.

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 \$72,058,644 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, 1998. Program income and expenditures of \$755,753 is not included in the accompanying schedule. The value of surplus property on hand at June 30, 1998 totaled \$1,321,558.

Childhood Immunization Grants (CFDA Number 93.268) – The U.S. Department of Health and Human Services purchases and distributes immunizations to the state 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 \$6,215,291. The remaining amount of \$4,799,989 is administrative expenditures. The value of inventory on hand at June 30, 1998 was \$1,139,292.

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, 1998.

Federal Direct Student 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, 1998.

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, 1998.

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, 1998.

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

Special Economic Development and Adjustment Assistance Program: Sudden and Severe Economic Dislocation (SSED) and Long-Term Economic Deterioration (LTED) (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, 1998.

E. Emergency Unemployment Benefits

The amount included in the accompanying schedule for Unemployment Insurance (CFDA Number 17.225) includes \$35,573,147 of administrative costs, \$12,014,375 in federal unemployment benefits paid to federal employees, and \$188,689,714 in 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 agency to a subrecipient state agency), the federal financial assistance will be reflected as expenditures by the subrecipient agency.

2. When federal financial assistance is used by a recipient 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 AND UNIDENTIFIED ASSISTANCE PROGRAMS**

Federal financial assistance programs, which 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. Programs for which the grantor agency is not known are reported as unidentified assistance programs and are identified as CFDA Number 00.000.

4. **ASSISTANCE PROVIDED TO SUBRECIPIENTS FROM MAJOR PROGRAMS**

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

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>	<b>Amount</b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 2,095,447
16.579	Byrne Formula Grant Program	6,457,839
20.205	Highway Planning and Construction	2,809,291
59.037	Small Business Development Center	1,498,239
66.468	Capitalization Grants for Drinking Water State Revolving Fund	4,000,000
83.534	Emergency Management—State and Local Assistance	1,462,746
83.544	Public Assistance Grants	2,824,999
84.010	Title I Grants to Local Educational Agencies	101,237,472
84.048	Vocational Education—Basic Grants to States	15,675,351
93.558	Temporary Assistance for Needy Families (TANF)	38,176,198
93.568	Low-Income Home Energy Assistance	1,308,514
93.569	Community Services Block Grant	8,264,276
93.575	Child Care and Development Block Grant	19,142,333

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>	<b>Amount</b>
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	35,663,687
93.658	Foster Care-Title IV-E	42,297,393
93.667	Social Services Block Grant	53,275,906
	Aging Cluster	14,673,498
	Food Stamp Cluster	49,708,109
	JTPA Cluster	37,497,462
	Medicaid Cluster	25,541,014
	Research and Development Cluster	8,463,014

## ACRONYMS FOR AGENCIES AND INSTITUTIONS

ACRONYM	AGENCY/INSTITUTION
ABC	Department of Alcoholic Beverage Control
ATG	Office of the Attorney General and Department of Law
CASC	Commonwealth's Attorneys' Services Council
CBLAD	Chesapeake Bay Local Assistance Department
CHR	Council on Human Rights
CNU	Christopher Newport University
CWM	The College of William and Mary in Virginia
DBA	Department of Business Assistance
DCE	Department of Correctional Education
DCJS	Department of Criminal Justice Services
DCR	Department of Conservation and Recreation
DEQ	Department of Environmental Quality
DFP	Department of Fire Programs
DGIF	Department of Game and Inland Fisheries
DGS	Department of General Services
DHCD	Department of Housing and Community Development
DHR	Department of Historic Resources
DIT	Department of Information Technology
DJJ	Department of Juvenile Justice
DMA	Department of Military Affairs
DMAS	Department of Medical Assistance Services
DMHMRSAS	Department of Mental Health, Mental Retardation and Substance Abuse Services
DMME	Department of Mines, Minerals, and Energy
DMV	Department of Motor Vehicles
DOA	Department of Accounts
DOAV	Department of Aviation
DOC	Department of Corrections
DOE	Department of Education
DOF	Department of Forestry
DOLI	Department of Labor and Industry
DPB	Department of Planning and Budget
DPOR	Department of Professional and Occupational Regulation
DRPT	Department of Rail and Public Transportation
DRS	Department of Rehabilitative Services
DRVD	Department for the Rights of Virginians with Disabilities
DSS	Department of Social Services
DVA	Department of Veteran Affairs
DVH	Department for the Visually Handicapped
GETD	Governor's Employment and Training Department
GMU	George Mason University
JMU	James Madison University
LC	Longwood College
LVA	The Library of Virginia
MRC	Marine Resources Commission
MWC	Mary Washington College
NSU	Norfolk State University
ODU	Old Dominion University

## ACRONYMS FOR AGENCIES AND INSTITUTIONS

ACRONYM	AGENCY/INSTITUTION
PDC	Public Defender Commission
PMC	A. L. Philpott Manufacturing Center
RBC	Richard Bland College
RU	Radford University
SBFA	Virginia Small Business Financing Authority
SCC	State Corporation Commission
SCHEV	State Council of Higher Education for Virginia
SLD	State Lottery Department
SMV	Science Museum of Virginia
SUPCT	Supreme Court of Virginia
SVHEC	Southwest Virginia Higher Education Center
UVA	University of Virginia
VBPD	Virginia Board for People with Disabilities
VCA	Virginia Commission for the Arts
VCCS	Virginia Community College System
VCOY	Virginia Commission on Youth
VCSC	Virginia Criminal Sentencing Commission
VCU	Virginia Commonwealth University
VDA	Department for the Aging
VDACS	Department of Agriculture and Consumer Services
VDES	Department of Emergency Services
VDH	Department of Health
VDOT	Department of Transportation
VEC	Virginia Employment Commission
VEDP	Virginia Economic Development Partnership
VIMS	Virginia Institute of Marine Science
VMFA	Virginia Museum of Fine Arts
VMI	Virginia Military Institute
VMNH	Virginia Museum of Natural History
VPISU	Virginia Polytechnic Institute and State University
VRCB	Virginia Rehabilitation Center for the Blind
VSDBH	Virginia School for the Deaf and Blind at Hampton
VSDBS	Virginia School for the Deaf and Blind at Staunton
VSP	Department of State Police
VSU	Virginia State University
VWC	Virginia Workers' Compensation Commission
WWRC	Woodrow Wilson Rehabilitation Center

The following are part of the Virginia Community College System (VCCS):

BR	Blue Ridge Community College
CV	Central Virginia Community College
DSL	Dabney S. Lancaster Community College
DV	Danville Community College
ES	Eastern Shore Community College
GM	Germanna Community College
JSR	J. Sargeant Reynolds Community College
JT	John Tyler Community College
LF	Lord Fairfax Community College

ACRONYMS FOR AGENCIES AND INSTITUTIONS

ACRONYM	AGENCY/INSTITUTION
ME	Mountain Empire Community College
NR	New River Community College
NV	Northern Virginia Community College
PDC	Paul D. Camp Community College
PH	Patrick Henry Community College
PV	Piedmont Virginia Community College
RC	Rappahannock Community College
SSV	Southside Virginia Community College
SV	Southwest Virginia Community College
TN	Thomas Nelson Community College
TW	Tidewater Community College
VH	Virginia Highlands Community College
VW	Virginia Western Community College
WV	Wytheville Community College

COMMONWEALTH OF VIRGINIA  
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