

COMMONWEALTH OF VIRGINIA
SINGLE AUDIT REPORT

For the Year Ended
June 30, 1999

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, 1999 are summarized below:

- We issued an unqualified opinion on the general purpose financial statements;
- We found certain matters that we consider reportable conditions, two of which we identified as material weaknesses in the internal control over financial reporting;
- 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 find certain matters and material noncompliance with selected provisions of laws and regulations related to major programs required to be reported in accordance with OMB Circular A-133, Section .510(a). One of these matters is identified as a material weakness in the internal control over major programs; and
- We issued an unqualified opinion on the Commonwealth's compliance with requirements applicable to each major program.

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

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

March 17, 2000

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, 1999.

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

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

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

AUDITOR OF PUBLIC ACCOUNTS

DBC:whb



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, 1999, and have issued our report thereon dated December 13, 1999. 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 99-1 through 99-26.

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, of the reportable conditions described above, we consider items 99-2 and 99-3 to be 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 solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS
December 13, 1999

DBC:whb



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, 1999. 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, 1999. 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 99-31 through 99-32, and 99-41 through 99-46.

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 99-27 through 99-48.

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, of the reportable conditions described above, we consider item 99-28 to be a material weakness.

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

AUDITOR OF PUBLIC ACCOUNTS
March 17, 2000

DBC:whb

COMMONWEALTH OF VIRGINIA
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 1999

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weakness identified?	<u>Yes</u>
Reportable conditions identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u>Yes</u>

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	Economic Adjustment Assistance
12.401	National Guard Military Operations and Maintenance Projects
14.228	Community Development Block Grant/State's Program
16.523	Juvenile Accountability Incentive Block Grant
17.225	Unemployment Insurance
17.249	Employment Services and Job Training: Pilot and Demonstration Programs
20.205	Highway Planning and Construction
66.458	Capitalization Grants for State Revolving Funds
83.544	Public Assistance Grants
84.126	Rehabilitation Services: Vocational Rehabilitation Grants to States

CFDA Number(s)		Name of Federal Program or Cluster
93.558		Temporary Assistance for Needy Families (TANF)
93.563		Child Support Enforcement (CSE)
93.568		Low-Income Home Energy Assistance (LIHEAP)
93.645		Child Welfare Services: State Grants
93.658		Foster Care: Title IV-E
93.667		Social Services Block Grant (SSBG)
93.959		Block Grants for Prevention and Treatment of Substance Abuse
10.551	10.561	Food Stamp Cluster
10.553	10.555	Child Nutrition Cluster
10.556	10.559	
17.207	17.801	Employment Services Cluster
17.804		
17.246	17.250	JTPA Cluster
84.027	84.173	Special Education Cluster
93.575	93.596	Child Care Cluster
93.775	93.777	Medicaid Cluster
93.778		
96.001	96.006	Disability Insurance/SSI Cluster
84.007	84.032	Student Financial Assistance Cluster
84.033	84.038	
84.063	84.268	
93.108	93.342	
93.364	93.820	
(Footnote 2A)		Research and Development Cluster

Dollar threshold used to distinguish between

Type A programs:

\$13,808,000

Type B programs:

\$ 1,380,000

Commonwealth qualified as low-risk auditee?

No

FINANCIAL STATEMENT FINDINGS

CASH, CASH EQUIVALENTS, AND INVESTMENTS

99-1. Reconcile All Accounts Timely

Applicable to: Department of Treasury

Treasury should reconcile bank accounts within 45 days of month end to comply with their own policy and facilitate expedient resolution of reconciling items. When Treasury is late preparing reconciliations, the risk increases for untimely detection and correction of errors or irregularities. In the population of twenty bank reconciliations tested, Treasury reconciled eighteen accounts more than 45 days after month end. Four of the eighteen late reconciliations were more than four months past month end.

During the fiscal year, Treasury was implementing and parallel testing a new system to automate the reconciliation process that would increase efficiency in the process and was necessary to address Year 2000 issues. The new system, Recon Plus, will eliminate the manual processes and will allow the completion of reconciliations in accordance with policy. This project contributed to the delinquency of the reconciliations and extensions of normal deadlines granted by management. However, the delay in completing account reconciliations in a timely manner could have a compounding effect when errors go for an extended period of time without resolution.

Management Plan for Corrective Action

Treasury acknowledges that during fiscal year 1999 bank reconciliations were not completed within required timeframes. As indicated, the conversion and implementation to a new bank reconciliation system during the year were the primary factors contributing to the delays. This system conversion was a major project initiative for the agency. The new system, Recon Plus, was installed in September 1998 and conversion began in November 1998. The project was completed in September 1999. During the conversion, both the old and new systems ran parallel. Parallel reconciliations of a minimum of three months were required on each account to ensure the integrity of the new system.

Upon successful implementation and final acceptance of the new system, projects were initiated to bring all account reconciliations current and to resolve old outstanding reconciling items. By the end of February 2000, it is anticipated that all accounts except one concentration account will be reconciled in accordance with the 45-day requirement. Management has begun a monthly process to more aggressively review the status of outstanding reconciling items with staff to speed the resolution of these items.

The new system has streamlined reconciliations and promoted operating efficiencies. It has eliminated manual processing and reconciling, increased matching, reporting, and researching capabilities, and allowed for the daily importing of bank transactions. The system can also interface with other applications to facilitate research and resolution. Full utilization of the new system in fiscal year 2000 should ensure the timeliness of reconciliations in the future.

Kristin Reiter, Director - Operations Division is responsible for implementing the corrective action plan.

INVENTORY

99-2. Improve Controls over Inventory Policies and Procedures to Prevent a Qualified Financial Statement Opinion

Applicable to: Virginia Department of Transportation

At year-end, the Financial Management System (FMSII) and the Purchasing and Inventory Management System (PIMS) differed by over \$22 million. The difference in system balances meant the inventory ranged from \$33 million to \$55 million. Transportation purchased \$39,703,125 in inventory during fiscal year 1999.

Transportation's financial statements and the Commonwealth's Comprehensive Annual Financial Report could have received a qualified audit opinion because of the inventory differences. A qualified audit opinion could negatively impact Transportation's and the Commonwealth's bond ratings.

In addition, by not properly accounting for inventory and its relative cost, Transportation risks losing actual inventory items, improperly charging state and federal projects, and misstating inventory purchases and balances on the financial statements. We consider this lack of controls a material weakness.

Based on the material weakness in internal controls over inventory and the numerous instances of non-compliance with internal policies and procedures discussed below, we could not rely on PIMS for inventory information. Therefore, with the assistance of Transportation's Internal Auditors, we conducted a statewide statistical sample of inventory stock to validate both the item counts and unit costs. Our statistical sample found many inconsistencies and inaccuracies in the counts and per unit costs.

Our statistical sample work allowed us to project the value of inventory at year-end and avoid an opinion qualification. During this sampling work, management increased their efforts to determine the reason for the significant system differences.

Management is not holding the District Administrators, or their designee, responsible for following inventory procedures. The nine District Administrators have ultimate responsibility for the recording and management of inventory in their district. Since District Administrators do not enforce procedures, many district personnel do not follow them, resulting in PIMS containing inconsistent and inaccurate inventory information. Additionally, the District Administrators receive and have access to the tools they need to monitor compliance in their respective districts; however, they do not use them.

This lack of enforcement and the FMSII implementation contributed to the inventory problems as noted below.

- District personnel did not perform all independent physical annual inventory counts and compliance reviews in eight of the nine Districts, which carry a combined inventory value of \$29,386,615. These eight districts did not perform counts or reviews for 8 percent to 70 percent

of their stock locations. Richmond District was the only district to complete all of their compliance reviews and independent inventory counts. In addition, 20 percent of the stock locations did not perform their monthly sample inventory counts as of June 1999, and none of the locations performed their monthly counts from September 1998 through February 1999 as Administrative Services Division (ASD) instructed due to system deficiencies during the implementation of FMSII.

- ASD conducted only one compliance review during the year. This review noted a lack of controls and many count errors that resulted in a stock location within the District having to perform a complete inventory count. Even though the PIMS policies and procedures do not require a certain number of compliance reviews, ASD should perform compliance reviews more frequently than once a year to ensure Districts are complying with PIMS policies and procedures.
- ASD did not perform reconciliations between FMSII and PIMS during the fiscal year. However, Financial Accounting and Reporting performed preliminary reconciliations revealing material discrepancies, but did not correct the discrepancies until after year-end. As of December 1999, ASD and Financial Accounting and Reporting are still unable to reconcile inventory balances in FMSII and PIMS.
- ASD has not performed a complete update to the PIMS policies and procedures manual to reflect the procedural changes resulting from the implementation of FMSII.
- District personnel did not follow procedural instructions from ASD resulting in PIMS containing inaccurate information. Upon implementation of FMSII, ASD provided district personnel with procedures to record inventory transactions in PIMS instead of FMSII to compensate for system deficiencies. Not only did district personnel have problems recording the information as instructed, but in February 1999, when ASD instructed the districts to begin entering transactions directly into FMSII, many districts continued to enter transactions in PIMS. At fiscal year end, several districts were still entering transactions directly into PIMS.
- District personnel do not organize warehouses to facilitate management and accounting of inventory. Similar items are not stacked and stored together or labeled. This lack of organization reduces the district's ability to count inventory.

To correct the inconsistencies and inaccuracies in PIMS, Transportation should systematically validate all inventory balances before the end of fiscal 2000. A systematic validation of all inventory balances will provide Transportation with an accurate starting point.

Management needs to ensure that the District Administrators are aware of and use the tools provided by PIMS to monitor inventory, such as reports that identify stock locations not performing their monthly counts, independent counts, or reviews. Management should focus on enforcing procedures as well as performance evaluation expectations for not following procedures for the District Administrators and their designees.

District personnel must perform routine sample monthly counts. A person independent of the direct on-site responsibility for stock at a given location should perform a complete independent physical inventory count and compliance review at least once a year. This count must be in addition to and not a substitute for the routine scheduled counts. Any deficiencies found as a result of the independent inventory reviews must be followed up on and documented by the appropriate residency, district, or division level inventory manager.

ASD must perform compliance reviews frequently and reconciliations of PIMS to FMSII monthly. ASD must also provide consistent, authoritative guidance to the district personnel on implementing PIMS policies and procedures.

If Transportation does not systematically validate their inventory, enforce compliance with PIMS policies and procedures, perform counts and reviews, and reconcile inventory balances, we may have to qualify our opinion on the financial statements for fiscal year 2000.

Management Plan for Corrective Action

The Department will conduct a special one-time monitoring process during FY 2000 to evaluate the accuracy of PIMS stock locations. The Department will also update PIMS Policies and Procedures Manual to accommodate FMSII processes. The Department will review inventory procedures to determine whether the cost of implementing internal controls is cost beneficial. The Department will reconcile PIMS balances to those recorded in FMSII. William Lindsey, Administrative Service Division, is responsible for corrective action implementation. Estimated completion date is June 30, 2000.

The Department will require that District Administrators and the Administrative Service Division conduct periodic inventory counts and report results to the Assistant Commissioner for Operations. William Lindsey, Administrative Service Division, is responsible for corrective action implementation. Estimated completion date is September 30, 2000.

ACCOUNTS PAYABLE

99-3. Properly Record Year End Liabilities

Applicable to: Department of Social Services

The Acting Controller erroneously changed the recording of a \$35 million liability for the June 1999, locality reimbursement. As a result, the Department's year-end liabilities reported to the State Controller were understated by \$35 million. While the net effect of this error did not significantly affect the Commonwealth's annual financial report, it does, however, raise questions about the Department's ability to prepare accurate financial information. The Commonwealth's annual financial report serves as the basis of public accountability and is a tool of rating agencies to set the state's interest rate on bonds. It is,

therefore, essential that all individuals and agencies provide the State Controller with accurate and timely information.

Finally, the Department has had three different individuals acting in the Controller position since May 1998. We understand the Department is in the process of permanently filling the position. Management should ensure the individual given the position has both experience and the management skills to improve the Department's ability to provide accurate and timely information. We suggest that management use the State Controller's staff in evaluating candidates for this position.

Management Plan for Corrective Action

The \$35 million understatement resulted from the miscoding of one document in July 1999. In the future, DSS will ensure that payments crossing fiscal years are properly coded. Particular attention will be given to payments of this magnitude. A new Controller, with an extensive background in financial management, information systems and budgeting for human services programs, has been hired effective March 10, 2000. It is anticipated that this individual will bring management stability to the Division of Finance.

DATA PROCESSING CONTROLS

Access Controls

99-4. Improve Medicaid Information Security Administration

Applicable to: Department of Medical Assistance Services

As noted in fiscal year 1998, the Department does not have an Information System Security officer who reviews system access for the Medicaid Management Information System (MMIS). This can result in inappropriate access to MMIS. In fiscal year 1999, eleven individuals have system access to the Geographic (GEO) Fee files, which is critical for paying claims. Six of the individuals are no longer with the agency. This lack of security over the GEO Fee files places the Department at an unnecessary risk of making improper and inaccurate payments.

We recommend that the Department 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 responsibility changes.

Management Plan for Corrective Action

We do not agree that DMAS does not have an Information Security Officer to review system access for the MMIS. Davis Austin, Manager Program Operations Division is the agency's mainframe Information Security Officer and approves all ACF2 access requests for DMAS and other customer staff with the exception of DSS staff. DMAS delegated routine ACF2 transactions to First Health based on the low risk associated with the limited ACF2 access available to DSS staff (only 3 clusters). Theresa Gillum is the agency's LAN Security Administrator and approves all requests for LAN access. We do agree that a full time Security Officer is required as a much needed resource to address weaknesses in current

security administration. Interviews for position number 00013 were completed September 28, 1999, and the hiring supervisor is preparing his recommendation to the Director.

99-5. Improve Security Controls for Technician Codes

Applicable to: Department of Medical Assistance Services

As noted in fiscal year 1998, the Department does not maintain adequate security to prevent unauthorized use of technician codes. The codes are not machine addressed or employee specific and do not have password protection. The lack of password protection allows anyone accessing the resolution screen to resolve claims with any technician code. Therefore, the Department cannot hold technicians accountable for their actions to resolve pending claims.

We recommend that the Department 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 claims 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. However, due to Y2K priorities and other mandated programs requiring changes to our automated claims processing system, this enhancement will be incorporated in the new Medicaid Management Information System (MMIS). Estimated Completion date is July 2001. Jim Rogers, Program Operations, is responsible for implementation of the corrective action plan.

99-6. Strengthen Security over Critical Production Databases

Applicable to: Department of Social Services

We identified security weaknesses in the financial and On-line Automated Services Information System (OASIS) databases. The financial database contains critical financial information while the OASIS database contains foster care, adoption, and child protective services case information. Below are these security weaknesses and our recommendations.

- The financial and OASIS databases contain settings that allow certain users to connect to the database without the use of a password. The REMOTE_OS_AUTHEN parameter for both databases has a TRUE setting. This allows users with external authentication to connect to the databases using the SQL*Plus tool without a password. Each of the user IDs defined as having external authentication has privileges that would allow an unauthorized user to compromise the integrity of the databases. The Department should change the setting of the REMOTE_OS_AUTHEN parameter to FALSE.

- The Database Administrators share an account to perform database functions. The Department should assign each individual their own user account within the databases. Furthermore, the Department should consider using the Oracle audit function to monitor activity of Database Administrators. The Oracle audit function allows the Security Officer to determine when anyone has performed unauthorized actions and provides an additional control for monitoring changes to the database. Enabling full audit capability adds to the processing required by the system and may have an adverse effect on system performance. Due to system performance concerns, we recommend that the Department begin by auditing the alter and drop actions. When system performance allows for expansion of the auditing capability, the Department should consider expanding the feature. Assigning each individual that performs database functions their own ID and using the audit function to monitor their activities will provide for increased accountability on these critical databases.

Management Plan for Corrective Action

DIS has put procedures in place to: (1) enable authorization procedures for all users of the relational databases supported by DIS; (2) ensure that each Database Administrator performs database definition and maintenance tasks using a unique account identifier; and (3) ensure audit trail processing for all database definition and maintenance operations. Responsible person is Howard Weiner, Director of the Division of Information Systems.

99-7. Strengthen Security over Critical Information Systems and Network

Applicable to: University of Virginia – Medical Center

We identified security weaknesses with the Medical Center's network and financial system. These weaknesses could potentially lead to unauthorized use or alteration of the Medical Center's critical data and represent a risk to normal business operations that could allow for malicious actions by unauthorized users. Medical Center management should carefully consider this risk in light of its potential for occurrence and take appropriate corrective action to reduce the risk to acceptable levels. While we noted some of these risks in our last report and Health System Computing Services attempted to implement corrective action, unforeseen circumstances prevented the completion of corrective action. Our specific concerns follow:

Network Security

Health System Computing Services has not completed the purchase and installation of data security firewalls and is not using their network routers as an additional security measure. Furthermore, existing systems do not encrypt all passwords or data crossing the network. Lack of firewalls, router security, and encryption makes it easier for unauthorized external users to gain access to critical systems and compromise the integrity of financial and other mission critical data. While many of the existing systems are old and placed in service before currently available encryption technology, these systems can undergo updating to allow for the encryption of data exchanged among systems. Over the past year, Health System Computing Services has actively pursued developing a comprehensive security infrastructure that includes the addition of firewalls, router security, and encryption. Health

System Computing Services has developed and released a Request for Proposal for a vendor to assist in the development of a comprehensive security plan that includes firewall and encryption technology solutions. The Medical Center should continue to actively pursue firewall and encryption solutions and evaluate using network routers as additional security measures.

UNIX Operating System

The UNIX operating system, which houses the PeopleSoft application, contains deficiencies, many of which are correctable using available systems settings. The UNIX operating system requires that important users, such as the system's administrators, have assigned special accounts.

The special accounts allow these users to make system changes and other important operational actions that can affect the entire system. The current UNIX system account settings do not prevent outsiders from viewing encrypted passwords. Using generally available programs, unauthorized users could convert the encrypted password to the actual password. This would enable unauthorized users to gain access to the system with very powerful abilities. Health System Computing Services should implement the shadow password option to prevent the viewing of encrypted passwords in the password file.

Furthermore, any user gaining access to the UNIX server can delete or alter critical directories and files, and insert viruses and other malicious code that may cause irreversible damage. Health System Computing Services should develop a procedure that periodically reviews access permissions given to files and directories and ensure system settings do not permit inappropriate permissions to files and directories. The Medical Center has recognized these deficiencies and is taking corrective action.

Oracle Database

Health System Computing Services does not have a procedure to review the access of users with powerful privileges in the Oracle database. We identified users in the database with powerful privileges that they no longer need. Ensuring that only those users who need these powerful privileges provides for efficient and effective managing of this critical database. The Database Administrator should periodically review user accounts with unique or powerful privileges to ensure their continuing need.

Health System Computing Services should consider using the Oracle audit function to monitor the activity of Database Administrators. The Oracle audit function allows the Security Administrator or Database Administrator to determine when anyone has performed unauthorized actions and provides an additional control for monitoring changes to the database. Enabling full audit capability adds to the processing required by the system and may have an adverse effect on system performance. Due to system performance concerns by the Medical Center, we recommend that Health System Computing Services begin by only auditing the alter and drop actions. When system performance allows for expansion of the auditing capability, Health System Computing Services should consider expanding that feature. Health System Computing Services has begun to use the Oracle audit function.

PeopleSoft Applications

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. Providing unlimited logon attempts increases the risk that unauthorized attempts to circumvent application security will go unnoticed. Not changing passwords increases the risk that compromised passwords will allow unauthorized access to the system. Not using a specific password at initial logon increases the risk that users will not assign a unique password to their logon account. Health System Computing Services plans to install third party software in November 1999, in conjunction with a major system upgrade, to correct the PeopleSoft password issues.

Management Plan for Corrective Action

Network Security

Medical Center management recognizes the weaknesses with the current environment. Although the audit comments pertain to the financial system, the weaknesses are more pervasive. To facilitate appropriate action for meeting the need within the entire information system environment, Medical Center management elected to develop a more comprehensive security strategy. In December 1998, we initiated a Request for Proposal (RFP) to develop and implement a comprehensive security program for the Health System. This RFP asked vendors to provide an updated risk analysis/vulnerability assessment, a security development plan and then participate in the implementation of the plan. Only one vendor responded and the response was considered to be inadequate (April 1999). The RFP was then modified to divide the scope of work into distinct phases and to provide the vendors the option to propose on the specific phases. The RFP was reissued in September 1999. We are currently negotiating with two finalists and plan to award a contract for phase one (Risk Analysis and Vulnerability Assessment) in March 2000. This will enable Medical Center management to determine its risk in light of the potential for occurrence and take appropriate corrective action to reduce the risk to acceptable levels. This will be the first phase of a multiple phase, multi-year implementation effort to correct the current weaknesses.

We anticipate that the implementation of encryption technology will be included in this long-term implementation effort, which most likely will also include application system changes, desktop computing enhancements and changes in the way the staff accomplish their work. The Medical Center will review its current application portfolio to determine which systems require updating to support encryption capability. A determination of whether to update the legacy systems will be made based upon the current use of the system, the technology deployed, and the expected replacement timeframe for each application system. This will also include identification of those application systems that will be replaced by the IHIMS initiative. The IHIMS project includes implementation of new security features including encryption.

In response to the APA concerns and as a more immediate solution, Health System Computing Services has moved the PeopleSoft Financial, Material Management, and Human Resources applications (currently being implemented) behind a Cisco Pix firewall. This electronic device will provide an additional security layer. Any unauthorized user would need to first breach network logon security, then breach the firewall and then breach the application layer security to gain access. Although this does not ensure absolute protection,

it will prevent unauthorized access by casual users and will enable better monitoring of attempted unauthorized access.

Health System Computing Services is responsible for corrective action with an estimated completion date for the Risk Analysis of June 2000 and estimated completion date for the Comprehensive Security Solution of July 2001.

UNIX Operating System

The PeopleSoft applications have been moved to another platform that has password shadowing on the accounts. This means that the password account file no longer exists where outsiders can gain access to them. The file located in the vulnerable area now only contains a pointer to the shadow location. Accounts in the shadow location are locked to prevent unauthorized access.

To prevent unauthorized access to the Unix server, a third party security product (Braintree) has been installed that monitors failed logon attempts and revokes privileges if multiple logon attempts fail. This coupled with the firewall and application layer security significantly reduces the risk of unauthorized access to applications and files on the Unix environment.

As an additional precaution, Medical Center management updated the policy that governs access to systems and applications. The policy was revised to better define responsibility for reporting to the Security Administrator when employees or other individuals are no longer authorized access to the system. The revised policy (Health System Policy 163) was adopted and made effective in April 1999. The revised policy places responsibility on supervisors to notify security concerning employee transfers and terminations.

This corrective action plan has been completed by the Health System Computing Services.

Oracle Database

When the system was first put into production, the Medical Center relied on external vendor support to provide coverage when the internal staff was off duty. This provided an uninterrupted support chain for this important system. A comprehensive review of user accounts with powerful privileges has been completed. Since external support is no longer required, we have reduced the number of users with these powerful privileges to two internal employees. In the future, if any additional accounts are required to have these powerful privileges, they will be periodically reviewed to determine if privileges are required.

In response to the APA audit observation, we investigated activating the Oracle audit function; however, the new configuration produced response time concerns. This required an upgrade to the hardware platform, which we are doing. As we move forward, we will attempt to add as many audit features as can be accommodated without degrading system performance to unacceptable levels. We have initiated the recommended audit on the alter and drop actions. We have also established an external review procedure with alter and drop reports sent to the Security Administrator who will monitor these functions to ensure they are only being performed by the appropriate systems support staff.

This corrective action plan has been completed by the Health System Computing Services.

PeopleSoft Applications

Health System Computing Services has installed a third party application in December 1999, to provide these processes. When we initially attempted to install this product on our previous PeopleSoft platform, we encountered several system deficiencies, which required enhancement before the application would work correctly. A system upgrade was in the planning process when the deficiencies were encountered so we coordinated the installation of the software with the new system enhancements. This accounts for the slight delay in implementation. This application addresses the password security issues identified in the APA report.

This corrective action plan has been completed by the Health System Computing Services.

99-8. Improve Controls over the Windows NT Environment

Applicable to: Virginia Department of Transportation

Despite the criticalness of Windows NT systems and networking to the agency, management has not adequately secured its implementation. Weaknesses in security management begin with non-secure desktop operating systems and extend through inadequate password controls. Additional concerns include failure to maintain current service releases, failure to review directory and file security on an ongoing basis, poorly managed implementation of the Remote Access Server, inappropriate use of default user accounts, and the inappropriate assignment of system rights to individual users or groups.

Establishing appropriate security policies is a key first step for implementing a comprehensive structure for securing access to the agency's sensitive data and critical information systems. Management should establish policies and procedures that ensure a comprehensive, continuous security review program. The program must understand and address both global and individual user needs.

Management Plan for Corrective Action

The Department will review and revise security policy and procedure to include a security review program to address both global and individual user needs. Tom Bradshaw, Information Systems Division, is responsible for corrective action implementation. Estimated completion date is December 31, 2000.

99-9. Strengthen Security Controls over Windows NT Servers

Applicable to: Virginia Polytechnic Institute and State University

The University does not have adequate standards for the configuration of its Windows NT servers. In our review of the security configuration of the Windows NT forms servers, we found weaknesses in password controls and a lack of adequate logging that could place the University at risk for loss of data or inappropriate system access. Specifically, we found the following:

Inadequate Password Controls

Windows NT administrators do not take full advantage of system security capabilities to strengthen security over passwords and protect the data from potential password attacks. System security settings do not:

- Require a minimum password length or prevent a user from reusing the same password.
- Lockout a user for repeated failed logon attempts.
- Restrict logon hours to specified times.
- Take advantage of Windows NT capabilities to define password structure such as requiring alphanumeric passwords to make passwords more secure.

Insufficient Logging

Windows NT administrators do not fully take advantage of system logging capabilities. For example, monitoring tools log the use of user rights, file/object access, and user/group management, but only for failure. In certain circumstances, it is important to log successful actions. The administrators also have not enabled logging for logon/logoff or for security policy changes.

The University should develop standard security configurations for its Windows NT servers that address the above weaknesses. After we brought these matters to their attention, the Windows NT administrators took appropriate action to correct the weaknesses.

Management Plan for Corrective Action

Administrative Information Systems (AIS) has conducted several NT security classes, both basic and advanced, to explain how departmental system administrators should set up NT hardware to be secure. Effective security demands continuous process improvement. Information Resource Management (IRM), a department within AIS, is constantly reviewing security to see where processes can be streamlined. AIS will develop guidelines for standard security configurations for NT servers.

Inadequate Password Controls

Silo and the forms servers are in the AIS server domain. The AIS server domain has password settings as follows: expire 60 days, no password history, minimum password length is five, and six bad passwords in 60 minutes locks the user out. The AIS server domain trusts the Hokies domain. Anyone who interacts with Silo is authenticated via the Hokies domain (account settings are controlled through the Hokies domain). Hokies domain has the various NT password attributes turned on as follows. Minimum password length is six; users cannot reuse the last five passwords. After 10 bad attempts are made in 30 minutes, the account is locked and must be reset by IRM. A management decision has been made to not restrict logon hours; NT availability must correspond with the availability of other systems

for processing and system administration. Users are required to change passwords after 30 days as recommended. Security settings require users to change passwords after 42 days. AIS is reviewing ways to strengthen passwords as they are created.

Only the administrators have direct access to either silo or the forms server. AIS can set the password attributes and logging on silo and the forms server. However, it is not necessary for the three administrator ids that were identified, since there are no local users in the silo or forms server. All users access the Banner forms servers as "guests" in read-only mode.

Insufficient Logging

AIS logs all logon failures and failures of user rights (tasks). Successes of tasks are not logged because the administrative cost associated with the monitoring procedures would exceed the expected benefits. AIS logs successes and failures for user and group management; security policy changes; and restart, shutdown, and system events.

The Director of Administrative Information Systems is responsible for implementation of the corrective action plan. Estimated completion date is January 31, 2000.

Program Change Controls

99-10. Use the Program Change Management Process

Applicable to: Department of Taxation

Taxation did not follow its program change control procedures, resulting in the payment of three erroneous refunds totaling more than \$3 million. Program change is the process by which an entity changes its computer program controls so that management understands the effect of the change on controls and that the change works as designed.

Two different groups requested and received approval in 1996 and 1997 to make changes in the program controls; however, the effect of these changes made together did not undergo a complete review at the time of the changes. These changes removed certain controls in the processing of electronically filed tax returns allowing the erroneous refunds.

As noted in the 1997 and 1998 audit reports, Taxation did not properly follow its *Program Change Management Process*. This process, adopted in 1995, sought to improve clarity for both users and system personnel. The new procedures established steps to prioritize and evaluate requests, analyze requirements, properly document modifications, and test and implement program changes.

Once Taxation was advised of these three refunds, management immediately reestablished the controls over electronic refunds. Taxation has recovered approximately \$2.6 million to date of the erroneous refunds and continues its efforts to recover the balance. In addition, management revised the Program Change Management Process and has appropriately communicated the new process to staff.

Management Plan for Corrective Action

Once Taxation was advised in October 1999 of the effect that certain program changes made in 1996 and 1997 had on electronic returns, Taxation immediately reinstated the pre-1996 and 1997 edits.

During 1999, the Office of Information Resource Management (OIRM) within Taxation revised its Procedures for Applications Maintenance & Modification Projects. On November 19, 1999, these revised procedures were formally distributed to all of Taxation's operating areas along with an outline of the significant changes incorporated within the revised procedures. In conjunction with these revised procedures, the Tax Commissioner issued a formal memorandum on November 12, 1999, to all Tax Assistant Commissioners requiring their immediate review and approval of all system modifications as well as Internal Audit's formal review. The Commissioner's directive also extended to "all modifications to the State Tax Accounting and Reporting System (STARS) that emanate from the Partnership initiative until further notice."

Information Security Programs

99-11. Complete Risk Assessment

Applicable to: Department of Alcohol Beverage Control

ABC has not updated their risk assessment or documented security safeguards for its information systems. Commonwealth of Virginia Information Technology Resource Management Standard 95-1 (COV ITRM Standard 95-1) states that an agency should identify and document potential areas of risk to its information systems and document logical and physical security measures over the systems. The standard requires "that good management practices be followed to implement information technology security safeguards based on the risk assessment." The Department has complied with some of the requirements of Standard 95-1. The Department has an approved disaster recovery plan and has conducted a business impact analysis; however, the Department should update their risk analysis and document security safeguards to fully comply with Standard 95-1.

Management Plan for Corrective Action

ABC has completed their risk assessment and it was delivered to the APA. Responsible party is Richard Lynch. Target date is October 1, 1999.

The ABC Internal Audit will review the risk assessment and document safeguards to ensure compliance. John Wszelaki is responsible for corrective action. Target date is November 30, 1999.

99-12. Strengthen WIC Information Security

Applicable to: Department of Health

The delays in implementing the new Women, Infants, and Children (WIC) system have prevented Health from improving security over WIC transactions. 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. Management should properly address these issues when implementing its new WIC system.

Management Plan for Corrective Action

Guarding against fraud is handled by written policy. The 1999 Virginia WIC Program Policy Procedure Manual page H-2, requires local agencies maintain a separation of duties to ensure staff certifying or determining financial eligibility on a client do not issue, order, or inventory manual checks nor do they reconcile the Unmatched Redemption Report.

To ensure WIC's separation of duty policy is carried out, the State uses a monitoring tool to evaluate local agency's WIC Program compliance. Monitoring visit reviews are conducted in every district, biannually.

A replacement of the current WIC Legacy System is under development and should be ready for implementation early 2000. This replacement system is WIC-Net and it will give the State and local offices more flexibility in monitoring the separation of duty issue. This replacement system includes security features, which define user roles and controls system access, based upon pre-define roles. It is not cost effective at this time to modify the existing system.

Sheila Brewer, Acting WIC Director and David Beason, VDH Chief Information Officer are the responsible persons for implementing the corrective actions. Estimated pilot for the first district is planned for July 2000, with all other districts to be completed by December 2000.

99-13. Complete Information Security Program

Applicable to: Department of Health

Health has not completed an information security program appropriate for its information technology environment. The Council on Information Technology Resource Management Standard 95-1 requires that such a program include:

- A business impact analysis that identifies sensitive information systems;
- A risk assessment that identifies the risks to the sensitive information systems and countermeasures required to reduce risks to an acceptable level;
- A contingency management plan that provides for the continuation of critical business functions in the event of disruptions or disasters;
- Implementation of security safeguards based on the risk assessment; and
- Security awareness and training programs.

Health has an outdated Business Impact Analysis/Risk Assessment and Disaster Recovery Plan. Health should complete an information security program, including all items listed above, that is appropriate for its technology environment to ensure the integrity of all systems. Health expects to complete this task by March 2000.

Management Plan for Corrective Action

The Y2K consultants that worked on the VDH Y2K contingency plan would be kept on to update the VDH Impact Analysis, Business Risk Assessment, and Agency Contingency Plan. The development of an Agency Security Awareness and Training Program will also be undertaken.

David Beason, VDH Chief Information Officer, and Anne Peterson, M.D., Health Commissioner, are the responsible persons for implementing the corrective actions. The estimated completion date is May 1, 2000.

Physical Security Controls

99-14. Improve Physical Security Controls

Applicable to: Virginia Department of Transportation

Transportation uses a room adjacent to the computer room to house the Central Office Domain's Windows NT Primary Domain Controller and Back-up Domain Controller Servers among other servers. This room is not properly equipped to handle fire detection and suppression, moisture detection and flooding. The room also lacks adequate air conditioning and an uninterruptable power supply. Additionally, Transportation allows improper access to the computer center with 244 employees having access to the facility.

Management should take the appropriate steps needed to ensure that adequate physical controls exist to protect the computer center from possible destruction and unauthorized entry.

Management Plan for Corrective Action

The Department will take appropriate steps to ensure adequate environmental and access controls are implemented. Tom Bradshaw, Information Systems Division, is responsible for corrective action implementation. Estimated completion date is December 31, 2000.

INFORMATION SYSTEMS PROJECT MANAGEMENT

99-15. Review System Development and Acquisition Methodology

Applicable to: Department of Alcohol Beverage Control

The Board needs to review its methodology and processes for software acquisitions. We have described below several issues that arose during the implementation of ABC's new Product Distribution System (PDS). Many of these issues appear to have originated with

inadequate planning and development of the systems requirements. Additionally, during the contract awarding process, staff did not identify significant issues such as training and licensing, which should have affected the terms of the final contract. While ABC complied with the legal requirements for procurement, the process failed to identify and react to significant long-term system management issues. In addition to addressing the specific issues below, management should use this acquisition to re-examine its software acquisition methodology and processes.

ABC should resolve several system implementation and operational issues with its Product Distribution System (PDS). This system accumulates store inventory and sales information, and uses this data to calculate and record financial and forecasting information. In August 1998, ABC implemented PDS to replace the Inventory Management and Control System (IMAC). The original contracts for PDS involved multiple vendors and totaled approximately \$8.2 million. Of this amount, \$5.6 million was for system development and implementation, and \$2.6 million was for a five-year service contract.

ABC made the final contract payment and accepted the system in June 1999. At that time, ABC still had operational issues to resolve with the vendor, but determined the issues were not significant enough to withhold final contract payment. We identified the following operational and system implementation issues with PDS that ABC needs to address. Management has already acted to address some of the issues and we have included this information below.

- ABC staff do not have a thorough understanding of how PDS processes information and cannot adequately explain the flow of data between other systems. The lack of understanding results from the vendor providing inadequate documentation and the staff receiving inadequate training. The primary vendor had to create system documentation when the sub-vendor would not release their proprietary system documentation. Therefore, the system documentation does not thoroughly document the system's technical design. To address these issues, ABC hired a consultant in August 1999 to explain the complex technical design, structures, and operating conditions and procedures of the PDS MasterPack module. The consultant will also validate and correct critical system data. ABC used an emergency procurement to get the consultant's services at an estimated cost of \$51,000. In addition, staff had little experience with the PDS software language or the database package. Most staff did not receive training in these areas before the PDS implementation. The Department is currently training staff in the PDS software language and database application. We recommend management continue to train staff in the PDS applications.
- ABC has experienced various processing delays since PDS implementation. PDS users routinely experience delays that hinder their ability to efficiently complete their job responsibilities. In addition, the processing time for many routine jobs performed by the Information Systems division is excessive. For example, routine month end jobs each require between 4 and 24 hours to process, and the PDS forecasting report takes 32 hours to process. PDS does not include a restart process for jobs when interrupted during processing. The lack of a restart procedure has contributed to PDS processing delays. Another

contributing factor is the increase in the volume of sales transactions. ABC did not anticipate the increase in sales volume during the system development. This increase has affected the system's processing capabilities. Management has addressed these issues by purchasing additional hardware and is evaluating other ways to process jobs.

- After ABC entered this contract, the sub-vendor decided not to make any additional enhancements to the Masterpack module of PDS. The primary vendor has assured management they will honor the current contract; however, it is unclear whether they will continue to support and maintain PDS after the current service contract expires in 2003. Management should discuss and develop alternatives to support and maintain PDS once the current contract expires.
- The PDS test plan did not include all critical processes and did not adequately assess the system's processing capabilities. In addition, ABC did not properly document the test plan results. ABC determined it was not feasible to conduct parallel testing of PDS with IMAC, or pilot test stores on PDS. Therefore, they developed a test plan that detailed their approach for PDS testing. Their test plan did not include a test to determine if inventory information from the stores would properly transfer to PDS. Also, the plan did not include a test of a critical system report that accounting uses to adjust inventory values in the financial system.
- Since system implementation, ABC staff have spent significant resources resolving PDS issues, and performing manual processes to verify and correct PDS data. ABC could have avoided some of these issues with a more detailed system requirement analysis and additional system testing. The Department formed a PDS Workgroup, which has met weekly since implementation to identify and resolve PDS issues. Some of these issues have resulted in modifications to PDS that were not part of the original contract. These modifications are estimated to cost an additional \$1.4 million which includes \$700,000 for store software licenses not identified in the original contract.

Overall, we recommend ABC continue to address and resolve issues from the PDS implementation. In addition, ABC should re-examine their system development and acquisition methodology for future system development and implementation projects. On future projects, ABC should ensure that system testing addresses all critical processes and reports. Management should set minimum standards for system test and documentation of results on future projects.

Management Plan for Corrective Action

ABC will identify training and budget resources to enhance the knowledge of system development and maintenance staff. All staff are to complete training in basic development tool skills to include system builder software, Unix and Oracle and comprehensive specific MasterPack application training for PDS (Product Distribution System). A consultant has been hired to conduct application training. Three weeks of training will be conducted in the

first calendar quarter of 2000. Responsible parties are Richard C. Moschler, Jr. and Claude Stanley.

MOVE (warehouse application) sources for training will be identified and a plan developed based on availability of appropriate training modules. Targeted completion date is February 1, 2000, by Richard C. Moschler, Jr. and Claude Stanley.

A consultant that is currently under contract has completed some modifications that increased efficiencies in the application software. The consultant will continue to perform tuning of the application through indexing and segregation of files for improved operational efficiency. Ongoing evaluation and improvements will continue through June 30, 2000, by Bob Cole.

ABC has initiated the purchase of additional hardware for the server that supports the PDS application. Hardware will be installed and put into production by November 30, 1999. Bob Cole is the responsible party.

ABC will arrange for Hewlett Packard to conduct an independent evaluation of the long-range hardware capacity requirements and performance issues, and provide recommendations for necessary hardware upgrades during the next three years. Target date is December 31, 1999, and the responsible party is Bob Cole.

ABC has initiated contact with the vendor (ITS) and has requested vendor's long-range support plans. This will assist the agency in determining alternatives to meet its needs after 2003. Response from ITS is expected within 90 days. Richard C. Moschler, Jr. is the responsible party and the targeted completion date is January 31, 2000.

ABC's development methodology will be revised to reflect expanded test plan criteria. Standardized policies will be established for test parameters of future purchases and upgrades. Parallel and/or pilot testing will be included where appropriate. This framework will be developed by the Information Systems Division and the Internal Audit Division. Richard C. Moschler, Jr. and John Wszelaki are responsible for implementing this ongoing process.

At the onset of the procurement process, it was not envisioned that each store would require a PC in addition to their POS cash register(s). It was believed that store level input to the PDS system would be manual. After the system was purchased and installed a significant enhancement was identified that would allow improved forecasting decisions, change orders and prevention of store stockouts by giving the store on-line capabilities, at the time reducing manual efforts throughout the agency. Additional costs were associated with this modification.

Weekly issues meetings have been ongoing and will continue to address and resolve open PDS issues. Dates for outstanding resolutions will be determined with vendor involvement. If ITS fails to solve problems in a timely manner, the agency will consider withholding maintenance payments to the vendor for nonperformance. This process is continuous through June 30, 2000. Richard C. Moschler, Jr. and Ann Davis are the responsible parties for this corrective action.

Future major acquisitions of software or in-house system developments will be accomplished through a methodology which will require the development of a detailed needs

assessment and general design document. The information developed in the general design document will form the basis for any subsequent RFP, which is issued to procure either packaged software or system development services for the development of customized application software for the Agency. This document will focus on the following:

- *Business objectives to be addressed by the proposed system;*
- *Functional requirements the proposed system will be required to perform;*
- *Interfaces the proposed system will need to accomplish with other Agency and State Systems;*
- *Hardware platforms and system software currently deployed at ABC and any planned changes or enhancements that would be considered to support operation of the proposed system;*
- *General parameters for testing and implementation plans, including consideration for parallel or pilot testing of the proposed system before it is placed into production;*
- *Requirements for system documentation and staff training;*
- *Time parameters for completion and implementation of the proposed system;*
- *Other information as required by standards established by the Department of Technology Planning (Council on Information Management).*

This is an on-going process. Richard C. Moschler, Jr. is responsible for oversight of this corrective action plan.

99-16. Develop an Overall Project Budget

Applicable to: Department of Health

Although the Office of Information Management (OIM) now estimates that the completion of Virginia Information System Integrated On-line Network (VISION) will cost approximately \$6 million, OIM has yet to prepare a comprehensive project budget. Since the project's inception, management has not required that OIM prepare a comprehensive budget of the project. Contributing to the lack of a comprehensive budget has been the inability of management to successfully secure funding for the project, therefore making estimating completion dates and costing difficult. Management should work with the leadership of OIM to examine available resources and within these parameters develop a comprehensive budget with realistic deliverable dates for VISION.

At its inception, VISION would have over 30 modules, but as of April 1999, VISION had only seven operating modules as shown below. Most modern computer systems have an existing useful life of three to five years before requiring significant change or replacement. Delays in the initial deployment of VISION and changes in technology require the redesign

of three of these modules to meet current user needs and the implementation of the contingency plan for one module.

- Appointment Scheduler Module (requires redesign)
- Immunization and Vaccine Inventory Module
- Billing/Accounts Receivable Module (requires redesign)
- Women's and Infant's Health Module (requires redesign) – This module includes Maternity; Resource Mothers; Baby Care; Family Planning Services; Fathers and Families and Children and Adolescents.
- Patient Related Encounter Information Module - This module includes Registration; Financial Eligibility/Insurance Coverage; Encounter and Community Events.
- Hospital Trauma Registry
- Environmental Health (operating under contingency plan)

After redesigning the three modules above, Health's Agency Information Management Advisory Committee will reexamine the priority for working on the remaining 23 modules. The Commissioner will review the recommendations and then have OIM prepare a budget to support the plan the Commissioner adopts.

For fiscal 2001, OIM is attempting to balance its funding priorities between non-priority Year 2000 compliance issues, supporting on-going agency information management activities, and resources to continue VISION. These types of priorities will continue to affect the operations of OIM and its ability to complete VISION.

We believe management needs to continue the process of setting priorities for VISION discussed above. While OIM should develop a budget of what resources it would take to meet these priorities, it is equally important that OIM show what it can accomplish and within what timeframe work will occur considering available funding. Management can then use these documents to determine the allocation of resources.

Management Plan for Corrective Action

VDH developed an OIM budget decision package utilizing a base-line expenditure requirement from the previous budget period with the addition of funds for commercial package solutions for Environmental Health and Financial Management System. The activity for which the budget would be applied is directed by the activity defined by AIMAC for OIM. AIMAC incorporated Information Technology Investment Planning (ITIP) methodology to prioritize critical business requirements which IT investment should be applied. A component of the ITIP methodology is assessment of projected budget availability.

David Beason, VDH Chief Information Officer, Mark Kneidinger, CACI consultant under contract with CDCI; William Nelson, M.D., AIMAC Chairman; and Anne Peterson,

M.D., Health Commissioner are the responsible persons for implementing the corrective action. Part 1 of the ITIP methodology was implemented in November 1999. Part 2 of ITIP is planned for implementation at the AIMAC meeting in February 2000.

INTERNAL SERVICE OPERATIONS

99-17. Perform a Review of Trusted Relationships

Applicable to: Department of Information Technology – Service Bureau

DIT does not perform security reviews of trusted agency firewalls to ensure adequate security. Four agencies have firewalls that have a trusted relationship with the DIT firewall. DIT's firewall does not authenticate these agencies before connecting them to the MVS or Unisys environments. Inadequate review of these trusted relationships could jeopardize the integrity of valuable information resources. In addition, DIT does not have a policy establishing why some agencies are exempt from authentication and what procedures the agency must follow to maintain its exemption. We recommend that DIT develop a policy that establishes exemption requirements, procedures that agencies must follow, and requires periodic security reviews.

Management Plan for Corrective Action

DIT does agree with the above finding. DIT, on a yearly basis, will review all exemption requests with the requesting agency, and review the agency's environment to ensure the trusted relationships are being maintained.

An Exemption Policy will be developed stating what exemptions will be granted for Firewall access. This policy will detail the steps the agencies must follow to be granted an exemption. The steps will include justifying the request, annual review of the exemption, and the justification must be signed by the agency CIO or higher.

Deborah Lewis and Jim Adams will be responsible for implementing the corrective action. The development of an Exemption Policy is estimated to be completed November 1999. Initiating a review of trusted agency relationships will begin in February 2000. This delay is for additional staff resources.

99-18. Modify Router Configurations

Applicable to: Department of Information Technology – Service Bureau

The primary router that routes communication traffic between DIT, user agencies, and the Internet allows 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 set the router configuration to accept telnet functions from a few trusted administrators' addresses. The passwords should also make use of Cisco's encryption feature.

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.

Edgar Ausberry, Computer Systems Chief Engineer is responsible for implementing the corrective action plan. Targeted completion date is December 1, 1999.

99-19. Coordinate Responsibility for Maintaining a Secure Network Environment

Applicable to: Department of Information Technology – Service Bureau

DIT has no central division for its network services and the structure seems disjointed for network security. The agency has not issued an updated network diagram since September 1996 and no particular division has responsibility for handling this function. There are individual portions of the network diagram in the Unisys DataBase Division, Unisys System Support, Telecommunications, and Computer Operations Division.

We recommend that DIT assign oversight responsibility for their network environment to a department or individuals that understand the complete network structure. This will mitigate risk in providing continued reliable services to the agencies.

Management Plan for Corrective Action

DIT is in the process of reviewing its organizational structure to determine if changes are needed to manage IP networking services more efficiently. However, all groups working on networking issues may not be merged and it is not clear at this point that improvements in processes will be obtained simply by merging groups. DIT will also look at our current processes to provide more effective service. DIT will continue to rely on its current network management systems and telecommunications inventory to manage and plan network services until such time that better tools are available and implemented. Printouts of network drawings cannot be maintained on a real time basis. DIT will work towards printing out drawings of the network where feasible on an as needed basis.

The Deputy Director of Services is responsible for implementation. Estimated completion date is April 17, 2000.

99-20. Review Services Allowed on UNIX Web Page Server

Applicable to: Department of Information Technology – Service Bureau

DIT does not have a policy regarding new server security set-up and maintenance. As a result, our review found numerous active network services present on the UNIX based web page server. Services such as these can allow unauthorized access to the web server. We recommend that all network services, except for FTP, should be reviewed and turned off unless there is a valid reason for allowing this security risk.

Management Plan for Corrective Action

DIT acknowledges that the UNIX Web Page Server does have network services activated that are not required for operation of the Server in its current capacity. The activated services are a result of accepting Vendor software installation defaults.

DIT will research, identify, and eliminate any network services not required for the production operation of the Web Page Server.

Owen Tyler is responsible for the corrective action plan. The targeted completion date is November 1999.

99-21. Document Testing and Rollback Procedures for System Software Changes

Applicable to: Department of Information Technology – Service Bureau

DIT does not consistently document testing and rollback procedures for system software changes as required by DIT Procedure-023. Lack of testing and rollback plans could adversely affect system performance and customer operations. We recommend that DIT have documented test results and rollback plans for all projects.

Management Plan for Corrective Action

Although we concur with the finding, it should be pointed out that back-out procedures are documented in the weekly Maintenance Activities meeting for both the UNISYS/UNIX and MVS platforms. The back-out procedure is specified along with the amount of time required to back-out a change; the time the decision needs to be made along with the individual(s) needed to make that decision.

Availability has been consistently high for both the MVS and the Unisys platforms over the past year indicating that adequate testing has taken place. Test plans are inconsistent and are generally not heavily documented for many of the routine configuration changes due to lack of people resources. We will enhance the documentation and become more consistent with documentation of projects with the use of the new Change Management Help Desk System that is scheduled to be implemented this calendar year.

Bob Green, IT Manager, is responsible for implementing the corrective action plan. The targeted completion date is June 30, 2000.

99-22. Establish Frequency Controls for Updating Business Impact Analysis

Applicable to: Department of Information Technology – Service Bureau

DIT performed a Business Impact Analysis in April 1999. Prior to this date, an analysis had not been completed since 1996. There have been critical system changes that have taken place over the past two years that were not included in the Business Impact Analysis until 1999.

We recommend that DIT should establish policies and procedures indicating a reasonable frequency for updating the Business Impact Analysis.

Management Plan for Corrective Action

Procedure 020 has been modified to include Business Impact Analysis as well as Risk Analysis. This procedure as modified provides for both a Business Impact Analysis and, as necessary, a risk assessment on any new system or any major system change. Conducting these is the responsibility of the Division Director/Branch Managers who are "owners" of the applications.

Barbara Vaughan, Contingency Planning Administrator, is responsible for implementing the corrective action plan. The targeted date for completion is September 9, 1999.

99-23. 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

The Security staff has met with Capitol Police and asked for their support in challenging employees if found not wearing their badge, and they have agreed once the new policy is in effect. The policy will also state if an employee is in violation their name will be reported to Security and kept on file for a period of one year and reviewed with the Division Director for any patterns of violations.

Carol Jones will ensure that this policy is revised and signed by the DIT Director with an effective date of August 30, 1999.

99-24. Limit Data Center Access

Applicable to: Department of Information Technology – Service Bureau

As of March 31, 1999, 259 individuals had access to DIT's 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, the Center's 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 whose job functions do not require them to enter the data center. Limiting physical access to employees who only have the need to enter the data center reduces the risk of theft and vandalism.

Management Plan for Corrective Action

The Security Division plans to work with the Data Center Manager and review the list of everyone that currently has access and how frequently the access is used. The guidelines need to indicate the amount of usage and specific job functions in order to gain Data Center access.

Carol Jones and Mike King will implement corrective action by March 15, 2000.

99-25. 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

A task force consisting of employees from Security, MIS, and Personnel has been formed to discuss the process and develop a policy in order for Security to be provided and enforced by the Agency.

Carol Jones will ensure corrective action is implemented by January 15, 2000.

99-26. Organize and Maintain the Agency Policies and Procedures Manual

Applicable to: Department of Information Technology – Service Bureau

DIT continues to work on updating its Policies and Procedures Manual. We recommend that DIT devote resources to finish the project of reviewing and updating the current policies and procedures manual and establish a procedure to regularly review policies and procedures to ensure they are still relevant.

Management Plan for Corrective Action

DIT policies and procedures will be completely updated by November 1, 1999. The electronic versions of the policies/procedures will be sent to MIS for posting to DIT's Intranet. As of today, there are four policies missing from the Intranet version whereas the majority of the procedures are not currently on the Intranet version.

On the point related to keeping policies and procedures up to date, a statement will be added to the Intranet section titled "Purpose/Statement" as follows: "Issuing divisions

are responsible for ensuring policies and procedures originating from that area are kept up to date.”

Linda Thorp, H.R. Generalist, and Iris Gaines, Personnel Assistant, will ensure corrective action is implemented by November 1, 1999.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

U.S. DEPARTMENT OF AGRICULTURE

DATA PROCESSING CONTROLS

Information Security Programs

99-27. Strengthen WIC Information Security

10.557 Applicable to: Department of Health

This finding is included in the "Financial Statement Findings" section of this report at finding number 99-12.

U. S. DEPARTMENT OF TRANSPORTATION

INVENTORY

99-28. Improve Controls over Inventory Policies and Procedures to Prevent a Qualified Financial Statement Opinion

All programs Applicable to: Virginia Department of Transportation

This comment is included in the “Financial Statement Findings” section of this report as finding number 99-2.

DATA PROCESSING CONTROLS

Access Controls

99-29. Improve Controls over the Windows NT Environment

Applicable to: Virginia Department of Transportation

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-8.

Physical Security Controls

99-30. Improve Physical Security Controls

Applicable to: Virginia Department of Transportation

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-14.

U.S. DEPARTMENT OF EDUCATION

Allowable Costs/Cost Principles

99-31. Properly Charge Payroll to Federal Programs

All programs Applicable to: Department of Social Services

Control and Compliance Finding: As reported in our last two reports, Division of Information Systems (DIS) employees did not record all hours worked in the DIS time tracking system. We found 16 of 36 employees tested did not record all time worked in the system. Consequently, the system understated total hours worked and staff had to recompute statistics and prepare adjustments. Since adjustments were made, we will not question costs. DIS uses the time tracking system to allocate the division's payroll expenses to Federal programs. Incomplete or inaccurate information in this system can result in incorrect allocations of costs.

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

Recommendation: DIS procedures require that all employees enter their time worked into the system, and DIS managers must certify that all hours worked are in the system. The Department should ensure that managers are following these internal policies and procedures. The Division of Finance should prepare the quarterly cost allocation only after they ensure DIS employees have recorded all of their time.

Management Plan for Corrective Action: DSS concurs that the hours recorded in the automated time tracking systems were understated. As a result of the 1998 finding on this issue, DIS managers were advised that repeat errors would be reflected in the appropriate manager's annual performance evaluation. Unfortunately, this year's finding was received after the evaluations had been presented and state policy prohibits modification of evaluations after presentation. The primary cause of the understated hours is the use of two different systems to record project progress. A single system for recording information on project monitoring and time reporting is scheduled to be piloted in March 2000. Responsible person is Howard Weiner, Director of the Division of Information Systems.

The hours for Division of Information Systems' employees will be verified in writing each quarter between the Cost Accounting Manager and the DIS Director prior to completion of cost allocation. Responsible person is J. R. Simpson, Acting Controller.

Special Tests and Provisions

99-32. Establish Refund Policy for Unofficial Withdrawals

Financial
Aid Cluster

Applicable to: Virginia State University

Control and Compliance Finding: The University has not implemented procedures to establish a withdrawal date and issue refunds for unofficial withdrawals by students receiving financial aid.

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.

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.

During fiscal year 1999, the University began to develop a policy. While the policy is not yet official, implementation in phases was begun in the Fall 1999 semester and should be

complete by the Spring 2000 semester. The University plans for the policy to be official prior to the start of the Fall 2000 semester.

Management Plan for Corrective Action: The University has begun to develop a policy, which will be implemented prior to the Fall 2000 semester.

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

Other Internal Control Matters

99-33. 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.

Recommendation: Monthly, for all financial aid programs, management should determine that amounts on the various accounting systems properly reflect disbursements and to facilitate adequate monitoring of financial aid funds.

Management Plan for Corrective Action: The University has spent all its resources on ensuring that all critical systems were Y2K compliant. Therefore, the automation of this reconciliation was not completed. We are in the process of determining an automated method to reconcile financial aid transactions monthly between Billings and Receivable and the Financial Records System. We have purchased PC Focus, a report writer to assist us with this process. We hope to have a monthly automated reconciliation by December 31, 2000. Responsible person is Dennis Jones, Manager of Accounting Operations.

99-34. Complete Implementation of Information Security Plan

Applicable to: Virginia State University

Control Finding: The University has not completed the implementation of an information security program appropriate for safeguarding its information technology environment. The University has developed a security awareness and training program; however, the program needs to be approved, made mandatory, and documented as part of the University's written policies and procedures.

In addition, the University has not completed a contingency management plan to provide for prompt restoration of critical systems in the event of a disaster. The plan needs to include all critical systems at the University. The University is in the process of contracting with El Camino in Dallas, Texas for providing the use of a hot-site in the event of a disaster. This plan has not been finalized and needs to be documented and approved by management.

Recommendation: The University needs to adopt a security awareness and training program as part of their written policies and procedures. In order to complete the contingency management plan, the University should finalize the plan for procuring the services of a hot-site. Once completed, the University should test and review the contingency management plan on a periodic basis.

Management Plan for Corrective Action: The University has offered through the Computer Training Center at OIT (Office of Information Technology), the Security Awareness class since January 1999. This draft security awareness policy has been written and will be implemented as mandatory by February 2000. The Division of Administration and Finance will take action to require security awareness training of University employees who use the University's information technology resources.

The contingency management plan to provide for prompt restoration of critical systems in the event of a disaster does include all critical systems. An on-campus cold site is currently being prepared in Singleton Hall. An alternate site is being arranged for in Dallas, Texas. In the event of a disaster, either site can be made operational within two to five days.

DATA PROCESSING CONTROLS

Access Controls

99-35. Improve Medicaid Information Security Administration

Applicable to: Department of Medical Assistance Services

This finding is included in the "Financial Statement Findings" section of this report at finding number 99-4.

99-36. Improve Security Controls for Technician Codes

Applicable to: Department of Medical Assistance Services

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-5.

99-37. Strengthen Security over Critical Production Databases

Applicable to: Department of Social Services

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-6.

99-38. Strengthen Security Controls over Windows NT Servers

Applicable to: Virginia Polytechnic Institute and State University

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-9.

Information Security Programs

99-39. Complete Information Security Program

Applicable to: Department of Health

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-13.

INFORMATION SYSTEMS PROJECT MANAGEMENT

99-40. Develop an Overall Project Budget

Applicable to: Department of Health

This finding is included in the “Financial Statement Findings” section of this report at finding number 99-16.

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Cash Management

99-41. Inadequate Record Retention and Reconciliation of Internal Systems

93.959

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

Control and Compliance Finding: The Waiver & Grants Management personnel did not have documentation supporting three drawdowns of administrative costs. The Waiver & Grants Management personnel did not reconcile the UO22 payroll report from the State Comptroller's accounting system with the actual drawdown. Additionally, personnel did not have documentation of reconciling item(s) to support a resolved difference between the amount drawdown, deposited and recorded on the State Comptroller's accounting system and the Department's internal accounting system. Staff do not reconcile either system to serve as support for the drawdown.

The Waiver & Grants Management personnel did not retain supporting documentation for reporting federal grant funds used by the Department to administer grants. Personnel responsible for reporting federal fund expenditures did not perform reconciliations to ensure that variances did not exist between financial reporting systems and drawdowns. Supervisory staff could not adequately explain procedures used to report financial information to the federal government.

Variances in reporting actual expenses may result in the Department not receiving timely reimbursements or owing the Federal government interest for excessive drawdowns.

Requirement: As specified in CFR 45 Part 92 Subpart C Section 92.42 *Retention and access requirements for records*, "Except as otherwise provided, records must be retained for three years from the starting date" of the grant award date.

Recommendation: The Department should reconcile drawdowns to both the State Comptroller's system and its internal records. The Waiver & Grant Management personnel should retain records supporting the drawdowns.

Management Plan for Corrective Action: *After much research, we concur with the finding. Our plan of correction is as follows:*

1. *Effective immediately, all documentation for Federal drawdowns will be maintained. Furthermore, any adjustments to the U022 payroll report (supporting*

document for the drawdowns) will be maintained by Brad Bradford (Federal Grants Manager). These procedures have already been put in place.

- 2. Our Accounting Manager of the Office of Waiver and Grants Management will perform a surprise audit of drawdowns every month or two to ensure that all proper documentation is maintained. This process will begin immediately.*

Eligibility

99-42. Complete Timely Investigations of Recipient Fraud

Medicaid Cluster	<u>Applicable to:</u> Department of Medical Assistance Services	\$4.3 – 5.4 Million Estimated
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Control and Compliance Finding: The Department's Recipient Audit Unit has 1,232 cases against Medicaid recipients, which have not been investigated. Of these cases, 1,069 remain open and uninvestigated (238 cases from fiscal year 1999, 174 cases from fiscal year 1998, and 657 cases from fiscal year 1997 and earlier). The auditor estimates the value of the cases still open at \$7 – 9 million. An additional 163 cases worth an estimated \$1.4 million were closed without investigation in FY 99. Therefore, total claims paid on behalf of the alleged fraudulent recipients is between \$8.4 -10.4 million.

Questioned Costs were calculated as follows: The low value per case was calculated from a sample of 41 of the 1,069 open cases that had claims paid of \$280,598, which is \$6,843 per case. The high value per case was calculated from a sample of 48 of the 163 cases that had been closed without investigation. The 48 cases had claims paid of \$414,087, which is \$8,627 per case. The Federal Share (51.6 percent) of \$8.4 million is about \$4.3 million and the Federal Share of \$10.4 million is about \$5.4 million.

Requirement: (Special Tests and Provisions Requirement) According to State Plan section 12VAC30-10-440 and Title 42 CFR Section 455.16, the Virginia Department of Medical Assistance Services must continue a full investigation until legal action is initiated, the case is closed due to insufficient evidence, or the matter is resolved between the department and recipient. The resolution may include sending a warning letter and/or seeking recovery of payments made.

(Eligibility Requirement) According to Title 42 CFR Section 447.59, there is no Federal Financial Participation for amounts paid on the behalf of the ineligible individuals. Therefore, if the Department determines the recipients under investigation are ineligible for Medicaid, the Federal portion of the disallowed

expenditures would reduce the Medical Assistance Payments reported on the HCFA 64.

Recommendation: The Recipient Audit Unit should complete timely investigations for allegations of recipient fraud to increase the prompt identification of ineligible or fraudulent recipients. The Department should ensure the Unit has sufficient resources to complete these investigations timely.

Management Plan for Corrective Action: *We agree there is inadequate staffing in the Recipient Audit Unit. To address the staffing problem management has approved the recruitment of five (5) additional full time investigative staff. Interviews for the first investigator vacancy will begin Friday, October 8, 1999. In addition, a wage employee was approved to assist in case management. The employee began work in September. David Austin in the Health Care Reimbursement Division is the responsible party.*

Special Tests and Provisions

99-43. Investigate Medicaid Eligibility Quality Control Error Cases

Medicaid Cluster	<u>Applicable to:</u> Department of Medical Assistance Services	\$43,000
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Control and Compliance Finding: The Medicaid Eligibility Quality Control (MEQC) program is a joint effort of Social Services and the Department. The Department selects a sample of enrolled recipients and Social Services re-determines recipient eligibility. After Social Services completes their investigations, they report the results back to the Department for further investigation. There were 22 MEQC cases, with a potential estimated recovery of \$84,000 (State and Federal Funds), which the Department did not investigate in fiscal year 1999. We are questioning the Federal share, 51.6 percent of \$84,000, which is \$43,000.

Requirement: According to 42 CFR 431.820 (a), DMAS must take action to correct any active or negative case action errors found in the sample cases. Additionally, Virginia Administrative Code (12 VAC 30-10-430) requires that DMAS comply with the Code of Federal Regulations. Corrective action would involve further investigation of the ineligible cases identified by the Virginia Department of Social Services and an attempt to recover the misspent funds.

Recommendation: The Department should investigate recipient ineligibility cases identified by the Virginia Department of Social Services. The Department should ensure that sufficient resources are available to complete these investigations.

Management Plan for Corrective Action: Supervisors and line staff within the Recipient Audit Unit (RAU) and the Eligibility and Communications unit met to discuss the handling of the cases. All cases will be entered into the Fraud and Abuse Investigating and Reporting (FAIR) system which tracks all fraud cases. RAU staff will assemble documentation of the restitution record. The Quality Control Program Representative then initiates the audit with validation, dollar determination, and preparation of the initial collection letter. Since we have initiated this process, cases are being prepared within the RAU and entered into the FAIR system. At this time, approximately five cases have progressed to the point of referral to Financial Operations. Estimated completion date is October 1999 by David Austin, Program Operations..

99-44. Correct Patient Intensity Rating System (PIRS) Scores in Medicaid Management Information System

Medicaid Cluster Applicable to: Department of Medical Assistance Services

Undeterminable

Control and Compliance Finding: Three out of five Nursing Facilities or six out of fifteen recipients had higher Activities of Daily Living (ADL) patient scores in the system, than the scores determined by Utilization Review. Inaccurate ADL scores in the system will cause the Service Intensity Indices (SII's) to be calculated incorrectly, and will result in erroneous payments to the Nursing Homes. In this case it is likely the Nursing Facility's were over-paid; however, it would be time consuming to determine the exact amount of over-payment because the scores are also used to recalculate the state norm. The revised state norm is applied to all nursing facilities in the calculation of final PIRS scores.

The Department does not have adequate procedures in place to verify the accuracy of the patient scores in the system.

Requirement: According to 42 CFR Sec. 456.3, The Department must implement a statewide surveillance and utilization control program that safeguards against unnecessary or inappropriate use of Medicaid services and against excess payments. Additionally, 42 CFR Sec. 456.4 specifies that the Department must:

- (1) Monitor the statewide utilization control program;
- (2) Take all necessary corrective action to ensure the effectiveness of the program;
- (3) Establish methods and procedures to implement this section;
- (4) Keep copies of these methods and procedures on file; and
- (5) Give copies of these methods and procedures to all staff involved in carrying out the utilization control program.

The above federal requirements are in line with the intent of State regulation, 12VAC30-60-40, which is to prevent overpayment to Nursing Facilities.

Recommendation: The Department should develop procedures to ensure that the Long Term Care - Activities of Daily Living Scores, as determined by Utilization Review, are updated in the MMIS System.

Management Plan for Corrective Action: The Department has developed procedures to verify the recipient records have been updated in the Long Term Care Information System. This will help ensure that the Department is reimbursing at the appropriate amount for the services provided.

99-45. Complete Timely Investigations of Recipient Fraud

Applicable to: Department of Medical Assistance Services

This comment is included in the “Federal Award Findings and Questioned Costs” section of this report for the U.S. Department of Health and Human Services for Eligibility at finding number 99-42.

99-46. Improve Usage of Income Eligibility Verification System

93.558

Applicable to: Department of Social Services

Control and Compliance Finding: The Department does not use the information obtained from the Income Eligibility and Verification System (IEVS) to verify income for Temporary Assistance for Needy Families (TANF) recipients. The Department performs quality control reviews to ensure the security of the IEVS reports, but does not monitor whether the local social service agencies actually use the information.

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

Recommendation: The Department should implement procedures for properly examining the information provided from the IEVS. In addition, the Department should review whether the local social service agencies are performing the necessary information checks on TANF recipients.

Management Plan for Corrective Action: We concur that local agencies, the parties responsible for making eligibility determinations, are not consistently using IVES information to

verify income for TANF recipients. Regional and central office staff will meet on March 17, 2000 to develop a plan for monitoring and ensuring local agency compliance with IVES requirements. Responsible person is Thomas J. Steinhauser, Acting Director, Division of Temporary Assistance Programs.

Other Internal Control Matters

99-47. Segregate Duties over Cost Allocation Process

All programs

Applicable to: Department of Social Services

Control Finding: The Department has not segregated critical duties in the cost allocation process and one employee performs most of the accounting functions. The Department uses a cost allocation process to distribute almost \$400 million in indirect expenses to federal programs each year. In fiscal 1999, one employee recorded cost allocation adjustments, reconciled and reviewed balances, and had the capability to change the cost allocation module. The Department has not adequately segregated these critical duties, thus putting themselves at risk that errors and misstatements could occur and go undetected.

In fiscal 1999, the Department had significant employee turnover in the Division of Finance, which may have contributed to their inability to properly segregate these duties.

Recommendation: We recommend the Department fill critical financial management positions in order to ensure appropriate supervisory review over the cost allocation process. Additionally, the Division should cross-train personnel to ensure all individuals have working knowledge of this critical area and not depend upon one individual.

Management Plan for Corrective Action: *A Cost Accounting Manager was hired in January 2000 and a second staff person (to assist the person cited as having singular control) was hired in February 2000. It is anticipated that the additional staff will result in a strengthened process that will allow for segregation of duties, cross training and management oversight. Responsible Person is J. R. Simpson, Acting Controller.*

99-48. Strengthen Energy Assistance Program System Controls

93.568

Applicable to: Department of Social Services

Control Finding: The production data files for the Energy Assistance Program (EAP) system are located in the test environment instead of the production environment. Programmers or other users with a certain mode capability in the test environment can make changes to the production data files. This increases the likelihood of individuals making unauthorized changes and compromising the integrity of critical data. The Department has recognized the risks associated with this deficiency and plans to redesign the EAP system in May 2000.

Recommendation: The Department should continue their efforts towards redesigning this system and strengthening the system controls.

Management Plan for Corrective Action: As noted in the finding, corrective action was already in progress at the time of this finding. Responsibility for DSS' eligibility systems, like Fuel Assistance, has been assigned to the unit managing the Application Benefit Delivery Automation Project (ADAPT). The ADAPT system features excellent written control procedures. The same procedure structure and documentation used in ADAPT is being developed for the EAP and are expected to be completed by April 2000. Responsible person is Howard Weiner, Director of the Division of Information Systems.

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1999							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status

Financial Statement Findings

Department of Accounts - Statewide Issues

1998	22	98-17	Complete and Document Disaster Recovery Plan	N/A	DOA	-	Corrective action implemented.
1997	28	97-22	Refund Federal Share of Over-Recoveries in the Internal Service Funds	N/A	DOA	-	In January 2000, the agency met with the Office of Inspector General and the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA), to review the revised methodology for calculating the amount owed to the federal government. Final disposition has not been received from the federal government. The finding remains unresolved as to the total federal share. A partial payment has been made by the agency. However, the finding was not reissued since the agency is unable to proceed any further until a final decision is reached.

Department of Health

1998	17	98-12	Strengthen Information Security	N/A	VDH	-	See Audit Control Number 99-12.
1998	25	98-20	Ensure Year 2000 Compliance	N/A	VDH	-	Corrective action implemented.
1998	26	98-21	Develop Systems in Accordance with an Overall Project Plan	N/A	VDH	-	Corrective action implemented.
1998	27	98-22	Improve Project Reporting and Management	N/A	VDH	-	Corrective action implemented.
1998	28	98-23	Develop an Overall Project Budget	N/A	VDH	-	See Audit Control Number 99-16.

Department of Information Technology - Service Bureau

1998	29	98-24	Limit Data Center Access	N/A	DIT	-	See Audit Control Number 99-24.
1998	30	98-25	Require Vendor Notification of Employee Terminations	N/A	DIT	-	See Audit Control Number 99-25.
1998	31	98-26	Enforce Policy Requiring Employees to Visibly Display Picture ID Badges	N/A	DIT	-	See Audit Control Number 99-23.
1998	31	98-27	Enforce Policy Requiring Supervisors to Promptly Notify Personnel of Employee Terminations	N/A	DIT	-	Corrective action implemented.
1998	32	98-28	Modify Router Configurations	N/A	DIT	-	See Audit Control Number 99-18.
1998	32	98-29	Secure DIT Space in the James Monroe Building	N/A	DIT	-	Corrective action implemented.
1998	33	98-30	Document Testing Performed on Hardware Changes	N/A	DIT	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1999							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status

1998	33	98-31	Improve Procedures for Systems Development Support and Modifications	N/A	DIT	-	Corrective action implemented.
1998	34	98-32	Write a Policy for Updating and Reviewing Policies and Procedures	N/A	DIT	-	See Audit Control Number 99-26.

Department of Medical Assistance Services

1998	9	98-1	Improve Medicaid Information Security Administration	N/A	DMAS	-	See Audit Control Number 99-4.
1998	9	98-2	Develop System Security Over Technician Codes	N/A	DMAS	-	See Audit Control Number 99-5.
1998	14	98-8	Strengthen File Change Process	N/A	DMAS	-	Corrective action implemented.

Department of Planning and Budget - Statewide Issues

1998	10	98-3	Review User Access to the Budget Adjustment System	N/A	DPB	-	Corrective action implemented.
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Department of Social Services

1998	15	98-9	Standardize APECS Program Change Procedures	N/A	DSS	-	Corrective action implemented.
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Department of Taxation

1998	16	98-10	Disseminate and Adhere to Program Change Procedures	N/A	TAX	-	See Audit Control Number 99-10.
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Norfolk State University

1998	18	98-13	Complete the Security Safeguards and Contingency Plan for All University Information Systems	N/A	NSU	-	Corrective action implemented.
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State Corporation Commission

1998	23	98-18	Complete Contingency Management for the LAN and ES9000	N/A	SCC	-	Corrective action implemented.
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State Lottery Department

1998	11	98-4	Enhance Systems Access Monitoring Procedures	N/A	SLD	-	Corrective action implemented.
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University of Virginia - Medical Center

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1999							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
1998	12	98-5	Improve Access Controls	N/A	UVA	-	Corrective action implemented.
1998	12	98-6	Strengthen Security Over the PeopleSoft System	N/A	UVA	-	See Audit Control Number 99-7.
1998	20	98-14	Improve Information Security Plan	N/A	UVA	-	Corrective action implemented.
1998	24	98-19	Prepare Disaster Recovery Plan and Backup Data	N/A	UVA	-	Corrective action implemented.

Virginia Polytechnic Institute and State University

1998	14	98-7	Review Computer Access	N/A	VPISU	-	Corrective action implemented.
1998	17	98-11	Comply with Procedures for Program Changes to Human Resources System	N/A	VPISU	-	Corrective action implemented.
1998	20	98-15	Develop and Implement a Comprehensive Information Security Program	N/A	VPISU	-	Corrective action implemented.
1998	21	98-16	Formally Consider Need for Security Firewalls	N/A	VPISU	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1999							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status

Federal Awards Findings and Questioned Costs

U.S. Department of Agriculture

1998	35	98-33	Strengthen Controls Over WIC Checks	10.557	VDH	-	Corrective action implemented.
1996	141	96-25	Require Recipient Sign Manual WIC	10.557	VDH	28	Corrective action implemented.
1996	141	96-26	Investigate Unmatched WIC Food Instruments	10.557	VDH	114,660	Corrective action implemented.

U.S. Department of Labor

1998	36	98-34	Improve Administration of Contracts	17.225	VEC	-	Corrective action implemented.
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Federal Emergency Management Administration

1998	38	98-35	Comply with Cash Management Improvement Act Agreement	83.534	VDES	-	Corrective action implemented.
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U.S. Department of Education

1997	42	97-37	Properly Determine Eligibility for Federal Financial Aid	Financial Aid Cluster	VPISU	20,746	Corrective action implemented; questioned costs remain unresolved.
1998	42	98-39	Establish Refund Policy for Unofficial Withdrawals	Financial Aid Cluster	VSU	-	See Audit Control Number 99-32.
1998	44	98-41	Reconcile Financial Aid Programs	Financial Aid Cluster	VSU	-	See Audit Control Number 99-33.

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

1998	39	98-36	Properly Charge Payroll to Federal Programs	All Programs	DSS	41,628	See Audit Control Number 99-31. questioned costs resolved.
1998	40	98-37	Obtain Effort Reports Promptly	R&D Cluster	VPISU	-	Corrective action implemented.
1998	41	98-38	Properly Monitor Subrecipients	R&D Cluster	VPISU	-	Corrective action implemented.
1998	43	98-40	Strengthen Mangement Oversight Over Research Center Operations	R&D Cluster	VPISU	-	Corrective action implemented.
1998	44	98-42	Complete Implementation of Information Security Plan	N/A	VSU	-	See Audit Control Number 99-34.
1998	45	98-43	Improve Medicaid Information Security Administration	N/A	DMAS	-	See Audit Control Number 99-35.
1998	45	98-44	Develop System Security Over Technician Codes	N/A	DMAS	-	See Audit Control Number 99-36.
1998	46	98-45	Review Computer Access	N/A	VPISU	-	Corrective action implemented.
1998	46	98-46	Strengthen File Change Process	N/A	DMAS	-	Corrective action implemented.
1998	46	98-47	Standardize APECS Program Change Procedures	N/A	DSS	-	Corrective action implemented.

COMMONWEALTH OF VIRGINIA							
Comments on Resolution of Prior Year Audit Findings							
For the Year Ended June 30, 1999							
Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	State Agency	Questioned Costs	Current Status
1998	46	98-48	Comply with Procedures for Program Changes to Human Resources System	N/A	VPISU	-	Corrective action implemented.
1998	46	98-49	Strengthen Information Security	N/A	VDH	-	See Audit Control Number 99-27.
1998	46	98-50	Complete the Security Safeguards and Contingency Plan for All University Information Systems	N/A	NSU	-	Corrective action implemented.
1998	47	98-51	Develop and Implement a Comprehensive Information Security Program	N/A	VPISU	-	Corrective action implemented.
1998	47	98-52	Formally Consider Need for Security Firewalls	N/A	VPISU	-	Corrective action implemented.
1998	47	98-53	Complete and Document Disaster Recovery Plan for Disbursements	N/A	DOA	-	Corrective action implemented.
1998	47	98-54	Ensure Year 2000 Compliance	N/A	VDH	-	Corrective action implemented.
1998	47	98-55	Develop Systems in Accordance with an Overall Project Plan	N/A	VDH	-	Corrective action implemented.
1998	47	98-56	Improve Project Reporting and Management	N/A	VDH	-	Corrective action implemented.
1998	48	98-57	Develop an Overall Project Budget	N/A	VDH	-	See Audit Control Number 99-40.
1997	48	97-43	Refund Federal Share of Over-Recoveries in the Internal Service Funds	N/A	DOA	-	In January 2000, the agency met with the Office of Inspector General and the U.S. Department of Health and Human Services, Division of Cost Allocation (DCA), to review the revised methodology for calculating the amount owed to the federal government. Final disposition has not been received from the federal government. The finding remains unresolved as to the total federal share. A partial payment has been made by the agency. However, the finding was not reissued since the agency is unable to proceed any further until a final decision is reached.

U.S. Department of Health and Human Services

1998	49	98-58	Properly Include Mandatory Language on Foster Care Court Orders	93.658	DSS	-	Corrective action implemented.
1998	50	98-59	Submit Federal Reports	93.778	DMAS	-	Corrective action implemented.
1998	51	98-60	Establish Controls Over Transportation Providers	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, 1999, and have issued our report thereon dated December 13, 1999. 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 solely for the information and use of the Governor and General Assembly of Virginia, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS
December 13, 1999

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT			
Other	02.000	VPISU/VSU	\$ 736,590
Research and Development Cluster: Other	02.000	VPISU	2,883,850
Total U.S. Agency for International Development			<u>3,620,440</u>
U.S. DEPARTMENT OF AGRICULTURE			
Agricultural Research - Basic and Applied Research Plant and Animal Disease, Pest Control, and Animal Care	10.001	VMI	38,819
Forestry Incentives Program	10.025	#VDACS/VPISU	240,243
Conservation Reserve Program	10.064	DOF	39,125
Market Protection and Promotion	10.069	DOF	15,491
Grants for Agricultural Research, Special Research Grants	10.163	VDACS	20,726
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.200	VPISU	337,526
Sustainable Agriculture Research and Education	10.210	VPISU	50,003
Higher Education Challenge Grants	10.215	VPISU	4,308
Buildings and Facilities Program	10.217	VPISU	77,155
Higher Education Multicultural Scholars Program	10.218	VSU	5,889
Alternative Agricultural Research and Commercialization Program	10.220	VPISU	16,750
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.240	VCCS	15,633
Cooperative Extension Service	10.475	VDACS	1,435,693
Food Distribution	10.500	VPISU/VSU	11,155,819
	10.550	#DMHMRSAS/#DOC/VDA/VDACS/ VSDBH	2,201,762
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	VDH/VPISU/VSU	72,895,681
Child and Adult Care Food Program	10.558	VCU	22,648
State Administrative Expenses for Child Nutrition	10.560	DOE/VDACS	1,309,851
Nutrition Education and Training Program	10.564	DOE	79,057
Forestry Research	10.652	#VPISU	15,155
Cooperative Forestry Assistance	10.664	#DGIF/DOF/VCCS/VDACS	2,260,696
Schools and Roads - Grants to States	10.665	#DOE	850,862
Rural Cooperative Development Grants	10.771	#VPISU	107,596
Resource Conservation and Development	10.901	DOF/VPISU	31,104
Soil and Water Conservation	10.902	VPISU	2,575
Watershed Protection and Flood Prevention	10.904	DOF	7,257
Environmental Quality Incentives Program	10.912	VPISU	178
Wildlife Habitat Incentive Program	10.914	VPISU	88,300
Scientific Cooperation Program	10.961	VPISU	8,076
International Training - Foreign Participant	10.962	VPISU	1,268
Other Assistance:	10.000		
National Agriculture Statistics Service		VDACS	1,940
Agriculture Marketing Service		VDACS	4,670
Other		#VPISU	853,883
Total Excluding Clusters			<u>94,195,739</u>
Food Stamp Cluster:			
Food Stamps	10.551	DSS/VPISU	287,409,865
State Administrative Matching Grants for Food Stamp Program	10.561	DSS/#VPISU	58,178,606
Total Food Stamp Cluster			<u>345,588,471</u>
Child Nutrition Cluster:			
School Breakfast Program	10.553	#DJJ/#DMHMRSAS/#DOE/#VSDBS	24,770,700
National School Lunch Program	10.555	#DJJ/#DMHMRSAS/#DOE/VDACS/ #VSDBH/#VSDBS/#WWRC	116,784,089

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
Special Milk Program for Children	10.556	DOE	\$ 52,091
Summer Food Service Program for Children	10.559	MWC/NSU/VPISU/VSU	78,580
Total Nutrition Cluster			<u>141,685,460</u>
Emergency Food Assistance Cluster:			
Emergency Food Assistance Program (Administrative Costs)	10.568	VDACS	1,068,628
Emergency Food Assistance Program (Food Commodities)	10.569	VDACS	<u>4,758,136</u>
Total Emergency Food Assistance Cluster			<u>5,826,764</u>
Research and Development Cluster:			
Agricultural Research - Basic and Applied Research	10.001	#LC/UVA/VIMS/VPISU/VSU	370,590
Plant and Animal Disease, Pest Control, and Animal Care	10.025	VPISU	15,070
Wildlife Services	10.028	VPISU	14,027
Grants for Agricultural Research, Special Research Grants	10.200	GMU/VPISU/VSU	345,861
Cooperative Forestry Research	10.202	VPISU	560,092
Payments to Agricultural Experiment Stations			
Under the Hatch Act	10.203	VPISU	3,084,953
Payments to 1890 Land - Grant Colleges and			
Tuskegee University	10.205	VPISU/VSU	2,251,433
Grants for Agricultural Research - Competitive			
Research Grants	10.206	JMU/VCU/VIMS/VPISU	1,166,219
Animal Health and Disease Research	10.207	VPISU	72,876
Food and Agricultural Sciences National Needs			
Graduate Fellowship Grants	10.210	VPISU	99,469
Sustainable Agriculture Research and Education	10.215	VPISU	(10)
1890 Institution Capacity Building Grants	10.216	VSU	556,142
Higher Education Challenge Grants	10.217	VSU	1,582
Biotechnology Risk Assessment Research	10.219	VIMS/VPISU	130,291
Fund for Rural America - Research, Education, and			
Extension Activities	10.224	VPISU	121,173
Agricultural and Rural Economic Research	10.250	VPISU/VSU	3,205
Small Farmer Outreach Training and Technical Assistance			
Program	10.443	VSU	257,574
Nutrition Education and Training Program	10.564	VPISU	16,232
Forestry Research	10.652	DOF/JMU/UVA/VIMS/VPISU	976,994
Cooperative Forestry Assistance	10.664	DOF/VPISU	266,189
Resource Conservation and Development	10.901	VPISU	81,100
Soil and Water Conservation	10.902	VPISU/VSU	234,276
Soil Survey	10.903	VPISU	48,322
Scientific Cooperation Program	10.961	UVA/VIMS/VPISU/VSU	90,744
International Training - Foreign Participant	10.962	VPISU	(66,170)
Scientific and Technical Cooperation	10.963	UVA	3,257
Other Assistance:	10.000		
Sustainable Agriculture		VSU	3
Other		CWM/UVA/#VPISU	<u>383,199</u>
Total Research and Development Cluster			<u>11,084,693</u>
Total U.S. Department of Agriculture			<u><u>598,381,127</u></u>

U.S. DEPARTMENT OF COMMERCE

Export Promotion - Market Development Cooperator	11.112	VEDP	14,768
Economic Development - Technical Assistance	11.303	VPISU	40,093
Economic Adjustment Assistance	11.307	SBFA/VCCS	12,965,433
Interjurisdictional Fisheries Act of 1986	11.407	MRC	159,074
Sea Grant Support	11.417	#VPISU	146,671
Coastal Zone Management Administration Awards	11.419	#CBLAD/#DCR/DEQ/#DOF/#MRC/ #VCU/#VDH/#VMNH	1,938,672
Fisheries Development and Utilization Research and			
Development Grants and Cooperative Agreements Program	11.427	VDH	1,577
Integrated Flood Observing and Warning System (IFLOWS)	11.450	VDES	68,425
Chesapeake Bay Studies	11.457	DGIF/MRC	369,869
Atlantic Coastal Fisheries Cooperative Management Act	11.474	MRC	184,880

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
Public Telecommunications Facilities - Planning and Construction	11.550	ODU/UVA	\$ 111,803
Telecommunications and Information Infrastructure Assistance Program	11.552	VSP	3,084
Manufacturing Extension Partnership	11.611	PMC	1,446,926
Other Assistance:	11.000		
William C. Foster		ODU	34,469
Other		#VPISU	(54)
Total Excluding Cluster			<u>17,485,690</u>
Research and Development Cluster:			
Economic Development - Technical Assistance	11.303	RU	27,916
Anadromous Fish Conservation Act Program	11.405	VIMS	42,160
Interjurisdictional Fisheries Act of 1986	11.407	VPISU	(120)
Sea Grant Support	11.417	UVA/#VIMS/#VPISU	1,381,174
Coastal Zone Management Administration Awards	11.419	#UVA/#VIMS	494,924
Coastal Zone Management Estuarine Research Reserves	11.420	#CWM/UVA/VIMS/VPISU	281,513
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	VIMS	123,729
Undersea Research	11.430	VIMS	7,308
Climate and Atmospheric Research	11.431	GMU/UVA	163,024
Marine Fisheries Initiative	11.433	UVA/VIMS	40,508
Research in Remote Sensing of the Earth and Environment	11.440	UVA	20,383
Unallied Management Projects	11.454	VIMS	122,681
Chesapeake Bay Studies	11.457	GMU/UVA/#VCU/VIMS	312,668
Meteorologic and Hydrologic Modernization Development	11.467	UVA	259,264
Unallied Science Program	11.472	VIMS	156,852
Telecommunications and Information Infrastructure Assistance Program	11.552	UVA	61,771
Measurement and Engineering Research and Standards	11.609	UVA/VPISU	263,307
Advanced Technology Program	11.612	GMU	(790)
Other Assistance:	11.000		
Building Code (Regulations) Assistance to States		CWM	54,761
Other		VIMS/VPISU	<u>27,627</u>
Total Research and Development Cluster			<u>3,840,660</u>
Total U.S. Department of Commerce			<u><u>21,326,350</u></u>

U.S. DEPARTMENT OF DEFENSE

Procurement Technical Assistance For Business Firms	12.002	VCCS	147,551
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	DEQ	610,600
Basic and Applied Scientific Research	12.300	VPISU	32,042
Military Construction, National Guard	12.400	DMA/VPISU	1,691,573
National Guard Military Operations and Maintenance (O&M)	12.401	DMA	14,284,963
Basic Scientific Research	12.431	VPISU/VSU	209,305
Air Force Defense Research Sciences Program	12.800	VPISU	79,191
Other Assistance:	12.000		
Humanitarian Demining Center (Contract)		JMU	499,784
U.S. Naval Weapons Station		MRC	27,500
U.S. Department of the Army		NSU	138,501
Pac3 Mentor Protégé Project		NSU	143,330
National Security Education Program		ODU	11,248
Navy Exchange Service Command NNA250-95-C-0022		ODU	98,387
Submarine Air Health Assessment Program		ODU	1,338
Troops to Teachers		#ODU	142,780
Display Select (Nuclear Weapons Exercise)		VDES	24,423
Other		JMU/VPISU	<u>191,755</u>
Total Excluding Cluster			<u>18,334,271</u>

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
Research and Development Cluster:			
Protection of Essential Highways, Highway Bridge Approaches and Public Works	12.105	VPISU	\$ 41,779
Flood Control Projects	12.106	VPISU	93,879
Collaborative Research and Development	12.114	CWM/UVA	141,826
Basic and Applied Scientific Research	12.300	CWM/JMU/UVA/VCU/VIMS/VPISU	10,905,835
Military Medical Research and Development	12.420	UVA/VCU/VPISU	1,103,157
Basic Scientific Research	12.431	UVA/#VCU/VPISU	2,705,793
International Education - U.S. Colleges and Universities	12.550	UVA	793
Basic, Applied, and Advanced Research in Science and Engineering	12.630	GMU/UVA/VCU/VPISU	790,206
Air Force Defense Research Sciences Program	12.800	CWM/GMU/NSU/UVA/#VCU/VPISU/VSU	3,903,075
Mathematical Sciences Grants Program	12.901	JMU/UVA/VPISU	144,369
Research and Technology Development	12.910	UVA/VPISU	2,416,563
Defense Technology Conversion, Reinvestment, and Transition Assistance	12.911	UVA/VPISU	237,381
Other Assistance:	12.000		
Atlantic White Cedar Research		CNU	13,358
Mentoring Consultant - Navy Public Works Center		CNU	1,000
Other		#CWM/GMU/UVA/VIMS/VPISU	7,248,931
Total Research and Development Cluster			29,747,945
Total U.S. Department of Defense			48,082,216

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grants/State's Program	14.228	DHCD	21,127,578
Emergency Shelter Grants Program	14.231	DHCD	1,404,709
Supportive Housing Program	14.235	DHCD	1,094,987
Historically Black Colleges and Universities Program	14.237	NSU	183,917
Shelter Plus Care	14.238	DMHMRSAS	126,561
HOME Investment Partnerships Program	14.239	DHCD	10,439,214
Housing Opportunities for Persons with AIDS	14.241	DHCD	239,108
Fair Housing Assistance Program - State and Local	14.401	DPOR	209,962
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	DHCD	1,908,056
Other Assistance:	14.000		
Center for Crime Prevention		NSU	72,293
HUD Aware / Brambleton Redesign		NSU	260,491
Other		VPISU	20,725
Total Excluding Clusters			37,087,601
CDBG - Entitlement and (HUD - Administered) Small Cities Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	VCCS	4,681
Research and Development Cluster:			
Manufactured Home Construction and Safety Standards	14.171	VPISU	8,829
General Research and Technology Activity	14.506	GMU/UVA	14,291
Community Outreach Partnership Center Program	14.511	GMU/VCU	190,210
Other Assistance:	14.000		
Other		VPISU	2,469
Total Research and Development Cluster			215,799
Total U.S. Department of Housing and Urban Development			37,308,081

U.S. DEPARTMENT OF THE INTERIOR

Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	DMME	2,965,379
Abandoned Mine Land Reclamation (AMLRL) Program	15.252	DMME	6,231,128
Fish and Wildlife Management Assistance	15.608	DCR	22,109
Coastal Wetlands Planning, Protection and Restoration Act	15.614	DCR	727,556
Cooperative Endangered Species Conservation Fund	15.615	DGIF	65,510

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
Clean Vessel Act	15.616	VDH	\$ 359,677
U.S. Geological Survey - Research and Data Acquisition	15.808	DCR/DMME	61,836
National Spatial Data Infrastructure Cooperative Agreements	15.809	JMU	17,761
Historic Preservation Fund Grants-In-Aid	15.904	DHR/LC	723,788
Outdoor Recreation - Acquisition, Development and Planning	15.916	DCR	404,052
Other Assistance:	15.000		
Cooperative Agreement #1443CA00195108		DHR	22,781
Other		GMU/VPISU	72,898
Total Excluding Clusters			11,674,475
Fish and Wildlife Cluster:			
Sport Fish Restoration	15.605	DGIF/MRC/#VIMS	4,050,690
Wildlife Restoration	15.611	DGIF/VPISU	4,472,958
Total Fish and Wildlife Cluster			8,523,648
Research and Development Cluster:			
Reclamation and Water Reuse Program	15.504	VPISU	35,065
Fish and Wildlife Management Assistance	15.608	UVA/VPISU	95,045
Coastal Wetlands Planning, Protection and Restoration Act	15.614	VIMS	35,028
Cooperative Endangered Species Conservation Fund	15.615	VIMS	2,309
Wildlife Conservation and Appreciation	15.617	VPISU	659
Assistance to State Water Resources Research Institutes	15.805	CWM/#UVA/VPISU	193,739
Earthquake Hazards Reduction Program	15.807	VPISU	23,790
U.S. Geological Survey - Research and Data Acquisition	15.808	#CWM/#RU/#UVA/VIMS/#VPISU	1,091,819
National Cooperative Geologic Mapping Program	15.810	UVA	1,771
Historic Preservation Fund Grants-In-Aid	15.904	UVA/VPISU	83,157
National Natural Landmarks Program	15.910	UVA	4,273
National Historic Landmark	15.912	CWM	1,034
Technical Preservation Services	15.915	UVA/VPISU	280,443
Outdoor Recreation - Acquisition, Development and Planning	15.916	VIMS/VPISU	167,858
Rivers, Trails and Conservation Assistance	15.921	JMU	77,535
National Center for Preservation Technology and Training	15.923	GMU	28,278
Other Assistance:	15.000		
Endangered Species Conservation		#CWM	54,810
Disposal of Surplus Wildlife		CWM	34,171
Survey of the Amphibians		CNU	1,066
Grants for Mining and Mineral Resources and Research		VPISU	89,401
Environmental Contaminants		VPISU	9,762
Endangered Species Conservation		VPISU	345,284
Other		CWM/UVA/VIMS/#VPISU	385,630
Total Research and Development Cluster			3,041,927
Total U.S. Department of the Interior			23,240,050

U.S. DEPARTMENT OF JUSTICE

Law Enforcement Assistance - Narcotics and Dangerous			
Drugs - Laboratory Analysis	16.001	DCJS	375,000
Equal Employment Opportunity	16.101	CHR	12,620
Law Enforcement Assistance - FBI Advanced Police Training	16.300	#VPISU	17,099
Juvenile Accountability Incentive Block Grants	16.523	DJJ/DCJS	92,605
Juvenile Justice and Delinquency Prevention -		#DCE/DCJS/#DJJ/#PDC/#VCOY/	
Allocation to States	16.540	#VPISU/VWC	2,045,929
Juvenile Justice and Delinquency Prevention -			
Special Emphasis	16.541	DCE/DJJ	129,188
Victims of Child Abuse	16.547	DCJS	76,614
Part E - State Challenge Activities	16.549	DCJS	100,544
State Justice Statistics Program for Statistical Analysis Centers	16.550	DCJS	54,133
National Criminal History Improvement Program (NCHIP)	16.554	#SUPCT/VSP	1,225,367
Crime Victim Assistance	16.575	DCJS/#DSS/#VDH	7,101,742

COMMONWEALTH OF VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 1999

Federal Department/Program	CFDA Number	State Agency(s)	Amount
Byrne Formula Grant Program:	16.579	#ATG/#CASC/#CNU/DCJS/#DJJ/ #DMHMRSAS/#DOC/#DOE/#ODU/ #SUPCT/#VCCS/#VCSC/#VSCC/ #VSP/VSU	\$ 8,954,863
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	VSP	256,886
Drug Court Discretionary Grant Program	16.585	PDC/SUPCT	164,820
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	DOC	24,953
Violence Against Women Formula Grants	16.588	DCJS/#SUPCT/#VCU	2,490,432
Grants to Encourage Arrest Policies	16.590	#SUPCT	100,415
Local Law Enforcement Block Grants Program	16.592	DCJS/VSP	598,390
Residential Substance Abuse Treatment for State Prisoners	16.593	DCJS/#DMHMRSAS/#DOC	617,415
State Identification Systems Grant Program	16.598	DCJS	150,973
Corrections - Research and Evaluation and Policy Formulation	16.602	DJJ	808
Public Safety Partnership and Community Policing Grants	16.710	CWM/DCJS/ODU/RU	734,317
Enforcing Underage Drinking Laws Program	16.727	ABC	98,332
Other Assistance:	16.000		
Drugfire Equipment Program:		DCJS	40,243
State Criminal Alien Assistance		DOC	7,712
COPS Universal Hiring Program:		NSU	214,505
Listening to Diverse Groups; Institutionalizing Diversity Training in the Virginia Judiciary		SUPCT	7,400
Guidelines on Mediation and the Unauthorized Practice of Law		SUPCT	15,448
Ending Case Delay: Better Serving our Customers		SUPCT	7,008
Other		CWM	5,462
Total Excluding Cluster			<u>25,721,223</u>
Research and Development Cluster:			
Law Enforcement Assistance - FBI Advanced Police Training	16.300	VPISU	(3,661)
Combined DNA Index System:	16.307	GMU	376,412
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	UVA/VCU	41,042
National Institute for Juvenile Justice and Delinquency Prevention	16.542	UVA	97,793
Justice Research, Development, and Evaluation Project Grants	16.560	UVA	159,126
Byrne Formula Grant Program	16.579	#GMU/#RU/#UVA/#VPISU	115,174
Drug Court Discretionary Grant Program	16.585	#VPISU	1,411
Violence Against Women Formula Grants	16.588	#GMU	41,825
Troops to COPS	16.711	UVA	28,951
Total Research and Development Cluster			<u>858,073</u>
Total U.S. Department of Justice			<u><u>26,579,296</u></u>
U.S. DEPARTMENT OF LABOR			
Labor Force Statistics	17.002	VEC	1,506,660
Compensation and Working Conditions Data	17.005	DOLI	106,386
Certification of Foreign Workers for Temporary Agricultural Employment	17.202	VEC	195,895
Labor Certification for Alien Workers	17.203	VEC	1,059,774
Unemployment Insurance	17.225	VEC	231,459,188
Senior Community Service Employment Program	17.235	GETD	3,219,674
Trade Adjustment Assistance - Workers	17.245	VEC	7,935,176
Employment Services and Job Training - Pilot and Demonstration Programs	17.249	DOE	287,753
Welfare-to-Work Grants to States and Localities	17.253	DSS/#VCCS	1,348,518
Occupational Safety and Health - State Program	17.503	DOLI	2,716,475
Consultation Agreements	17.504	DOLI	665,305
Mine Health and Safety Grants	17.600	DMME	284,198
Other Assistance:	17.000		
Cooperative Agreement - Data Collection Program		DOLI	<u>18,806</u>

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Total Excluding Clusters			<u>\$ 250,803,808</u>
Employment Services Cluster:			
Employment Service	17.207	GETD/#VEC	19,037,740
Disabled Veterans' Outreach Program (DVOP)	17.801	VEC	1,652,008
Local Veterans' Employment Representative Program	17.804	VEC	<u>1,110,281</u>
Total Employment Services Cluster			<u>21,800,029</u>
JTPA Cluster:			
Employment and Training Assistance - Dislocated Workers	17.246	GETD/#ODU/VCCS/#VEC	16,401,786
Job Training Partnership Act	17.250	DJJ/#DOE/GETD/#VCCS/VEC	<u>33,549,233</u>
Total JTPA Cluster			<u>49,951,019</u>
Research and Development Cluster:			
Pension and Welfare Benefits Administration	17.150	#VPISU	<u>13,874</u>
Total U.S. Department of Labor			<u>322,568,730</u>
U.S. DEPARTMENT OF STATE			
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	UVA	22,110
Other Assistance	19.000		
Other		JMU/VPISU	<u>155,055</u>
Total Excluding Clusters			<u>177,165</u>
Research and Development Cluster:			
Other Assistance:	19.000		
Other		GMU	<u>51,339</u>
Total U.S. Department of State			<u>228,504</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Boating Safety Financial Assistance	20.005	DGIF	975,174
Airport Improvement Program	20.106	DOAV	727,150
Highway Planning and Construction	20.205	#DCR/#DHR/DMV/DRPT/ #SMV/VDOT	524,449,498
Highway Training and Education	20.215	GMU/VSU	37,609
National Motor Carrier Safety	20.218	DMV/VSP	1,706,562
Recreational Trails Program	20.219	DCR	124,037
High Speed Ground Transportation - Next Generation High Speed Rail Program	20.312	DRPT	164,758
Federal Transit Metropolitan Planning Grants	20.505	DRPT	1,016,900
Public Transportation for Other Than Urbanized Areas	20.509	DRPT	4,308,207
Capital Assistance Program for Elderly Persons and Persons With Disabilities	20.513	DRPT	1,129,446
Pipeline Safety	20.700	SCC	29,000
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	VDES	121,415
Historically Black Colleges and Universities Entrepreneurial Training and Technical Assistance	20.907	VSU	26,052
Other Assistance:	20.000		
Alcohol Countermeasures		DMV	10,206
FY '92 Fatal Accident and Reporting System		DMV	28,605
VA Air Bag Enforcement		DMV	55,062
Computerized Model of Combined Explosive Detection		NSU	<u>116,880</u>
Total Excluding Clusters			<u>535,026,561</u>

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Highway Safety Cluster:			
State and Community Highway Safety	20.600	#ABC/#DMHMRSAS/DMV/#DOE/ #DRPT/#GMU/#RU/UVA#VCU/#VDH/ #VDOT/#VMI/#VPISU/#VSCC/ #VSP	\$ 4,182,433
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	DMV/#SUPCT/#VCU/#VSP	921,789
Total Highway Safety Cluster			5,104,222
Research and Development Cluster:			
Bridge Alteration	20.007	VPISU	12,433
Aviation Research Grants	20.108	GMU/VPISU	535,580
Highway Planning and Construction	20.205	GMU/VPISU/#LC	384,976
Highway Training and Education	20.215	UVA/VPISU	258,886
Motor Carrier Safety	20.217	UVA	713,545
Federal Transit Grants for University Research and Training	20.502	UVA/VPISU	16,111
State Planning and Research	20.515	UVA	4,545
University Transportation Centers Program	20.701	#GMU/#VPISU/UVA	397,948
Transportation - Consumer Affairs	20.900	#UVA	39,018
Other Assistance:	20.000		
Investigation of Processing & Communication in Designing		NSU	1,622
FAA Updated Investigation of Web Security Data Networks		NSU	52,518
Other		GMU/VPISU	2,672,013
Total Research and Development Cluster			5,089,195
Total U.S. Department of Transportation			545,219,978
APPALACHIAN REGIONAL COMMISSION			
Appalachian Regional Development	23.001	DHCD/VCCS/VPISU	140,180
Appalachian Area Development	23.002	VCCS	6,256
Appalachian Development Highway System	23.003	VDOT	124,176
Appalachian State Research, Technical Assistance, and Demonstration Projects	23.011	DHCD/VCCS	416,706
Total Appalachian Regional Commission			687,318
OFFICE OF PERSONNEL MANAGEMENT			
Research and Development Cluster:			
Intergovernmental Personnel Act (IPA) Mobility Program	27.011	UVA	4,521
GENERAL SERVICES ADMINISTRATION			
Donation of Federal Surplus Personal Property	39.003	DGS	4,808,512
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
Other Assistance:	43.000		
Rural Outreach Project		NSU	95,290
Quality Education for Minority-NASA Sharp Plus		NSU	6,116
Total Excluding Cluster			101,406
Research and Development Cluster:			
Aerospace Education Service Program	43.001	CWM/GMU/JMU/#UVA/#VPISU	8,051,605
Technology Transfer	43.002	JMU/LC/UVA/VIMS/VPISU/DEQ	677,172
Other Assistance:	43.000		
Three Dimensional Vortex		CNU	867
NASA / University Joint Venture		CNU	4,568
Trace Gas Constituents		CNU	31,530
Aircraft and Ground Based Infrared Solar Spect Measurement		CNU	40,839

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Optical Fiber	CNU		\$ 12,834
Thermally -Induced Gradient Effects Research	CNU		1,215
Summer Teacher Enhancement	CNU		6,906
Development of a Three Dimensional Heavy Ion	CNU		83,151
TIGER PAU	CNU		2,720
Validation of Measurement of Pollution	CNU		79,234
Technology Development, Implementation and Assessment	CNU		107,581
NASA-CHROME	NSU		76,123
NASA-Earth System Science	NSU		(1,506)
Materials Research Lab	NSU		94,915
Pre-Service Teachers Summer 1998	NSU		129,153
Pre-Service Teachers Institute	NSU		13,608
Pre-Service Teachers Conference	NSU		229,470
Science and Math for Everyone	NSU		186,213
Effects of Stretch Orientation	NSU		2,738
Summer Workshop Program	NSU		12,260
Feasibility Study of Piezoelectric Actuators	NSU		85,990
Visual of Atmospheric Water Vapor Data for SAGE	NSU		94,291
Research Experience in Earth Science	NSU		37,343
NASA-Tech Education Material Science and Technology	NSU		16,393
NASA Fellowship Bromine and Aerosol Impact	NSU		55,158
Experiments in Science	NSU		17,604
CHARC/NASA	VSU		112,459
Other	#CWM/GMU/JMU/VIMS/VPISU		<u>7,056,735</u>
Total Research and Development Cluster			<u>17,319,169</u>
Total National Aeronautics and Space Administration			<u><u>17,420,575</u></u>

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

Promotion of the Arts - Grants to Organizations and Individuals	45.024	LC/UVA	14,397
Promotion of the Arts - Partnership Agreements	45.025	GMU/VCA	582,550
Promotion of the Humanities - Federal/State Partnership	45.129	UVA/VCCS	19,405
Promotion of the Humanities - Division of Preservation and Access	45.149	LVA	190,437
Promotion of the Humanities - Fellowships and Stipends	45.160	GMU/ODU/VCCS	85,452
Promotion of the Humanities - Education Development and Demonstration	45.162	UVA/VCCS	69,072
Promotion of the Humanities - Seminars and Institutes	45.163	GMU/VCU	69,631
Institute of Museum and Library Services - General Operating Support	45.301	LC	5,337
State Library Program	45.310	LVA	<u>1,438,114</u>
Total Excluding Cluster			<u>2,474,395</u>

Research and Development Cluster:

Promotion of the Arts - Grants to Organizations and Individuals	45.024	UVA	101
Promotion of the Humanities - Research	45.161	UVA	224,919
Promotion of the Humanities - Education Development and Demonstration	45.162	GMU	32,603
Promotion of the Humanities - Seminars and Institutes	45.163	VPISU	67,701
Promotion of the Humanities - Public Programs	45.164	UVA	17,000
Museum Leadership Initiatives	45.306	UVA	<u>37,645</u>

Total Research and Development Cluster 379,969

Total National Foundation on the Arts and the Humanities 2,854,364

NATIONAL SCIENCE FOUNDATION

Engineering Grants	47.041	VCCS/VPISU	821,192
Mathematical and Physical Sciences	47.049	VPISU	267,441

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Social, Behavioral, and Economic Sciences	47.075	VPISU	\$ 55,105
Education and Human Resources	47.076	#LC/#MWC/#NSU/RU/#VCCS/VPISU	816,577
Other Assistance:	47.000		
Science Studio		NSU	14,714
Sustain Economic Education at HBCU's		NSU	6,834
General Chemistry Lab with Computers		NSU	19,049
Total Excluding Cluster			2,000,912
Research and Development Cluster:			
Engineering Grants	47.041	CWM/GMU/UVA/VCU/VPISU	7,903,539
Mathematical and Physical Sciences	47.049	CWM/GMU/#JMU/#NSU/UVA/ VCU/VPISU	8,280,510
Geosciences	47.050	CWM/GMU/UVA/VCU/VIMS/VPISU	1,404,753
Computer and Information Science and Engineering	47.070	CWM/GMU/UVA/VPISU	2,506,741
Biological Sciences	47.074	CWM/GMU/JMU/UVA/#VCU/#VIMS/ VPISU	6,472,436
Social, Behavioral, and Economic Sciences	47.075	CWM/GMU/RU/UVA/VCU/VPISU	995,804
Education and Human Resources	47.076	#CWM/GMU/JMU/UVA/VCU/VPISU	1,361,403
Other Assistance:	47.000		
RUI Methane Emission		CNU	88,570
Detector Development		CNU	81,316
Rimi Effects of Crystal Field in Quasi Four-Level Lasers		NSU	63,167
National Science Foundation - IPA		NSU	126,141
Alliance to Prepare Technicians for Technology		NSU	46,761
Research in Particle Physics Atlas at LHC		NSU	4,179
X-Ray Crystallographic and Affinity Labeling		NSU	55,567
Study of Photo Produced Ssbar Excitations		NSU	14,757
Center for Phonic Materials Research - CREST		NSU	438,653
Material Development and Research		VPISU	1,962,203
Other		CWM/GMU/JMU/UVA/VPISU	466,410
Total Research and Development Cluster			32,272,910
Total National Science Foundation			34,273,822
SMALL BUSINESS ADMINISTRATION			
Business Development Assistance to Small Business	59.005	JMU	1,716
Small Business Development Center	59.037	DBA/#JMU/#LC/#MWC/#RU/#VCCS/#GMU	2,375,414
Other Assistance:	59.000		
Microloan Grant Program for Non-Intermediaries		DBA	7,909
SBDC Defense Economic Transition Assistance		DBA	33,466
Other		#GMU	108
Total Small Business Administration			2,418,613
TENNESSEE VALLEY AUTHORITY			
Other Assistance:			
Tennessee Valley Region - Economic Development	62.000	VCCS	256
Research and Development Cluster:			
Other Assistance:	62.000		
Other		VPISU	5,568
Total Tennessee Valley Authority			5,824
U.S. DEPARTMENT OF VETERANS AFFAIRS			
All-Volunteer Force Educational Assistance	64.124	DOE	256,751
State Cemetery Grants	64.203	DVA	81,110
Total Excluding Cluster			337,861

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Research and Development Cluster: Veterans Nursing Home Care	64.010	VPISU	\$ 65,645
Total U.S. Department of Veterans Affairs			<u>403,506</u>
ENVIRONMENTAL PROTECTION AGENCY			
Air Pollution Control Program Support	66.001	DEQ	2,343,407
State Indoor Radon Grants	66.032	VDH	30,043
Water Pollution Control - State and Interstate Program Support	66.419	DEQ	2,157,775
State Public Water System Supervision	66.432	VDH	3,026,182
Water Quality Management Planning	66.454	DEQ/VDACS	526,139
Capitalization Grants for State Revolving Funds	66.458	DEQ	34,486,718
Nonpoint Source Implementation Grants	66.460	#CBLAD/DCR/#DMME/#VDOT/#VPISU	1,914,763
Wetlands Protection - Development Grants	66.461	DCR	104,961
National Pollutant Discharge Elimination System Related State Program Grants	66.463	DEQ	127,051
Chesapeake Bay Program	66.466	#CBLAD/#DCR/#DEQ/#DOF/MRC/ #VPISU	3,070,163
Wastewater Operator Training Grant Program - (Technical Assistance)	66.467	DEQ	16,800
Capitalization Grants for Drinking Water State Revolving Fund	66.468	VDH	6,531,887
Environmental Protection - Consolidated Research	66.500	UVA	1,037
Performance Partnership Grants	66.605	VDACS	637,323
Surveys, Studies, Investigations and Special Purpose Grants	66.606	DEQ/DMME/VCCS/VPISU	414,147
Training and Fellowships for the Environmental Protection Agency	66.607	VPISU	11,191
Toxic Substances Monitoring Cooperative Agreements	66.701	DPOR	4,394
TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	66.707	VDH	282,824
Pollution Prevention Grants Program	66.708	DEQ/VCCS	151,210
Hazardous Waste Management State Program Support	66.801	DEQ	1,624,511
Superfund State Site - Specific Cooperative Agreements	66.802	DEQ	292,250
State Underground Storage Tanks Program	66.804	DEQ	195,606
Leaking Underground Storage Tank Trust Fund Program	66.805	DEQ	1,208,400
Superfund State Core Program Cooperative Agreements	66.809	DEQ	525,391
CEPP Technical Assistance Grants Program	66.810	VDES	27,704
Other Assistance:	66.000		
Construction Management Assistance		DEQ	2,412
Hardship Grant Program Rural Communities		DEQ	312,205
Regulations Concerning Certified Lead Contractor Notification		#DOLI	5,395
Environmental Training Partnership		VCCS	431
Other		#VPISU	16,626
Total Excluding Cluster			<u>60,048,946</u>
Research and Development Cluster:			
Air Pollution Control Program Support	66.001	UVA	59,440
Water Pollution Control - State and Interstate Program Support	66.419	UVA/VPISU	72,946
National Estuary Program	66.456	VPISU	25,736
Nonpoint Source Implementation Grants	66.460	#JMU/UVA/#VCU/#VPISU	85,672
Wetlands Protection - Development Grants	66.461	VIMS/VPISU	297,933
Chesapeake Bay Program	66.466	VIMS/#VPISU	391,285
Environmental Protection - Consolidated Research	66.500	CNU/GMU/UVA/VCU/VIMS/#VPISU	1,352,283
Environmental Protection Consolidated Grants: Program Support	66.600	VPISU	2,999
Surveys, Studies, Investigations and Special Purpose Grants	66.606	JMU/UVA/VCU/#VIMS/VPISU	148,604
Training and Fellowships for the Environmental Protection Agency	66.607	UVA	14,716
Environmental Education and Training Program	66.950	VIMS	13,265
Environmental Education Grants	66.951	VIMS/VPISU	14,405
Other Assistance:	66.000		
Water Quality Control Information		VPISU	340,054
Other		GMU/UVA/VIMS/VPISU	402,339

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Total Research and Development Cluster			\$ 3,221,677
Total Environmental Protection Agency			<u>63,270,623</u>
NATIONAL GALLERY OF ART			
Research and Development Cluster:			
National Gallery of Art Extension Service	68.001	UVA	<u>78,843</u>
NUCLEAR REGULATORY COMMISSION			
Radiation Control - Training Assistance and Advisory Counseling	77.001	VDH	(127)
Other Assistance:	77.000		
Enhance Technology Transfer and Dissemination of Nuclear Weapons		VPISU	<u>447</u>
Total Excluding Cluster			<u>320</u>
Research and Development Cluster:			
Other Assistance:	77.000		
Enhance Technology Transfer and Dissemination of Nuclear Weapons		UVA	<u>403,773</u>
Total Nuclear Regulatory Commission			<u>404,093</u>
U.S. DEPARTMENT OF ENERGY			
State Energy Program	81.041	#DHCD/DMME/#LC/#VCCS	875,095
Weatherization Assistance for Low-Income Persons	81.042	DHCD	2,259,252
University Coal Research	81.057	VPISU	378,778
National Industrial Competitiveness Through Energy, Environment, and Economics	81.105	DEQ	188,126
Other Assistance:	81.000		
Continuous Electron Beam Accelerator Facility		ODU	316,372
Continuous Electron Beam Accelerator Facility - Computer		ODU	<u>41,125</u>
Total Excluding Cluster			<u>4,058,748</u>
Research and Development Cluster:			
State Energy Program	81.041	#VPISU	6,207
Office of Science Financial Assistance Program	81.049	CWM/GMU/NSU/UVA/VCU/VIMS/VPISU	5,207,422
Office of Scientific and Technological Information	81.064	VPISU	20,387
Regional Biomass Energy Programs	81.079	VPISU	96,724
Conservation Research and Development	81.086	GMU/VPISU	331,572
Renewable Energy Research and Development	81.087	CWM/VPISU	489,492
Fossil Energy Research and Development	81.089	VPISU	212,674
University Nuclear Science and Reactor Support	81.114	UVA	97,164
Other Assistance:	81.000		
Master Contract		CNU	111,370
Center for Materials Research		NSU	1,426,007
University - Laboratory Cooperative Program		VPISU	794,584
Appropriate Energy Technology		VPISU	64,278
Other		CWM/JMU/VIMS/VPISU	<u>1,251,965</u>
Total Research and Development Cluster			<u>10,109,846</u>
Total U.S. Department of Energy			<u>14,168,594</u>
U.S. INFORMATION AGENCY			
Educational Exchange - Graduate Students	82.001	JMU	2,278
Educational Exchange - University Lecturers (Professors) and Research Scholars	82.002	VPISU	<u>19,062</u>

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Total Excluding Cluster			\$ 21,340
Research and Development Cluster:			
Other Assistance:	82.000		
Other		GMU	52,142
Total U.S. Information Agency			73,482

FEDERAL EMERGENCY MANAGEMENT AGENCY

Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	83.011	VDES	71,608
Community Assistance Program -			
State Support Services Element (CAP-SSSE)	83.105	#DCR	101,815
State Disaster Preparedness Grants	83.505	VDES	58,972
Emergency Management - State and Local Assistance	83.534	VDES	2,344,196
Mitigation Assistance	83.535	VDES	288,544
Flood Mitigation Assistance	83.536	VDES	103,476
Individual and Family Grants	83.543	#DSS	107,717
Public Assistance Grants	83.544	#DMHMRSAS/#DOC/VDES/#VDOI	12,761,557
First Responder Counter-Terrorism Training Assistance	83.547	#DFP/VDES	34,559
Hazard Mitigation Grant	83.548	DCR/VDES/#VSP	2,680,462
Project Impact Building Disaster Resistant Communities	83.551	VDES	9,955
Other Assistance:	83.000		
Arson Grant		#DFP	1,593
National Arson Prevention Initiative		#DFP	9,448
Disaster Assistance		DGIF	242,514
Total Excluding Cluster			18,816,416
Research and Development Cluster:			
Other Assistance:	83.000		
Other		VPISU	42,872
Total Federal Emergency Management Agency			18,859,288

U.S. DEPARTMENT OF EDUCATION

Adult Education - State Grant Program	84.002	#DCE/#DMHMRSAS/DOE/#RU/ #VCCS/#VCU/#VRCB/#WWRC	8,231,239
Title I Grants to Local Educational Agencies	84.010	DOE	111,756,462
Migrant Education - Basic State Grant Program	84.011	DOE	724,159
Title I Program for Neglected and Delinquent Children	84.013	#DCE/DOE	383,294
Undergraduate International Studies and Foreign Language Programs	84.016	VCCS	20,614
International: Overseas - Group Projects Abroad	84.021	VCCS	44,980
Higher Education - Institutional Aid	84.031	NSU/RU/VCCS/VSU	4,786,375
Vocational Education - Basic Grants to States	84.048	#DCE/DOE/JMU/#ODU/#VCCS/ VEC/#VSDBH	23,757,181
National Vocational Education Research	84.051	VPISU	30,109
TRIO - Educational Opportunity Centers	84.066	VSU	1,580
Leveraging Educational Assistance Partnership	84.069	#CNU/JMU/#LC/#MWC/#NSU/ #ODU/#RBC/#RU/SCHEV/#VCCS/ VCU/#VMI/#VSU	864,021
Fund for the Improvement of Postsecondary Education	84.116	JMU/NSU/VCCS	169,508
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	DRS/DVH/#VCCS/VRCB	55,383,839
Rehabilitation Services - Service Projects	84.128	VCU	1,047,752
Rehabilitation Long-Term Training	84.129	NSU/UVA	90,557
College Housing and Academic Facilities Loans	84.142	NSU/ODU/VCU/VSU	15,598,411
Business and International Education	84.153	NSU/RU/VCU	151,730
Rehabilitation Services - Client Assistance Program	84.161	DRVD	203,148

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Immigrant Education	84.162	DOE	\$ 1,834,876
Eisenhower Professional Development - Federal Activities	84.168	JMU/#VCCS	54,478
Independent Living - State Grants	84.169	DRS/DVH	366,194
Javits Fellowships	84.170	UVA	125,858
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	DVH	141,661
Special Education - Grants for Infants and Families with Disabilities	84.181	DMHMRSAS/RU/VDH	7,595,725
Safe and Drug-Free Schools and Communities - National Programs	84.184	JMU	7,566
Byrd Honors Scholarships	84.185	DOE	875,550
Safe and Drug-Free Schools and Communities - State Grants	84.186	ABC/#DCE/#DCJS/DOE/#JMU/ VCCS/#VPISU/#VSDBS/#VSP/#CWM/VCU	9,142,091
Supported Employment Services for Individuals with Severe Disabilities	84.187	DRS/DVH	923,243
Education for Homeless Children and Youth	84.196	DOE	(8,265)
Graduate Assistance in Areas of National Need	84.200	UVA/VSU	352,249
Even Start - State Educational Agencies	84.213	DOE	1,227,246
Capital Expenses	84.216	DOE	4,196
Assistive Technology	84.224	DRS/#DRVD/#ODU	685,951
Rehabilitation Services Demonstration and Training - Special Demonstration Projects	84.235	VCU	9,880
Program of Protection and Advocacy of Individual Rights	84.240	DRVD	219,620
Tech-Prep Education	84.243	#DOE/#VCCS	2,340,759
National Institute for Literacy	84.257	#VCCS	16,465
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	DRS/DVH	196,572
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	DOE	10,669,013
Eisenhower Professional Development State Grants	84.281	#DCE/DOE/#GMU/#RU/SCHEV/ #UVA/#VCCS	4,688,687
Innovative Education Program Strategies	84.298	DOE/#VSDBH/#VSDBS	7,506,266
National Institute on Educational Governance, Finance, Policymaking, and Management	84.308	VCU	193,251
Technology Literacy Challenge Fund Grants	84.318	DOE	3,618,213
Special Education - State Program Improvement Grants for Children with Disabilities	84.323	DOE	7,643
Special Education - Technology and Media Services for Individuals with Disabilities	84.327	GMU	108,421
Advanced Placement Incentive Program	84.330	DOE	15,548
Grants to States for Incarcerated Youth Offenders	84.331	DCE	110,052
Comprehensive School Reform Demonstration	84.332	DOE	2,263,101
Other Assistance: National Writing Program	84.000	CWM	12,365
Education of Children with Disabilities in State Operated or Supported Schools		#DMHMRSAS	76,580
Career Education		DOE	27,972
Christa McAuliffe Fellowship Program		DOE	63,422
State Program Improvement Grants		DOE	251,138
Secondary Education and Transitional Services		DOE/#DRS/#VCCS/VCU/#VSDBH	356,175
Special Education - Personnel Development		DOE/JMU/#VCU/VPISU	994,675
Special Education - Postsecondary Education Program		DRS/VCCS/VCU	153,405
Drug-Free Schools and Communities		DSS	(1,121)
Eisenhower Mathematics and Science Education - State Grants		#LC/#VCCS	81,565
Public Library Services		LVA	1,112,991
Interlibrary Cooperation and Resource Sharing		LVA	21,869
Public Library Construction and Technology		LVA	263,138
Multicultural Special Education Leadership Training		NSU	1,990
Tidewater Writing Project		ODU	9,141
Job Location and Development Program		ODU	37,858
Special Education - Innovation and Development		VCU	273,839
Institution-Wide Drug Prevention Project		UVA	(75)
Services for Children with Deaf-Blindness		VCU	306,945
Special Education - Program for the Severely Disabled		VCU	144,197
Harris Fellowships		VPISU	55,994

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Educational Research and Development	VPISU		\$ 15,512
Other	#VPISU		4,706
Total Excluding Clusters			<u>282,801,350</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	6,563,538
Federal Family Education Loans	84.032	CNU/CWM/JMU/LC/MWC/RBC RU/VCCS	122,862,988
Federal Work-Study Program	84.033	CNU/CWM/GMU/JMU/LC/ MWC/NSU/ODU/RBC/RU/UVA/ VCCS/VCU/VMI/VPISU/VSU	9,578,171
Federal Perkins Loan Program - Federal Capital Contributions	84.038	CNU/CWM/GMU/JMU/LC/ MWC/NSU/ODU/RU/UVA/ VCCS/VCU/VMI/VPISU/VSU	72,923,357
Federal Pell Grant Program	84.063	CNU/CWM/GMU/JMU/LC/MWC/ NSU/ODU/RBC/RU/UVA/VCCS/ VCU/VMI/VPISU/VSU/WWRC	101,733,937
Federal Direct Loan	84.268	GMU/NSU/ODU/UVA/VCCS/ VCU/VMI/VPISU/VSU	344,277,085
Total Student Financial Assistance Programs Cluster			<u>657,939,076</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	#DCE/DOE/#DVH/#JMU/#RU/ UVA/#VCCS/#VCU/#VPISU/ #VSDBH/#VSDBS	75,137,527
Special Education - Preschool Grants	84.173	#CWM/#GMU/DOE/#JMU/#VSDBH/ #VSDBS	8,856,855
Total Special Education Cluster			<u>83,994,382</u>
TRIO Cluster:			
TRIO - Student Support Services	84.042	NSU/ODU/RU/UVA/VCCS/VSU	3,273,437
TRIO - Talent Search	84.044	VCCS/VPISU/VSU	1,794,915
TRIO - Upward Bound	84.047	MWC/NSU/ODU/UVA/VCCS/ VPISU/VSU	3,826,271
Total TRIO Cluster			<u>8,894,623</u>
Research and Development Cluster:			
National Resource Centers and Fellowships			
Program for Language and Area or Language and International Studies	84.015	UVA	271,900
International: Overseas - Faculty Research Abroad	84.019	VCU	41,103
International: Overseas - Group Projects Abroad	84.021	UVA	7,188
International: Overseas - Doctoral Dissertation	84.022	UVA	38,322
National Vocational Education Research	84.051	VPISU	10,890
Fund for the Improvement of Postsecondary Education	84.116	CWM/UVA/VPISU	60,838
National Institute on Disability and Rehabilitation Research	84.133	UVA/VCU	1,872,357
Eisenhower Professional Development - Federal Activities	84.168	#CWM/UVA	36,517
Bilingual Education - Professional Development	84.195	GMU	398,714
Education for Homeless Children and Youth	84.196	#CWM	378,892
Javits Gifted and Talented Students Education Grant Program	84.206	CWM/UVA	78,799
Assistive Technology	84.224	GMU	45,008
Eisenhower Professional Development State Grants	84.281	CNU/#JMU/#VCU	185,209
National Institute on Student Achievement, Curriculum, and Assessment	84.305	UVA	411,123
Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	GMU/UVA	166,414
Other Assistance:	84.000		
Special Education - Innovation and Development		CWM/UVA	415,998
Special Education - Personnel Development		CWM/GMU/UVA	1,564,734

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Secondary Educations and Transition Services	GMU		\$ 97,718
Eisenhower Mathematics and Science Education	#CWM/UVA		14,398
Harris Fellowships	VPISU		121,455
Educational Research and Development	VPISU		156,694
Other	CWM/GMU/#JMU/UVA		<u>103,726</u>
Total Research and Development Cluster			<u>6,477,997</u>
Total U.S. Department of Education			<u><u>1,040,107,428</u></u>

U.S. NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

National Historical Publications and Records Grants	89.003	LVA/UVA	<u>274,784</u>
Research and Development Cluster:			
National Historical Publications and Records Grants	89.003	CWM	11,875
Other Assistance:	89.000		
Other		UVA	<u>4,999</u>
Total Research and Development Cluster			<u>16,874</u>
Total U.S. National Archives and Records Administration			<u><u>291,658</u></u>

U.S. INSTITUTE OF PEACE

Research and Development Cluster:			
International Peace and Conflict Management -			
Research and Education	91.001	UVA	<u><u>30,986</u></u>

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	104,709
Special Programs for the Aging - Title VII, Chapter 2 -			
Long Term Care Ombudsman Services for Older			
Individuals	93.042	VDA	34,743
Special Programs for the Aging - Title III, Part F -			
Disease Prevention and Health Promotion Services	93.043	VDA	346,137
Special Programs for the Aging - Title III, Part D -			
In-Home Services for Frail Older Individuals	93.046	VDA	201,641
Special Programs for the Aging - Title IV - Training			
Research and Discretionary Projects and Programs	93.048	VDA/DSS	105,512
Grants for Residential Treatment Programs for			
Pregnant and Postpartum Women	93.101	DMHMRSAS/VCU	271,463
Demonstration Grants for Residential Treatment			
for Women and Their Children	93.102	DMHMRSAS/VCU	802,626
Comprehensive Community Mental Health Services for			
Children with Serious Emotional Disturbances (SED)	93.104	DMHMRSAS	615,278
Maternal and Child Health Federal			
Consolidated Programs	93.110	VDH	98,319
Project Grants and Cooperative Agreements for			
Tuberculosis Control Programs	93.116	VDH	958,652
Nurse Anesthetist Traineeships	93.124	ODU/VCU	66,756
Mental Health Planning and Demonstration Projects	93.125	DMHMRSAS/VCU	693,467
Emergency Medical Services for Children	93.127	VCU	190,426
Primary Care Services - Resource Coordination			
and Development Primary Care Offices	93.130	VDH	165,930
Injury Prevention and Control Research and State and			
Community Based Programs	93.136	VDH	99,515
Protection and Advocacy for Individuals			
with Mental Illness	93.138	DRVD	359,502
Financial Assistance for Disadvantaged Health			
Professions Students	93.139	VCU	77,444
AIDS Education and Training Centers	93.145	VCU	1,186,311
Projects for Assistance in Transition from Homelessness (PATH)	93.150	DMHMRSAS	306,532
Centers of Excellence	93.157	RU/#VCCS	6,019

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Grants for State Loan Repayment	93.165	VDH	\$ 50,000
Nursing Education Opportunities for Individuals from Disadvantaged Backgrounds	93.178	VCCS	109,826
National Research Services Awards	93.186	VCU	38,889
Allied Health Project Grants	93.191	VCCS	2,476
Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	VDH	738,706
HIV/AIDS Mental Health Services Demonstration Program	93.216	VCU	155,331
Family Planning - Services	93.217	VDH	3,179,502
Health Care Systems Cost and Access Research and Development Grants	93.226	VCU	10,601
Traumatic Brain Injury	93.234	DRS	22,968
Abstinence Education	93.235	VDH	846,854
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	DMHMRSAS	49,701
Mental Health Research Grants	93.242	VPISU	748
Immunization Grants	93.268	VDH	13,655,552
Alcohol Research Programs	93.273	UVA	15,757
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	VDH/VPISU/VSU	942,333
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	RU	219,007
Professional Nurse Traineeships	93.358	ODU/RU	149,497
Grants for Graduate Training in Family Medicine	93.379	VCU	73,218
Research Infrastructure	93.389	VCU	32,357
Cancer Control	93.399	VCCS	55,761
Family Preservation and Support Services	93.556	DSS	4,871,889
Temporary Assistance for Needy Families	93.558	#DRS/DSS/#VCCS	117,833,199
Child Support Enforcement	93.563	#DJJ/DSS	48,705,285
Refugee and Entrant Assistance - State Administered Programs	93.566	#DMAS/DSS	3,169,294
Low-Income Home Energy Assistance	93.568	#DHCD/DSS	20,293,534
Community Services Block Grant	93.569	DSS	8,202,984
Community Services Block Grant - Discretionary Awards	93.570	DSS/NSU/VCU/VSU	280,095
Community Services Block Grant Discretionary Awards - Community Food and Nutrition	93.571	DSS	45,509
Refugee and Entrant Assistance - Discretionary Grants	93.576	DOE/DSS/VDH	418,526
U.S. Repatriate Program	93.579	DSS	1,350
Refugee and Entrant Assistance - Targeted Assistance	93.584	DSS	482,131
State Court Improvement Program	93.586	SUPCT	255,012
Welfare Reform Research, Evaluations and National Studies	93.595	DSS/VCCS	161,106
Grants to States for Access and Visitation Programs	93.597	DSS	158,558
Head Start	93.600	DSS/GMU/VCU	1,162,304
Developmental Disabilities Basic Support and Advocacy Grants	93.630	#DOE/#DRS/DRVD/DSS/VBPD/ #VCU/#VDA/#VPISU	1,633,834
Developmental Disabilities University Affiliated Programs	93.632	#LC/VCU	260,134
Children's Justice Grants to States	93.643	DCJS	190,549
Child Welfare Services - State Grants	93.645	DSS	6,556,134
Social Services Research and Demonstration	93.647	DSS	5,802
Child Welfare Services Training Grants	93.648	VCU	79,306
Adoption Opportunities	93.652	DSS	155,536
Foster Care - Title IV-E	93.658	DSS	43,249,646
Adoption Assistance	93.659	DSS	7,432,995
Social Services Block Grant	93.667	#CSA/DCJS/#DOE/DSS/#VDH	65,336,518
Child Abuse and Neglect State Grants	93.669	DSS/#JMU	406,049
Child Abuse and Neglect Discretionary Activities	93.670	VCU	102,247
Family Violence Prevention and Services/Grants For Battered Women's Shelters - Grants to States and Indian Tribes	93.671	DSS	1,541,398
Independent Living	93.674	DSS	1,328,409
State Children's Insurance Program	93.767	DMAS/#DSS	2,423,509
Health Care Financing Research, Demonstrations and Evaluations	93.779	VDA	277,293
Health Careers Opportunity Program	93.822	VCCS	81,762

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Basic/Core Area Health Education Centers	93.824	JMU/RU/#UVA/VCCS/VCU	\$ 1,358,114
Grants for Faculty Development in Family Medicine	93.895	VCU	262,245
Grants for Predoctoral Training in Family Medicine	93.896	VCU	75,363
Rural Health Medical Education Demonstration Projects	93.906	VCCS/VCU	74,361
Grants to States for Operation of Offices of Rural Health	93.913	VDH	69,725
HIV Care Formula Grants	93.917	#VCU/VDH	10,483,479
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	93.919	VDH	1,140,744
Ryan White HIV/AIDS Dental Reimbursements	93.924	UVA/VCU	123,416
Healthy Start Initiative	93.926	VDH	1,848,122
Health Centers Grants for Residents of Public Housing	93.927	VDH	26,645
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	DOE/JMU/VCCS	195,882
HIV Prevention Activities - Health Department Based	93.940	#DMHMRSAS/#VCU/VDH	4,266,538
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	VDH	510,574
Block Grants for Community Mental Health Services	93.958	DMHMRSAS	6,081,992
Block Grants for Prevention and Treatment of Substance Abuse	93.959	DMHMRSAS/VCCS/#VDH	30,044,172
Health Administration Traineeships and Special Projects Program	93.962	VCU	38,217
Grants for Geriatric Education Centers	93.969	UVA/VCU	195,252
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	#VCU/VDH	1,234,432
Academic Administrative Units in Primary Care	93.984	VCU	110,451
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	VDH	206,422
Preventive Health and Health Services Block Grant	93.991	#DOE/VDH	5,102,885
Maternal and Child Health Services Block Grant to the States	93.994	#JMU/VDH	11,331,518
Other Assistance:	93.000		
Tobacco Investigations		ABC	320,834
Alcohol & Drug Needs Assessment (Contract 270-95-0005)		DMHMRSAS	382,342
Grants for Technical Assistance Related to the Block Grant for Community Mental Health Services		DMHMRSAS	102,289
DMHMRSAS - Alcohol and Drug Abuse		DRS	1,630
Community-Based Prevention Program		DSS	452
Grants to States for Planning and Development of Dependent Care Programs		DSS	(51,368)
Community Based Family Resource Program		DSS	760,078
Empowerment Zones Programs		DSS	995,427
Child Development Associate Scholarships		DSS	5,759
CARE Project		NSU	120,637
Education Training for Child Welfare		NSU	42,742
Temporary Child Care and Crisis Nurseries		VCU	208,933
Food Sanitation Inspections		VDACS	53,732
Medicated Feed Inspections		VDACS	22,483
Project Assist - Stop Smoking Intervention		VDH	1,439,372
Stroke Belt Initiative - Phase II		VDH	5,848
US FDA Mammography		VDH	128,457
HIV/AIDS Data Evaluation		VDH	106,786
Total Excluding Clusters			443,568,945
Aging Cluster:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	VDA	7,933,104
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	VDA	7,972,119
Total Aging Cluster			15,905,223
Student Financial Assistance Programs Cluster:			

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	GMU/UVA/VCU/VPISU	\$ 10,254,546
Nursing Student Loans	93.364	JMU/NSU/RU/UVA/ VCCS/VCU	1,857,715
Scholarships for Students of Exceptional Financial Need	93.820	VCU	133,229
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	VCU	<u>75,891</u>
Total Student Financial Assistance Programs Cluster			<u>12,321,381</u>
Child Care Cluster:			
Child Care and Development Block Grant	93.575	#DHCD/#DMHMRSAS/DSS/#SBFA	42,484,947
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	DSS	<u>41,604,605</u>
Total Child Care Cluster			<u>84,089,552</u>
Medicaid Cluster:			
State Medicaid Fraud Control Units	93.775	ATG	609,521
State Survey and Certification of Health Care Providers and Suppliers	93.777	VDH	3,549,992
Medical Assistance Program (Medicaid)	93.778	DMAS/#DMHMRSAS/#DRS/#DSS/ #GMU/#VCU/#VDH	<u>1,317,051,985</u>
Total Medicaid Cluster			<u>1,321,211,498</u>
Research and Development Cluster:			
Food and Drug Administration - Research	93.103	VCU/VPISU	122,869
Maternal and Child Health Federal Consolidated Programs	93.110	#UVA/VCU	360,566
Biological Response to Environmental Health Hazards	93.113	VCU/VPISU	388,665
Applied Toxicological Research and Testing	93.114	VPISU	(2,795)
Oral Diseases and Disorders Research	93.121	UVA/VCU/VPISU	2,457,443
Cooperative Agreements for Substance Abuse Treatments and Recovery Systems for Rural, Remote, and Culturally Distinct Populations	93.122	GMU	90,515
Technical and Non-Financial Assistance to Health Centers and National Health Services Corps (NHSC) Delivery Sites	93.129	GMU	58,890
Injury Prevention and Control Research and State and Community Based Programs	93.136	VCU	147,462
NIEHS Superfund Hazardous Substances - Basic Research and Education	93.143	UVA	21,182
International Cooperative Biodiversity Groups Program	93.168	VPISU	241,740
Human Genome Research	93.172	GMU/UVA	486,433
Research Related to Deafness and Communication Disorders	93.173	JMU/UVA/VCU	2,575,015
Health Care Systems Cost and Access Research and Development Grants	93.226	UVA/VPISU	243,815
Consolidated Knowledge Development and Application Program	93.230	#UVA/#VCU	2,089,694
Mental Health Research Grants	93.242	GMU/UVA/#VCU/VPISU	6,502,538
Mental Health Clinical and AIDS Service - Related Training Grants	93.244	#UVA/VCU/VPISU	248,673
Occupational Safety and Health Research Grants	93.262	UVA/VPISU	211,417
Occupational Safety and Health - Training Grants	93.263	VPISU	46,179
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	VCU	241,226
Alcohol Research Programs	93.273	CWM/GMU/VCU/VPISU	718,169
Drug Abuse Scientist Development Awards, Research Scientist Development Awards, and Research Scientist Awards	93.277	VCU	161,528
Drug Abuse National Research Service Awards for Research Training	93.278	UVA/VCU	330,393
Drug Abuse Research Programs	93.279	GMU/VCU/VPISU	5,393,033
Mental Health Research Career/			

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Scientist Development Awards	93.281	GMU/UVA/VCU	\$ 973,561
Mental Health National Research Service Awards for Research Training	93.282	UVA	227,311
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	UVA/VCU/VIMS/VPISU	487,251
Nurse Practitioner and Nurse-Midwifery Education Programs	93.298	UVA/VCU	289,624
Comparative Medicine	93.306	UVA	536,447
Clinical Research	93.333	UVA/VCU/VPISU	5,768,039
Professional Nurse Traineeships	93.358	GMU/UVA/VCU	284,803
Nursing - Special Projects	93.359	UVA	310,322
Nursing Research	93.361	UVA/VCU	789,296
Biomedical Technology	93.371	GMU/UVA/VPISU/VCU	1,387,840
Minority Biomedical Research Support	93.375	VSU	92,110
Academic Research Enhancement Award	93.390	CWM	120,561
Cancer Cause and Prevention Research	93.393	UVA/VCU	2,596,737
Cancer Detection and Diagnosis Research	93.394	UVA/VCU	546,732
Cancer Treatment Research	93.395	UVA/VCU/VPISU	6,093,633
Cancer Biology Research	93.396	UVA/VCU	3,482,857
Cancer Centers Support	93.397	UVA/VCU	1,580,213
Cancer Research Manpower	93.398	UVA/VCU	1,031,052
Cancer Control	93.399	VCU	631,459
Temporary Assistance for Needy Families	93.558	#VPISU	238,876
Welfare Reform Research, Evaluations, and National Studies	93.595	#VPISU	532,912
Head Start	93.600	UVA/VPISU	74,083
Child Abuse and Neglect Discretionary Activities	93.670	UVA	24,874
Health Care Financing Research, Demonstrations and Evaluations	93.779	VCU	52,724
Cell Biology and Biophysics Research	93.821	CWM/UVA/VCU/VPISU	4,904,095
Health Careers Opportunity Program	93.822	UVA	82,807
Heart and Vascular Diseases Research	93.837	UVA/VCU/VPISU	10,622,169
Lung Diseases Research	93.838	UVA/VCU	1,138,544
Blood Diseases and Resources Research	93.839	UVA/VCU	364,342
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	UVA/VCU/VPISU	1,815,060
Diabetes, Endocrinology and Metabolism Research	93.847	UVA/VCU	3,521,797
Digestive Diseases and Nutrition Research	93.848	UVA/VCU/VPISU	4,200,200
Kidney Diseases, Urology and Hematology Research	93.849	UVA/VCU	2,961,064
Clinical Research Related to Neurological Disorders	93.853	UVA/VCU/VPISU/CWM/JMU	9,591,456
Allergy, Immunology and Transplantation Research	93.855	UVA/VCU/VPISU	5,846,979
Microbiology and Infectious Diseases Research	93.856	UVA/VCU/VPISU	8,119,056
Pharmacology, Physiology, and Biological Chemistry Research	93.859	UVA/VCU/VPISU	3,661,143
Genetics and Developmental Biology Research	93.862	UVA/VCU	3,404,365
Population Research	93.864	UVA/#VCU/VSU	4,180,143
Center for Research for Mothers and Children	93.865	GMU/UVA/VCU	3,357,008
Aging Research	93.866	CWM/UVA/VCU	1,884,296
Vision Research	93.867	UVA/VCU/VPISU	1,596,395
Medical Library Assistance	93.879	UVA/VPISU	383,835
Minority Access to Research Careers	93.880	VCU	24,986
Grants for Residency Training in General Internal Medicine and/or General Pediatrics	93.884	UVA	249,331
Resource and Manpower Development in the Environmental Health Sciences	93.894	VCU/VPISU	194,818
Grants for Faculty Development in General Internal Medicine and/or General Pediatrics	93.900	VCU	235,390
Rural Health Medical Education Demonstration Projects	93.906	#VSU	162,336
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	UVA	201,744
Center for Medical Rehabilitation Research	93.929	UVA	227,731
Fogarty International Research Collaboration Award	93.934	UVA/VCU	88,606
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	VPISU	11,606
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938	#GMU	20,142
Preventative Health Services - Sexually Transmitted			

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Federal Department/Program	CFDA Number	State Agency(s)	Amount
Diseases Research, Demonstrations, and Public Information & Education Grants	93.978	GMU	\$ 4,624
Academic Administrative Units in Primary Care	93.984	UVA	119,822
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	UVA	1,091
Senior International Fellowships	93.989	UVA/VPISU	775,859
Preventative Health and Health Services Block Grant	93.991	#GMU/VPISU	11,807
Maternal and Child Health Services Block Grant to the States	93.994	GMU/#UVA/#VCU	44,108
Other Assistance:	93.000		
Molecular Analysis of Heme Pathway		NSU	66,005
Manage Care Management		NSU	10,061
Oral Hydration & Child Immunization		NSU	3,327
Development of University Head Start Partnership		NSU	32,120
Other		CWM/GMU/VIMS/VPISU	459,125
Total Research and Development Cluster			<u>125,867,360</u>
Total U.S. Department of Health and Human Services			<u><u>2,002,963,959</u></u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
State Commissions	94.003	DSS	167,525
Learn and Serve America - School and Community Based Programs	94.004	DOE	238,128
Learn and Serve America - Higher Education	94.005	CWM/VCCS/VCU/VPISU	72,528
AmeriCorps	94.006	DSS/#VCCS	1,726,444
Training and Technical Assistance	94.009	DSS	33,085
Other Assistance:	94.000		
Higher Education Initiative Project		DSS	20,333
VA Campus Outreach Opportunity League		MWC	3,000
Total Excluding Cluster			<u>2,261,043</u>
Research and Development Cluster:			
Learn and Serve America - Higher Education	94.005	JMU	312
Total Corporation for National and Community Service			<u><u>2,261,355</u></u>
SOCIAL SECURITY ADMINISTRATION			
Disability Insurance/SSI Cluster:			
Social Security - Disability Insurance	96.001	DRS	<u>27,826,391</u>
Research and Development Cluster:			
Social Security - Research and Demonstration	96.007	UVA	<u>84,085</u>
Total Social Security Administration			<u><u>27,910,476</u></u>
UNIDENTIFIED ASSISTANCE			
Other Assistance:	00.000		
Veronia Production		VSU	6,439
Veronia In Eritrea		VSU	7,921
Other		UVA	2,240,680
Total Excluding Cluster			<u>2,991,630</u>
Research and Development Cluster:			
Other	00.000	GMU/VPISU	<u>779,420</u>
Total Unidentified Assistance			<u><u>3,771,050</u></u>
Total Federal Grantor Agencies			<u><u>\$ 4,862,887,072</u></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, 1999

1. PURPOSE OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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 following are the clusters administered by the Commonwealth: Food Stamp, Child Nutrition, Emergency Food Assistance, CDBG – Entitlement and (HUD-Administered) Small Cities, Fish and Wildlife, Employment Services, JTPA, Highway Safety, Special Education, TRIO, Aging, Child Care, Medicaid, Disability Insurance/SSI, Student Financial Assistance Programs, and Research and Development. Research and Development and Student Financial Assistance Programs 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 \$670,260,457, consisting of \$657,939,076 from the Department of Education and \$12,321,381 from the Department of Health and Human Services. The total amount expended for Research and Development was \$254,041,324, consisting of the following federal departments:

<u>Federal Department</u>	<u>Amount Expended</u>
Department of Health and Human Services	\$125,867,360
National Science Foundation	32,272,910
Department of Defense	29,747,945
National Aeronautics and Space Administration	17,319,169
Department of Agriculture	11,084,693
Department of Energy	10,109,846
Department of Education	6,477,997
Department of Transportation	5,089,195
Department of Commerce	3,840,660
Environmental Protection Agency	3,221,677
Department of the Interior	3,041,927
Agency for International Development	2,883,850
Department of Justice	858,073
Nuclear Regulatory Commission	403,773
National Foundation on the Arts and the Humanities	379,969
Department of Housing and Urban Development	215,799
Social Security Administration	84,085
National Gallery of Art	78,843
Department of Veterans Affairs	65,645
Information Agency	52,142
Department of State	51,339
Federal Emergency Management Agency	42,872
Institute of Peace	30,986

<u>Federal Department</u>	<u>Amount Expended</u>
National Archives and Records Administration	\$ 16,874
Department of Labor	13,874
Tennessee Valley Authority	5,568
Office of Personnel Management	4,521
Corporation for National and Community Service	312
Unidentified Assistance	<u>779,420</u>
Total	<u>\$254,041,324</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 \$803,405, \$16,908,142, and \$4,758,136 for CFDA Numbers 10.550, 10.555, and 10.569, respectively. The accompanying schedule does not include Commonwealth-stored undistributed food commodities of \$47,787 and \$274,102 for CFDA Numbers 10.550 and 10.555.

Food Stamps (CFDA Number 10.551) – The face value of stamps distributed to program beneficiaries was the basis for calculating the value of food stamps. The accompanying schedule does not include food stamp inventory of \$65,845,231 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, 1999. Administrative expenditures of \$725,478 are not included in the accompanying schedule. The value of surplus property on hand at June 30, 1999 totaled \$1,359,172.

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 \$9,646,432. The remaining amount of \$4,009,120 is administrative expenditures. The value of inventory on hand at June 30, 1999 was \$508,819.

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, 1999.

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 cost during the fiscal year as well as the outstanding balance of loans receivable at June 30, 1999.

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, 1999.

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, 1999.

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.

Economic Adjustment Assistance (CFDA Number 11.307) – The amount in the accompanying schedule reflects the cash on hand and the outstanding balance of loans receivable from subrecipients at June 30, 1999.

E. Emergency Unemployment Benefits

The amount included in the accompanying schedule for Unemployment Insurance (CFDA Number 17.225) includes \$39,676,901 administrative costs, \$9,809,471 federal unemployment benefits paid to federal employees and \$181,972,816 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 NON-STATE SUBRECIPIENTS

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

CFDA Number	Name of Federal Program	Amount
00.000	Unidentified	\$ 254,932
10.500	Cooperative Extension Service	100,166
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	1,736,015
10.665	Schools and Roads – Grants to States	850,862
10.000	U.S. Department of Agriculture - Other Assistance	38,375
12.000	U.S. Department of Defense - Other Assistance	98,745

CFDA Number	Name of Federal Program	Amount
14.228	Community Development Block Grant	\$ 20,443,481
15.904	Historic Preservation Fund Grants-In-Aid	49,107
16.575	Crime Victim Assistance	4,106,794
16.727	Combating Underage Drinking	26,392
17.249	Employment Services and Job Training – Pilot and Demonstration Projects	114,722
17.253	Welfare-to-Work Grants to States and Localities	1,645,660
20.205	Highway Planning and Construction	4,851,302
20.000	U.S. Department of Transportation - Other Assistance	50,062
59.037	Small Business Development Center	615,259
59.000	Small Business Administration – Other Assistance	41,375
66.458	Capitalization Grants for State Revolving Fund	33,299,030
81.057	University Coal Research	155,670
84.002	Adult Education – State Grant Program	6,271,028
84.010	Title I Grants to Local Educational Agencies	110,247,642
84.011	Migrant Education – Basic State Grant Program	724,119
84.013	Title I Program for Neglected and Delinquent Children	12,999
84.048	Vocational Education – Basic Grants to States	16,627,223
84.128	Rehabilitation Services – Service Projects	476,036
84.162	Immigrant Education	1,831,387
84.186	Safe and Drug-Free Schools and Communities – State Grants	7,635,151
84.213	Even Start – State Educational Agencies	1,254,264
84.243	Tech-Prep Education	777,430
84.276	Goals 2000 – State and Local Education Systemic Improvement Grants	10,966,801
84.281	Eisenhower Professional Development State Grants	3,823,269
84.298	Innovative Education Program Strategies	6,770,005
84.308	National Institute on Educational Governance, Finance, Policymaking, and Management	67,018
84.318	Technology Literacy Challenge Fund Grants	3,321,141
84.330	Advanced Placement Incentive Program	15,548
84.332	Comprehensive School Reform Demonstration	2,300,000
84.000	U.S. Department of Education – Other Assistance	284,708
93.127	Emergency Medical Services for Children	47,500
93.136	Injury Prevention and Control Research and State and Community Based Programs	13,175
93.197	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning and Prevention and Surveillance of Blood Lead Levels in Children	76,057
93.268	Immunization Grants	260,399
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	111,027
93.379	Grants for Graduate Training in Family Medicine	30,910
93.556	Family Preservation and Support Services	4,829,018
93.558	Temporary Assistance for Needy Families	44,693,489
93.563	Child Support Enforcement	8,019

CFDA Number	Name of Federal Program	Amount
93.566	Refugee and Entrant Assistance – State Administered Programs	\$ 2,061,064
93.568	Low-Income Home Energy Assistance	1,540,116
93.569	Community Services Block Grant	7,822,809
93.570	Community Services Block Grant – Discretionary Awards	104,200
93.571	Community Services Block Grant Discretionary Awards – Community Food and Nutrition	45,509
93.576	Refugee and Entrant Assistance – Discretionary Grants	354,590
93.584	Refugee and Entrant Assistance – Targeted Assistance	477,396
93.595	Welfare Reform Research, Evaluations and National Studies	1,150
93.597	Grants to States for Access and Visitation Programs	116,002
93.630	Developmental Disabilities Basic Support and Advocacy Grants	(474,561)
93.652	Adoption Opportunities	137,764
93.658	Foster Care – Title IV-E	50,761,328
93.659	Adoption Assistance	7,301,985
93.667	Social Services Block Grant	64,785,565
93.669	Child Abuse and Neglect State Grants	240,393
93.671	Family Violence Prevention and Services/Grants For Battered Women’s Shelters – Grants to States and Indian Tribes	1,522,913
93.674	Independent Living	1,245,236
93.767	State Children’s Insurance Program	13,560
93.824	Area Health Education Centers	880,175
93.917	HIV Care Formula Grants	2,137,185
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Program	232,454
93.924	Ryan White HIV/AIDS Dental Reimbursements	112,532
93.926	Healthy Start Initiative	894,408
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	18,339
93.940	HIV Prevention Activities – Health Department Based	1,283,134
93.959	Block Grants for Prevention and Treatment of Substance Abuse	28,815,750
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	147,528
93.991	Preventative Health and Health Services Block Grant	1,078,704
93.994	Maternal and Child Health Services Block Grant to the States	481,322
93.000	U.S. Department of Health and Human Services – Other Assistance	1,936,299
94.006	AmeriCorps	1,692,559
	Research and Development Cluster	14,624,205
	Child Nutrition Cluster	121,697,668
	Food Stamp Cluster	46,217,647
	Fish and Wildlife Cluster	6,000

CFDA Number	Name of Federal Program	Amount
	JTPA Cluster	\$ 41,200,006
	Highway Safety Cluster	1,990,452
	Special Education Cluster	77,597,070
	Child Care Cluster	75,465,487
	Medicaid Cluster	<u>25,874,409</u>
	Total	<u>\$ 874,393,664</u>

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
CSA	Comprehensive Services for At-Risk Youth and Families
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
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
DT	Department of Treasury
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

ACRONYMS FOR AGENCIES AND INSTITUTIONS

ACRONYM	AGENCY/INSTITUTION
ODU	Old Dominion University
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
TAX	Department of Taxation
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
VMI	Virginia Military Institute
VMNH	Virginia Museum of Natural History
VPISU	Virginia Polytechnic Institute and State University
VRCB	Virginia Rehabilitation Center for the Blind
VSCC	Virginia State Crime Commission
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

COMMONWEALTH OF VIRGINIA
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