



# VETERANS SERVICES FOUNDATION

## REPORT ON AUDIT FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Auditor of Public Accounts  
Martha S. Mavredes, CPA

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## AUDIT SUMMARY

Our audit of the Veterans Services Foundation, which receives administrative and other services from the Department of Veterans Services, for the fiscal year ended June 30, 2019, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system;
- no matters involving internal control and its operation necessary to bring to management's attention;
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to the audit finding included in the prior year's report.

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## FOUNDATION HIGHLIGHTS

The Veterans Services Foundation (Foundation) was established as a separate agency on July 1, 2017, within the Secretary of Veterans and Defense Affairs. Previously, the Foundation was managed as a separate fund within the Department of Veterans Services (Veterans Services). The Foundation collects and manages donations to support various Commonwealth administered programs for veterans. Veterans Services provides administrative support to the Foundation and donations for the Foundation are primarily received and deposited through the Veterans Services' finance department.

The following table summarizes financial activity for the Foundation for fiscal year 2019. The Foundation also receives General Fund appropriations of \$115,000, which are used to fund the director's salary and related benefits, but this financial activity is not included below.

### Summary of Financial Activity Fiscal Year 2019

Beginning balance, July 1, 2018	\$ 1,605,313
Revenues:	
Donations	604,993
Interest	<u>31,628</u>
Total revenues	636,621
Transfers and expenses:	
Transfers to Veterans Services	650,000
Other expenses	<u>1,560</u>
Total transfers and expenses	651,560
Ending balance, June 30, 2019	<u>\$1,590,374</u>

Source: Commonwealth's accounting and financial reporting system

As shown above, the Foundation transferred \$650,000 to Veterans Services during the year to be used to fund various veterans' programs in accordance with any donor restrictions. Veterans Services spent the majority of these funds for the Virginia Veteran and Family Support Program (VVFS) and the Veteran Education, Transition, and Employment (VETE) program. The VVFS program provides behavioral health, rehabilitation services, and support to Virginia's veterans and their family members. The VETE program provides veterans access to training, licensure, and certification programs, as well as assisting institutions and employers in Virginia to become certified in approved veteran hiring programs.

The Foundation has a closing cash balance of over \$1.5 million at the end of fiscal year 2019. The Foundation Board's policy is to maintain a reserve of approximately \$800,000, in addition to the funding for the next year's expenses.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

June 5, 2020

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Kenneth R. Plum  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Veterans Services Foundation** (Foundation) for the year ended June 30, 2019. The Foundation received administrative and other services from the Department of Veterans Services (Veterans Services). We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Audit Objectives**

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system; review the adequacy of the Foundation's internal controls; test compliance with applicable laws, regulations, and donor restrictions; and review corrective actions of audit findings from prior year reports.

## **Audit Scope and Methodology**

The Foundation's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, and donor restrictions. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, and donor restrictions.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the Foundation's revenues and expenses.

We performed audit tests to determine whether the Foundation's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, and donor restrictions. Our audit procedures included inquiries of appropriate personnel, and inspection of documents and records. We performed analytical procedures, including a trend analysis. We also tested details of transactions to achieve our objectives. Our audit of the Foundation did not include controls and fiscal operations of Veterans Services that did not support services provided to the Foundation.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

### **Conclusions**

We found that the Foundation properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system. The financial information presented in this report came directly from the Commonwealth's accounting and financial reporting system.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, and donor restrictions disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Foundation has taken adequate corrective action with respect to the audit finding reported in the prior year that is not repeated in this letter.

### **Exit Conference and Report Distribution**

We discussed this report with management on June 26, 2020.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Martha S. Mavredes  
AUDITOR OF PUBLIC ACCOUNTS

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## **VETERANS SERVICES FOUNDATION**

As of June 30, 2019

### **BOARD OF TRUSTEES**

Francis Finelli  
Chairman

Brad Antle	Jim Icenhour
Jim Boyd	Jack Lanier
Allen Burke	John Lesinski
Nicole Carry	Thomas Mulrine
Frank Driscoll	Al Pianalto
Anthony Gitalado	Meade Spotts
Paul Haughton, Jr.	Walter Stosch
Jack Hilgers	Frank Wickersham, III
Carlos Hopkins	Matice Wright

### **OFFICIALS**

Karla Boughey  
Executive Director

Tammy Davidson  
Treasurer for the Veterans Services Foundation and  
Director of Finance for the Department of Veterans Services