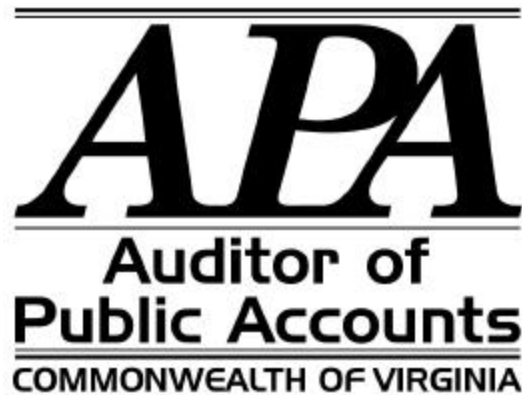


**COMMONWEALTH COMPETITION COUNCIL
SPECIAL REPORT**

OCTOBER 2003





Commonwealth of Virginia

Walter J. Kucharski, Auditor

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

October 8, 2003

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Members of the
Commonwealth Competition Council

We have conducted a special review of certain accounts and records of the **Commonwealth Competition Council** concerning specific allegations outlined in our attached report.

AUDITOR OF PUBLIC ACCOUNTS

SHW/cam
cam:32

Special Review

On July 30, 2003, the Auditor of Public Accounts received notification of concerns about the utilization of state property for personal use. A member of the Auditor of Public Accounts' staff, during a visit to the Offices of the Commonwealth Competition Council, did observe the operation of a printer for personal use. The staff observed the printer producing copies of private letterhead.

Based on this observation, we contacted the State Internal Auditor and found his office had also received allegations of the misuse of state property and failure to properly report leave taken. We requested that the State Internal Auditor provide the information he had received, to include it as part of this review.

Summary of Allegations

1. Use of state laser printer to produce personal letterhead.
2. Not taking annual leave for personal business during working hours.
3. Using state office space, computer, telephone, and other resources to conduct personal business.

Conduct of Review

After reviewing the State Internal Auditor's files, we met with Mr. Philip K. Bomersheim, to discuss the allegations and requested access to his records including his computer. Mr. Bomersheim provided full access to his records including his computer. We did a search of his computer and made a mirror image copy of any and all directories and files, which had personal information. Additionally, we requested and received copies of the Commonwealth Competition Council phone bills for the period April to June 2003.

A search of the records found 31 files that appeared to be of a personal nature, however, we were unable to determine if the records were produced on the computer or were only copies of personal information inappropriately stored or downloaded onto the computer.

We analyzed the telephone records for the period and found some calls, which appear to be of a questionable nature. If all of the questionable calls were of a personal nature, the potential loss to the Commonwealth, not including personnel time, is approximately \$2.04.

Also, we inquired if he or the Commonwealth Competition Council keeps time or leave records for his time, vacation or other leave. Mr. Bomersheim indicated that neither he, nor the Council, maintained any time and attendance records. Mr. Bomersheim did inform the other Council staff member when he was out of the office, however, even this recordkeeping is ad hoc and difficult to verify.

We could not find any collaborating evidence to support any of the Fraud Hot Line allegations, except for the matters noted above.

Concerning the observation of using the printer to produce personal letterhead, Mr. Bomersheim indicated that the letterhead went accidentally to the printer during production of another print job.

Conclusion

Based on the information reviewed and available, it does appear that some errors in judgment may have occurred and as a result there may have been some use of state resources. Assuming that all of the items, with the exception of the leave taken, were questionable, we estimate the total cost at less than \$50.00.

The Commonwealth of Virginia does not typically require agency heads to maintain and keep time and attendance records. Further, their schedule may require them to work or attend meetings outside of the normal workday. Therefore, without a set time and attendance requirement, it is often difficult to establish an agency head's schedule.

Also, agencies of this size do not normally have time and attendance records. Therefore, without having more than one individual to verify Mr. Bomersheim's attendance, it becomes a question of one person's word against another's.

While it appears that judgment errors may have occurred, considering the nature of the allegations, and the potential dollar amount, we are recommending that the Council should consider handling this matter administratively.

Considering that Mr. Bomersheim has resigned and taken retirement, we do not believe that the Council should change its current internal controls. However, should the Council expand its operations in the future, we would like to recommend some changes in the internal control structure. Current operations do not warrant making these changes at this time.