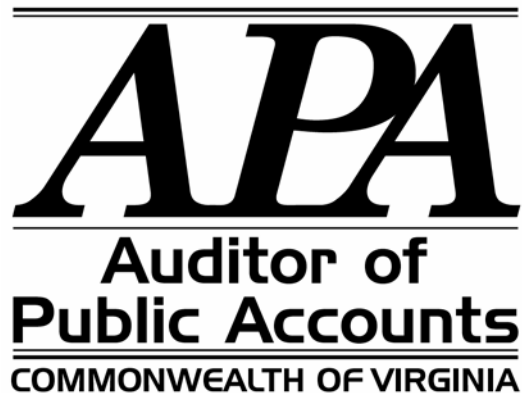


DIVISION OF SELECTED AGENCY SUPPORT SERVICES

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2005**



AUDIT SUMMARY

Our audit of the Division of Selected Agency Support Services for the year ended June 30, 2005, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations.

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AGENCY BACKGROUND

This report includes the financial activity of the agencies below. The Secretary of Administration's Division of Selected Agency Support Services provides administrative support for these agencies.

Secretary of the Commonwealth
Virginia-Israel Advisory Board
Interstate Organization Contributions

Office for Substance Abuse Prevention
Virginia Liaison Office

The Division also keeps records for the Offices of the Governor and Lieutenant Governor, the Governor's Cabinet Secretaries, and the Virginia Racing Commission. We issue separate reports on these entities.

Secretary of the Commonwealth

The Secretary of the Commonwealth performs the following duties:

- serves as custodian of the Governor's official records;
- handles services of process on some defendants in civil actions, processes extraditions, and restores civil rights;
- registers and regulates lobbyists;
- appoints and regulates notaries public;
- researches and coordinates recommendations for gubernatorial appointments to boards and commissions;
- compiles and publishes the Report of the Secretary of the Commonwealth;
- maintains conflict of interest statements filed by state officials; and
- maintains the Governor's Executive Journal and papers.

The Secretary's Office receives General Fund appropriations. The Secretary also collects notary fees, trademark fees, and various other fees and deposits them directly into the General Fund of the Commonwealth. These collections totaled \$3,003,548 in fiscal year 2005. The table below does not include these collections since they are not available to the Secretary to fund operations. The following tables summarize budget and expenses for the Secretary's Office in fiscal year 2005. The Secretary received a deficit appropriation to fund unbudgeted routine office expenses.

Budget Analysis for Fiscal Year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$1,286,786</u>	<u>\$1,694,534</u>	<u>\$1,653,038</u>

Expenses for Fiscal Year 2005

Personal services	\$1,148,631
Contractual services	385,316
Continuous changes	97,909
Supplies and materials	21,719
Equipment	1,338
Transfer payments	<u>(1,875)</u>
Total	<u>\$1,653,038</u>

Virginia-Israel Advisory Board

The Virginia-Israel Advisory Board provides advice to the Governor on ways to improve economic and cultural links between the Commonwealth and the State of Israel, with a focus on the areas of commerce and trade, art and education, and general government. No members of the Board receive compensation for their services. The Board does not receive an original appropriation each year, but receives an appropriation transfer from the Department of Business Assistance. The following tables summarize budget and expenses for the Board in fiscal year 2005.

Budget Analysis for Fiscal Year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$ -</u>	<u>\$148,700</u>	<u>\$147,914</u>

Expenses for Fiscal Year 2005

Personal services	\$ 94,797
Contractual services	51,663
Continuous changes	(149)
Supplies and materials	<u>1,603</u>
Total	<u>\$ 147,914</u>

Interstate Organization Contributions

Interstate Organization Contributions are memberships to the National Governors Association and other national organizations paid with General Funds. The only expenses are the state's dues to the national organizations. The following table summarizes budget and expenses in fiscal year 2005.

Budget Analysis for Fiscal Year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$219,762</u>	<u>\$230,580</u>	<u>\$220,812</u>

Office for Substance Abuse Prevention

The Office for Substance Abuse Prevention helps coordinate the Commonwealth's substance abuse prevention activities. The Office cooperates with federal, state, and local agencies, private and public agencies, interested organizations, and individuals in order to prevent substance abuse within the Commonwealth. This office works with Virginia Commonwealth University to provide these services. The Office's funding comes from federal grant funds transferred from the Department of Mental Health, Mental Retardation, and Substance Abuse Services and the Department of Education. The following tables summarize budget and expenses for the Office in fiscal year 2005.

Budget Analysis for Fiscal Year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Funding</u>
Federal trust	<u>\$600,000</u>	<u>\$700,000</u>	<u>\$796,683</u>

Expenses for Fiscal Year 2005

Personal services	\$268,225
Contractual services	396,094
Continuous changes	7,424
Supplies and materials	7,220
Equipment	17,984
Transfer payments	<u>3,020</u>
Total	<u>\$699,967</u>

Virginia Liaison Office

The Virginia Liaison Office tracks federal legislation as it applies to the Commonwealth and its localities. The Office receives a General Fund appropriation and a transfer of funds from the Transportation Trust Fund. The following tables summarize budget and expenses for the Office in fiscal year 2005. The Secretary received a deficit appropriation to fund unbudgeted routine office expenses, including funding for a staff position in fiscal year 2005.

Budget Analysis for Fiscal Year 2005

<u>Funding Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Funding</u>
General Fund appropriations	\$240,456	\$310,524	\$310,524
Commonwealth transportation	<u>119,837</u>	<u>119,837</u>	<u>119,837</u>
Total	<u>\$360,293</u>	<u>\$430,361</u>	<u>\$430,361</u>

Expenses for Fiscal Year 2005

Personal services	\$319,515
Contractual services	24,379
Continuous changes	72,385
Supplies and materials	4,026
Equipment	6,084
Transfer payments	<u>203</u>
Total	<u>\$426,592</u>



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

August 19, 2005

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

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Division of Selected Agency Support Services** for the year ended June 30, 2005. We conducted our audit in accordance with standards for performance audits set forth in Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objectives, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Division's internal controls, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Division's operations. We also tested transactions and performed such other auditing procedures, as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Appropriations
Expenditures
Revenues

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Division'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 and regulations.

The Division's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. 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 and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Audit Conclusions

We found that the Division of Selected Agency Support Services properly stated, in all material respects, the financial amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Division records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and 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 and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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.

We discussed this report with management on September 7, 2005.

AUDITOR OF PUBLIC ACCOUNTS

LCR/kva
kva:

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

As of June 30, 2005

Anita A. Rimler
Secretary of the Commonwealth

Dennis Johnson
Director, Division of Selected Agency Support Services

Ralph Robbins
Executive Director, Virginia-Israel Advisory Board

William H. Leighty
Chief of Staff, Interstate Organization Contributions

Marilyn P. Harris
Director, Office for Substance Abuse Prevention

Jan B. Faircloth
Director, Virginia Liaison Office