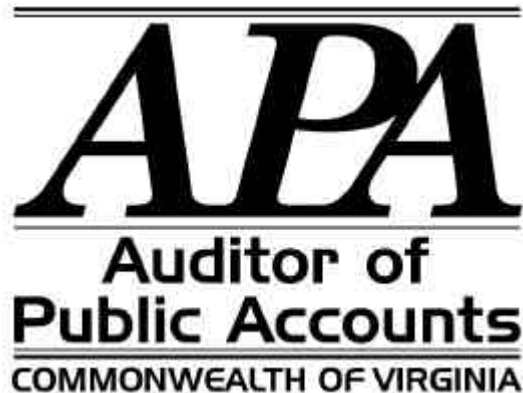


**VIRGINIA BOARD OF BAR EXAMINERS  
RICHMOND, VIRGINIA**

**REPORT ON AUDIT  
FOR THE PERIOD  
JULY 1, 2000 TO DECEMBER 31, 2001**



## **AUDIT SUMMARY**

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2000 to December 31, 2001, found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal controls and its operation that we consider material weaknesses; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

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### **AGENCY BACKGROUND**

The Virginia Board of Bar Examiners (Board) is part of the judicial branch of government and administers the bar examination twice each year. The Board evaluates the character and fitness of applicants and certifies individuals as eligible to practice law in Virginia. The Board also administers the Law Reader Program that allows approved individuals to study law under an experienced general practice attorney to become eligible to sit for the examination.

In addition, the Board reviews qualifications of persons applying for admission to the Virginia Bar under the reciprocity provisions. Under Code of Virginia Section 54.1-3931, the Board certifies to the Supreme Court of Virginia those applicants who have satisfied the reciprocity provisions and the Supreme Court's rules for admission on motion.

The Board collects application fees for the examination and character and fitness fees from each examinee and deposits all collections in the General Fund of the Commonwealth. In turn, the Board receives an annual appropriation from the General Fund for its activities. The Board employs four full-time staff and seven part-time staff who work as needed.

Application fees and character and fitness fees account for over 98 percent of the Board's total collections.

#### **Fiscal Year 2001 Collections**

Application fees	\$ 641,550
Character and fitness fees	484,495
Other fees	<u>18,652</u>
Total	<u>\$1,144,697</u>

Annual personnel costs account for approximately 63 percent of the Board's total expenditures for fiscal year 2001.

#### **Fiscal Year 2001 Expenditures**

Personal services	\$419,257
Board payments and per diems	155,810
Management services (primarily testing)	169,282
Travel	23,875
Other contractual services	86,272
Office space rental	30,995
Equipment	1,075
Office supplies and continuous charges	<u>23,214</u>
Total	<u>\$909,780</u>

March 22, 2002

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

The Honorable Vincent F. Callahan, Jr.  
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 **Virginia Board of Bar Examiners** for the period July 1, 2000 to December 31, 2001. We conducted our audit in accordance with 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 recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Board's internal control, 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 Department'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:

Revenues	Expenditures
Cash Receipts	Payroll

We obtained an understanding of the relevant internal control components 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 Department'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 Department'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 Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department 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 to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

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.

### EXIT CONFERENCE

We discussed this report with management at an exit conference held on April 4, 2002.

AUDITOR OF PUBLIC ACCOUNTS

EED/kva  
kva: 20

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Richmond, Virginia

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