OFFICE OF THE LIEUTENANT GOVERNOR

RICHMOND, VIRGINIA

REPORT ON AUDIT

FOR THE YEAR ENDED

JUNE 30, 2000

AUDITOR OF PUBLIC ACCOUNTS

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the Office of the Lieutenant Governor for the year ended June 30, 2000, found:

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

Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

August 30, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent J. Callahan, Jr.
Chairman, Joint Legislative Audit and
Review Commission
Richmond, Virginia

AGENCY BACKGROUND

The Lieutenant Governor's major activities include: serving as the President of the Senate, representing the Commonwealth at ceremonial functions, serving on boards and commissions, serving as a liaison between federal and local governments on specific projects at the request of local officials, and responding to inquiries from constituents. The Division of Selected Agency Support Services of the Secretary of Administration provides financial administrative support to the Lieutenant Governor.

FINANCIAL INFORMATION

The Office of the Lieutenant Governor receives its funding through an appropriation from the General Fund of the Commonwealth. During the year, the Office of the Lieutenant Governor receives routine appropriation adjustments.

Original appropriation	$306,207	
Adjustments:		
Re-appropriation of unexpended funds from prior year	2,454	
Salary adjustments and regrades	74,727	
Other transfers	(2,784)	
Adjusted appropriations		$380,604
Expenses:		
Salaries and fringe benefits	329,655	
Contractual services	40,225	
Other	9,580	
Total expenses		379,460
Unexpended balance at June 30, 2000		$ 1,144

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Office of the Lieutenant Governor** for the year ended June 30, 2000. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objective, 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 Office'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 Office'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

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 Office'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 Office'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 Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Office records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 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 August 30, 2000.

AUDITOR OF PUBLIC ACCOUNTS

OFFICE OF THE LIEUTENANT GOVERNOR
Richmond, Virginia

John Hager, Lieutenant Governor

Division of Selected Agency Support Services

Dennis M. Johnson, Director