

AUDIT SUMMARY

Our audit of the Office of the Lieutenant Governor for the year ended June 30, 1999, 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.

September 3, 1999

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

The Honorable Richard J. Holland
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. Financial administrative support is provided by the Division of Selected Agency Support Services of the Secretary of Administration.

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	\$304,550	
Adjustments:		
Salary adjustments	61,301	
Reappropriation of unexpended funds from prior year	5,811	
Other transfers	<u>(688)</u>	
Adjusted appropriations		\$370,974
Expenses:		
Salaries and fringe benefits	333,623	
Contractual services	24,972	
Other	<u>9,925</u>	
Total expenses		<u>368,520</u>
Unexpended balance at June 30, 1999		<u>\$ 2,454</u>

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, 1999. 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 internal control structure, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of 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 expenditures, including payroll, which is the agency's only significant cycle and class of transactions.

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 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.

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 properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting for the Office of the Lieutenant Governor. The Division records 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. 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, the Lieutenant Governor, 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 September 3, 1999.

AUDITOR OF PUBLIC ACCOUNTS

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OFFICE OF THE LIEUTANENT GOVERNOR
Richmond, Virginia

John H. Hager, Lieutenant Governor

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

Dennis Johnson, Director of Finance