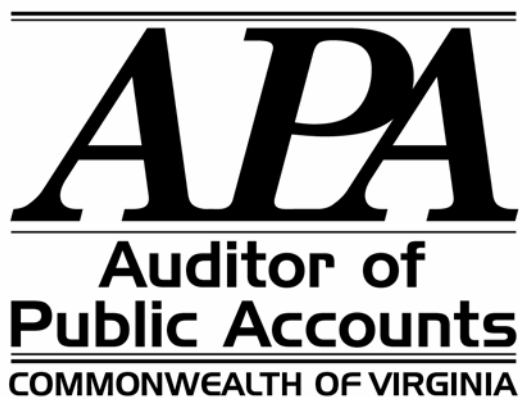


THE OFFICE OF LIEUTENANT GOVERNOR

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



AUDIT SUMMARY

Our audit of the Office of the Lieutenant Governor 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 operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

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AGENCY BACKGROUND

The Lieutenant Governor's major activities include: serving as 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 in the Office of the Secretary of Administration provides administrative support to the Lieutenant Governor.

The Office of the Lieutenant Governor receives its funding from General Fund appropriations. The following tables summarize the budget and expense information for the Office. The majority of the Office's expenses are payroll expenses for the Lieutenant Governor and three employees.

Budget Analysis for Fiscal Years 2004 and 2005*

	<u>2004</u>	<u>2005</u>
Original budget	\$301,232	\$311,708
Final budget	314,110	317,332
Expenses	313,964	307,548

*Source: Commonwealth Accounting and Reporting System

Budget and Expense Analysis for Fiscal Year 2005

Appropriations per Chapter 951	\$311,708
Adjustments:	
Adjustment for salary and fringe benefit increases	7,470
Other adjustments	<u>(1,846)</u>
Total adjusted appropriations	<u>317,332</u>
Expenses:	
Salaries and fringe benefits	253,221
Contractual services	6,449
Continuous charges	46,760
Supplies and materials	<u>1,118</u>
Total expenses	<u>307,548</u>
Unexpended balance	<u>\$ 9,784</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 **Office of the Lieutenant Governor** 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 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.

Expenditures
Appropriations

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 Office's controls were adequate, had been placed in operation, and were being followed.

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 financial records 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 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 bring to management's attention.

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 August 29, 2005.

AUDITOR OF PUBLIC ACCOUNTS

LCR:sks
sks:24

OFFICE OF THE LIEUTENANT GOVERNOR

As of June 30, 2005

Timothy M. Kaine, Lieutenant Governor

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

Dennis M. Johnson, Director