

VIRGINIA BOARD OF BAR EXAMINERS

**REPORT ON AUDIT
FOR THE PERIOD
JULY 1, 2004 THROUGH JUNE 30, 2006**



AUDIT SUMMARY

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2004 through June 30, 2006, 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 or other matters that are required to be reported.

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AGENCY HIGHLIGHTS

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 without taking the examination. Under Section 54.1-3931 of the Code of Virginia, 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.

Prior to fiscal year 2005, the Board operated from the Commonwealth's General Fund. Beginning with fiscal year 2005, the Board now operates through a Special Revenue Fund. The Board collects application fees for the examination and character and fitness fees from each examinee and deposits all collections into a Special Revenue Fund. Revenue collections for 2005 and 2006 were approximately \$1.19 million and \$1.24 million, respectively. The Board employs five full-time staff and five part-time staff who work as needed. Refer to Table 1 below for 2005-2006 budget activity for the Board.

Table 1

2005-2006 Analysis of Budgeted to Actual Funding

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
2006	\$993,828	\$1,017,285	\$1,017,028
2005	\$997,828	\$1,212,354	\$961,184

The difference between original and final budget amounts for 2005 represents the Board's request to use prior year fund balance. The unexpended amounts were from the General Fund and carried forward to 2005.

Personal and Contractual services represent approximately 94 percent and 93 percent of total expenditures for fiscal years 2006 and 2005, respectively. Management services represent 56 percent and 53 percent of contractual services for fiscal years 2006 and 2005, respectively. Other contractual expenses include clerical services, skilled services, messenger services, postage, printing, telephone, and exam-related travel expenses. Expenses for 2006 and 2005 were as follows.

Table 2

	<u>2006</u>	<u>2005</u>
Personal Services	\$ 755,116	\$ 685,794
Contractual Services	197,995	204,904
Supplies and Materials	7,194	8,403
Continuous Charges	50,809	58,874
Equipment	<u>5,914</u>	<u>3,209</u>
Total	<u>\$ 1,017,028</u>	<u>\$ 961,184</u>



Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

June 22, 2007

The Honorable Timothy M. Kaine
Governor of Virginia
State Capital
Richmond, Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

We have audited the financial records and operations of the **Virginia Board of Bar Examiners** for the period, July 1, 2004, through June 30, 2006. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

AUDIT OBJECTIVES

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 Board's internal controls, and test compliance with applicable laws and regulations.

AUDIT SCOPE AND METHODOLOGY

The Virginia Board of Bar Examiner'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.

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. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Revenue
Expenditures
Payroll

We performed audit tests to determine whether the Board'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. Our audit procedures included inquiries of appropriate personnel, inspection

of documents, records, and observation of the Board's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

CONCLUSIONS

We found that the Virginia Board of Bar Examiners properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Board 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 or other matters that are required to be reported under Government Auditing Standards.

EXIT CONFERENCE AND REPORT DISTRIBUTION

We discussed this report with management on June 29, 2007.

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.

AUDITOR OF PUBLIC ACCOUNTS

MMT/whb

VIRGINIA BOARD OF BAR EXAMINERS
Richmond, VA

Robert E. Glenn, President

W. Scott Street, Secretary and Treasurer

Mary K. Altizer, Fiscal Manager

Grady K. Carlson

Brian K. Jackson

Anita O. Poston

Stephen M. Quillen