

VIRGINIA BOARD OF BAR EXAMINERS

**REPORT ON AUDIT
FOR THE YEARS ENDED
JUNE 30, 2010 AND JUNE 30, 2011**



AUDIT SUMMARY

Our audit of the Virginia Board of Bar Examiners for the period July 1, 2009 through June 30, 2011, 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 (Bar Examiners) is part of the judicial branch of government and administers the bar examination twice every year. Bar Examiners evaluates the character and fitness of applicants and certifies individuals as eligible to practice law in Virginia. Bar Examiners 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, Bar Examiners 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, Bar Examiners 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.

Bar Examiners operates through a Special Revenue Fund and administers all activities under the Regulation of Professions and Occupation program. Revenues come from the collection of application fees for the examination and character and fitness fees from each examinee. Revenue collections for fiscal years 2010 and 2011 were approximately \$1.5 million and \$1.6 million respectively.

The following table shows Bar Examiners' original budget, final budget, and actual expenses for fiscal years 2010 and 2011.

Analysis of Budgeted and Actual Expenses for Fiscal Year Ended June 30, 2010

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
\$1,364,507	\$1,364,507	\$1,327,703

Analysis of Budgeted and Actual Expenses for Fiscal Year Ended June 30, 2011

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
\$1,446,477	\$1,485,547	\$1,409,806

The table below summarizes the Bar Examiners' expenses by major object code for fiscal years 2010 and 2011. Personal and Contractual Services represent approximately 73 percent and 18-19 percent of total expenses each year, respectively. Personal Services is comprised of eight full-time staff (including the Secretary), two part-time salaried staff, and two part-time wage staff that work as needed. Contractual Services includes costs to administer the exam.

	<u>2010</u>	<u>2011</u>
Personal Services	\$ 963,557	\$1,031,056
Contractual Services	253,907	249,344
Continuous Charges	95,819	96,580
Supplies and Materials	8,781	11,091
Equipment	<u>5,640</u>	<u>21,736</u>
Total	<u>\$1,327,703</u>	<u>\$1,409,806</u>

Source: Commonwealth Accounting and Reporting System



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 27, 2012

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Virginia Board of Bar Examiners** (Bar Examiners) for the years ended June 30, 2010 and 2011. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of Bar Examiner's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

Audit Scope and Methodology

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 significance and 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.

Cash receipting and collection of exam fees
Expenditures (including payroll)
Information System Security

We performed audit tests to determine whether Bar Examiner'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 contracts, and observation of Bar Examiner's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that Bar Examiners properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. Bar Examiners 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.

Bar Examiners has taken adequate corrective action with respect to the audit finding reported in the prior year.

Exit Conference and Report Distribution

We discussed this report with management on March 28, 2012.

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

DBC/alh

VIRGINIA BOARD OF BAR EXAMINERS
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