

**DIVISION OF SELECTED AGENCY  
SUPPORT SERVICES**

**REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2011**



## **AUDIT SUMMARY**

Our June 30, 2011, audit report on the agencies receiving administrative support from the Division of Selected Agency Support Services in the Office of the Secretary of Administration includes the following entities.

Secretary of the Commonwealth  
Virginia-Israel Advisory Board  
Interstate Organization Contributions

Office for Substance Abuse Prevention  
Citizens' Advisory Council

We found the following:

- 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 BACKGROUND AND FINANCIAL INFORMATION

This report includes the financial activity of the agencies below. The Secretary of Administration's Division of Selected Agency Support Services provides administrative support for these agencies.

Secretary of the Commonwealth  
Virginia-Israel Advisory Board  
Interstate Organization Contributions

Office for Substance Abuse Prevention  
Citizens' Advisory Council

The Division also keeps financial records for the Offices of the Governor and Lieutenant Governor and the Governor's Cabinet Secretaries. We issue separate reports on these entities.

### Secretary of the Commonwealth

The Secretary of the Commonwealth performs the following duties:

- serves as custodian of the Governor's official records;
- handles services of process on some defendants in civil actions, processes extraditions, and restores civil rights;
- registers and regulates lobbyists;
- appoints and regulates notaries public;
- researches and coordinates recommendations for gubernatorial appointments to boards and commissions;
- compiles and publishes the Report on the Secretary of the Commonwealth;
- maintains conflict of interest statements filed by state officials; and
- maintains the Governor's Executive Journal and papers.

The Secretary's Office primarily receives General Fund appropriations. In fiscal year 2011 the Secretary's Office also received funding through the Commonwealth's Technology Trust Fund to provide for the development and implementation of technology improvements related to the notary process. The Technology Trust Fund is funded from a \$10 technology fee the Secretary assesses when commissioning notaries public.

The Secretary also collects notary fees, service of process fees, and various other fees and deposits them directly into the General Fund of the Commonwealth. These collections totaled \$2,731,771 in fiscal year 2011. The table below does not include these collections since they are not available to the Secretary to fund operations. The following tables summarize the budget and expenses for the Secretary's Office in fiscal year 2011.

### Budget Analysis for Fiscal Year 2011

Funding source:	Original Budget	Final Budget	Actual Expenses
General Fund appropriations	\$1,915,830	\$1,973,327	\$1,949,261
Technology Trust Fund appropriations	-	275,000	35,720
Total	<u>\$1,915,830</u>	<u>\$2,248,327</u>	<u>\$1,984,981</u>

Expenses for Fiscal Year 2011

Personal services	\$1,311,187
Contractual services	516,644
Continuous charges	124,738
Supplies and materials	18,071
Transfer payments	12,624
Equipment	<u>1,717</u>
Total	<u>\$1,984,981</u>

Virginia-Israel Advisory Board

The Virginia-Israel Advisory Board provides advice to the Governor on ways to improve economic and cultural links between the Commonwealth and the State of Israel, with a focus on the areas of commerce and trade, art and education, and general government. No members of the Board receive compensation for their services. The Board does not receive an original appropriation each year, but receives funding primarily through an appropriation transfer from the Department of Business Assistance. The following tables summarize the budget and expenses for the Board in fiscal year 2011.

Budget Analysis for Fiscal Year 2011

Funding source:	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>Expenses</u>
General Fund appropriations	\$ -	\$127,465	\$127,019
Special Revenue Fund appropriations	-	<u>11,802</u>	<u>11,802</u>
Total	<u>\$ -</u>	<u>\$139,267</u>	<u>\$138,821</u>

Expenses for Fiscal Year 2011

Personal services	\$114,669
Contractual services	19,780
Continuous charges	3,500
Supplies and materials	<u>872</u>
Total	<u>\$138,821</u>

Office for Substance Abuse Prevention

The Governor's Office for Substance Abuse Prevention helps coordinate the Commonwealth's substance abuse prevention activities. The Office cooperates with federal, state, and local agencies, private and public agencies, interested organizations, and individuals in order to prevent substance abuse within the Commonwealth. The Office works with Virginia Commonwealth University to provide these services.

The Office's funding comes primarily from federal grant funds transferred from the Virginia Departmental of Behavioral Health and Developmental Services and the Department of Education. The Office also received a \$35,000 transfer from the Department of Alcoholic Beverage Control to support the Department's effort to prevent tobacco and alcohol use by youth. Expenses were significantly lower than budgeted because the Office lost some of its grant support and has not identified alternative funding. The following tables summarize the budget and expenses for the Office in fiscal year 2011.

Budget Analysis for Fiscal Year 2011

Funding source:	Original Budget	Final Budget	Actual Expenses
Federal Funds	\$615,909	\$615,909	\$223,758
Special Revenue	-	35,000	-
Total	<u>\$615,909</u>	<u>\$650,909</u>	<u>\$223,758</u>

Expenses for Fiscal Year 2011

Personal services	\$120,761
Contractual services	96,896
Continuous charges	1,483
Transfer payments	3,528
Equipment	805
Supplies and materials	<u>285</u>
Total	<u>\$223,758</u>

Citizens' Advisory Council

The Citizens' Advisory Council on Furnishing and Interpreting the Executive Mansion is an advisory council in the executive branch of state government to operate as a nonprofit charitable organization. The Council does not receive an original appropriation as its funding consists of carryover balances from the previous year and additions to appropriations for donations it receives during the year.

The Council had a carryover balance of approximately \$78,532 from fiscal year 2010 and collected donations of approximately \$52,600 to provide for the structural preservation of the Executive Mansion and the restoration of its contents. The following tables summarize the budget and expenses for the Council in fiscal year 2011.

Budget Analysis for Fiscal Year 2011

Funding source:	Original Budget	Final Budget	Actual Expenses
Special revenue	<u>\$ -</u>	<u>\$78,532</u>	<u>\$ 28,693</u>

Expenses for Fiscal Year 2011

Contractual services	\$25,468
Supplies and materials	<u>3,225</u>
Total	<u>\$28,693</u>

Interstate Organization Contributions

Interstate Organization Contributions are memberships to the National Governor's Association and other national organizations paid with General Funds. The only expenses are the state's dues to the national organizations. The following table summarizes the budget and expenses in fiscal year 2011.

*Budget Analysis for Fiscal Year 2011*

Funding source:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$211,349</u>	<u>\$246,354</u>	<u>\$246,354</u>



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Walter J. Kucharski  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

November 18, 2011

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 following agencies for the year ended June 30, 2011. The Secretary of Administration's Division of Selected Agency Support Services provides administration support for these agencies.

Secretary of the Commonwealth  
Virginia-Israel Advisory Board  
Interstate Organization Contributions

Office for Substance Abuse Prevention  
Citizen's Advisory Council

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 the agencies' internal controls, and test compliance with applicable laws and regulations and review corrective actions on audit findings from prior year report.

### Audit Scope and Methodology

Agency 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.



Expenses, including payroll  
Revenues  
Appropriations  
Small purchase charge card

We performed audit tests to determine whether the agencies' 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 and records, and observation of the Office's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the agencies properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Office records the agencies 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 controls and its operation that we consider necessary to be reported to management. The result 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.

The Secretary of the Commonwealth and Division of Selected Agency Support Services have taken adequate corrective action with respect to the audit finding reported in the prior year report.

### Exit Conference and Report Distribution

We discussed this report with management on November 22, 2011.

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

SAH/clj

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

As of June 30, 2011

Janet V. Polarek  
Secretary of the Commonwealth

Ralph Robbins  
Executive Director, Virginia-Israel Advisory Board

Martin L. Kent  
Chief of Staff, Interstate Organization Contributions

Erika Fischer  
Director, Office for Substance Abuse Prevention

Dennis M. Johnson  
Director, Division of Selected Agency Support Services