

AUDIT SUMMARY

Our audit of the Division of Selected Agency Support Services 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
General Assembly Building
Richmond, Virginia

AGENCY BACKGROUND

This report includes the financial activity of the following selected agencies whose records are kept by the Division of Selected Agency Support Services of the Secretary of Administration:

Secretary of the Commonwealth

Virginia Veterans' Care Center Board of Trustees

Interstate Organization Contributions

Virginia Liaison Office

Charitable Gaming Commission

Commission on Virginia/Israel Advisory Board

Citizens' Advisory Committee

The Division also keeps records for the Offices of the Governor, Lieutenant Governor, the Governor's Cabinet Secretaries, and the Virginia Racing Commission, which are reported separately by us and the Citizens' Advisory Council on Furnishing and Interpreting the Executive Mansion whose operations are included in the report of the Office of the Governor.

Secretary of the Commonwealth

The Secretary of the Commonwealth has the following duties:

1. Serving as custodian of the Governor's official records;
2. Handling services of process on some defendants in civil actions, processing extraditions, and restorations of civil rights;
3. Registering and regulating lobbyists, appointing and regulating notaries public;
4. Researching and coordinating recommendations for Gubernatorial appointments to boards and commissions;
5. Compiling and publishing the Report of the Secretary of the Commonwealth;
6. Maintaining conflict of interest statements filed by state officials; and
7. Maintaining the Governor's Executive Journal and papers.

The Secretary of the Commonwealth receives its funding through General Fund appropriations and during the year receives routine changes to its original appropriation. The Secretary of the Commonwealth collects revenues for the General Fund of the Commonwealth and deposits these funds directly with the Treasurer of Virginia. The Secretary cannot use these collections to meet current operating needs.

Original appropriations:	\$1,084,600	
Adjustments:		
Additional revenue supplement	322,822	
Regrade supplement	14,596	
Reappropriation of unexpended funds from prior year	4,500	
Other	<u>(1,331)</u>	
Adjusted appropriations		\$1,425,187
Expenses:		
Salaries and fringe benefits	960,973	
Contractual services	352,605	
Equipment	6,597	
Continuous charges	79,643	
Other	<u>22,554</u>	
Total expenses		<u>1,422,372</u>
Unexpended balance		<u><u>\$ 2,815</u></u>

Collections:

Fees for recording, copying, and certifying public records	\$ 988,351
Notary commission fees	668,625
Lobbyist fees	99,000
Certificate of authentication	138,744
State publications sales	9,237
Other	<u>2,356</u>
Total collections	<u>\$1,906,313</u>

Virginia Veterans' Care Center Board of Trustees

The Virginia Veterans' Care Center Board of Trustees administers an adult care and nursing home facility for Virginia's veterans. The Virginia Veterans' Care Center Board operates using a Special Revenue Fund which reflects revenues and expenses for administering the veterans adult care and nursing home.

Beginning balance	\$ 892,002
Revenue:	
Health support fees	\$ 349,557
Interest	<u>55,861</u>
Total revenues	405,418
Expenses:	
Salaries and fringe benefits	116,659
Contractual services	42,942
Equipment	27,851
Other	<u>5,017</u>
Total expenses	192,469
Transfers to the General Fund	<u>(695)</u>
Ending balance	<u>\$ 1,104,256</u>

Interstate Organization Contributions

Interstate Organization Contributions are memberships to the National Governors Association and other national organizations. Interstate Organization Contributions received only General Fund appropriations.

Original appropriations	\$ 219,401	
Adjustments:		
Reappropriation of unexpended funds from prior year and other	<u>6,025</u>	
Adjusted appropriations		\$ 225,426
Expenses:		
Contractual services		<u>224,461</u>
Unexpended balance		<u>\$ 965</u>

Virginia Liaison Office

The Virginia Liaison Office (the Office) promotes Virginia's interests with the federal government. The Office receives its funding through General and Special Revenue fund appropriations. The Office receives its Special Revenue fund in the form of transfers from the Transportation Trust Fund. The unexpended balance at June 30, 1999, reverted to the General Fund of the Commonwealth.

Original appropriation	\$ 213,318	
Adjustments:		
Additional appropriation for severance and leave payments and other	<u>8,908</u>	
Adjusted appropriations		\$ 222,226
Expenses:		
Salaries and fringe benefits	228,450	
Continuous charges	70,736	
Contractual services	14,817	
Other	<u>2,257</u>	
Total expenses		316,260
Transfers from Transportation Trust Fund		<u>101,552</u>
Unexpended balance		<u>\$ 7,518</u>

Charitable Gaming Commission

The Charitable Gaming Commission was established July 1, 1995, to control all charitable gaming in the Commonwealth. Their mission is to ensure the money from charitable games goes to religious, charitable, community, or educational purposes; to maintain the integrity of charitable gaming; and to provide uniform regulation of charitable gaming. The Commission receives permit application fees and audit fees from qualified organizations to fund operations.

Beginning balance		\$2,271,947
Revenues:		
Application permit fees		1,882,679
Expenses:		
Salaries and fringe benefits	\$1,417,220	
Contractual services	393,871	
Continuous charges	70,760	
Other	<u>143,493</u>	
Total expenses		2,025,344
Transfers to the General Fund		<u>(7,184)</u>
Ending balance		<u><u>\$2,122,098</u></u>

Commission on Virginia/Israel Advisory Board

The purpose of the Israel Advisory Board is to advise 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. The Board consists of 29 members appointed by the Senate and Governor. No members of the Board receive compensation for their services.

Original appropriations		\$ 150,000
Expenses:		
Salaries and fringe benefits	\$ 37,547	
Contractual services	56,345	
Other	<u>2,254</u>	
Total expenses		<u>96,146</u>
Unexpended balance		<u><u>\$ 53,854</u></u>

Citizen's Advisory Committee

The Citizen's Advisory Committee on Furnishing and Preserving the Executive Mansion operates as a nonprofit charitable organization.

Beginning balance		\$ 144,286
Expenses:		
Equipment		<u>18,200</u>
Unexpended balance		<u><u>\$ 126,086</u></u>

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the Division of Selected Agency Support Services 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 the internal controls, 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 revenue and expenditure (including payroll) transaction cycles.

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 selected agencies. 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. A material weakness is a condition in which one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material may occur and not be detected promptly by employees in the normal course of performing their duties. 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 and 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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DIVISION OF SELECTED AGENCY SUPPORT SERVICES
Richmond, Virginia

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