

## **AUDIT SUMMARY**

Our audit of the Governor's Cabinet Secretaries 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

### INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Governor's Cabinet Secretaries** 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 of Selected Agency Support Services properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting for the Cabinet Secretaries. The Division records these 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, the Governor's Cabinet Secretaries, 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

JS/kva  
kva:29

	<b>GENERAL FUND</b>		
	Secretary of Administration	Secretary of Commerce and Trade	Secretary of Education
Original Appropriation	\$ 906,172	\$ 555,811	\$ 634,601
Adjustments:			
Reappropriation of unexpended funds from prior years	64,056	6,312	8,370
Regrade supplement	13,594	9,061	8,503
Other	48,950	(1,037)	(2,084)
Adjusted appropriations	1,032,772	570,147	649,390
Additional revenue supplement	-	-	-
Transfer for full time staff	-	-	-
Transfer for Opportunity Fund	-	44,818,618	-
Transfer from Transportation Trust Fund	-	-	-
Total available resources	1,032,772	45,388,765	649,390
Expenses:			
Salaries and benefits	763,254	492,225	452,720
Transfer payments	92	16,031,000	15
Supplies and materials	67,220	8,244	3,803
Continuous charges	66,737	38,045	39,969
Other	79,806	285,336	64,601
Total expenses	977,109	16,854,850	561,108
Unexpended appropriations	\$ 55,663	\$ 28,533,915	\$ 88,282

GENERAL FUND					SPECIAL REVENUE FUND
Secretary of Finance	Secretary of Health and Human Resources	Secretary of Technology	Secretary of Natural Resources	Secretary of Public Safety	Secretary of Transportation
\$ 718,726	\$ 710,716	\$ 103,820	\$ 448,820	\$ 645,600	\$ -
8,198	124,157	7,726	7,766	689	-
7,310	9,887	6,497	7,656	9,739	-
(1,101)	(1,425)	(105)	(992)	(1,741)	-
733,133	843,335	117,938	463,250	654,287	-
-	-	301,120	-	527,000	-
50,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	418,858
783,133	843,335	419,058	463,250	1,181,287	418,858
409,123	584,568	363,787	402,168	617,910	387,921
-	-	-	17	-	-
2,802	6,199	5,152	3,120	2,853	997
1,086	33,376	14,347	20,525	36,167	1,263
28,881	31,838	18,137	35,734	232,852	28,677
441,892	655,981	401,423	461,564	889,782	418,858
\$ 341,241	\$ 187,354	\$ 17,635	\$ 1,686	\$ 291,505	\$ -

GOVERNOR'S CABINET SECRETARIES  
Richmond, Virginia

G. Bryan Slater, Secretary of Administration

Barry E. DuVal, Secretary of Commerce and Trade

Wilbert Bryant, Secretary of Education

Ronald L. Tillett, Secretary of Finance

Claude A. Allen, Secretary of Health and Human Resources

Donald W. Upson, Secretary of Technology

John Paul Woodley, Jr., Secretary of Natural Resources

Gary K. Aronhalt, Secretary of Public Safety

Shirley J. Ybarra, Secretary of Transportation

Division of Selected Agency Support Services

Dennis Johnson, Director of Finance