

## **AUDIT SUMMARY**

Our audit of the **Department of Labor and Industry** for the year ended June 30, 1998, found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving the internal control structure and its operation that we consider material weaknesses; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

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AUDIT SUMMARY

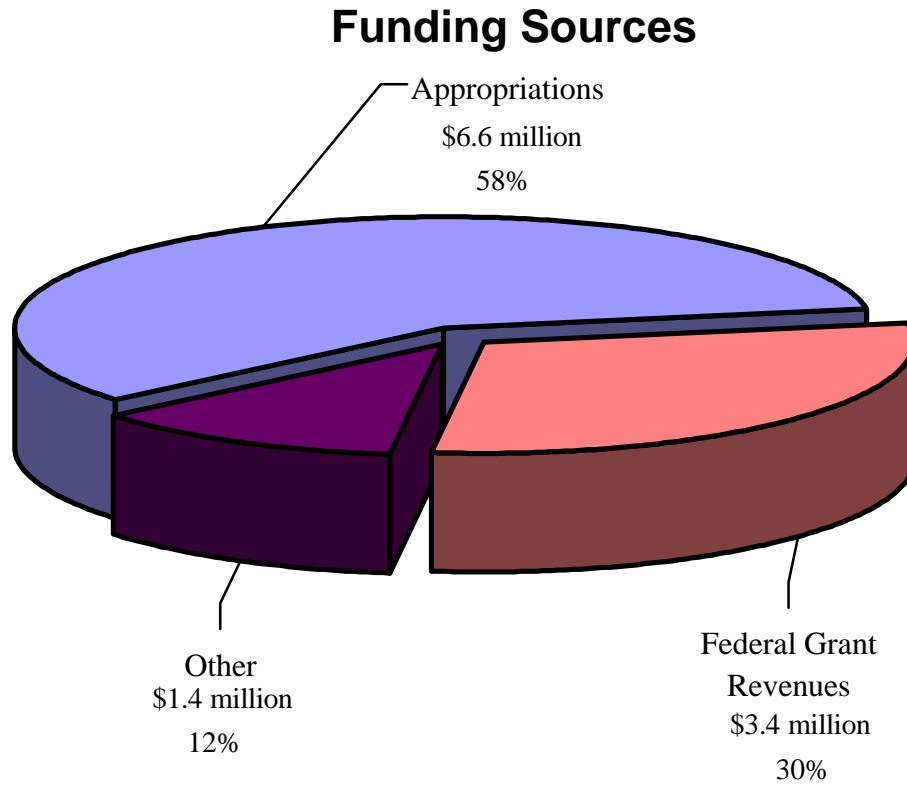
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## AGENCY HIGHLIGHTS

The **Department of Labor and Industry** is responsible for administering and enforcing federal occupational safety and health laws and state labor laws. The Department also provides job training opportunities and consultation services, and issues licenses and permits. During fiscal year 1998, the Department received funding of over \$11 million from the General Fund, federal grants, and other sources.



The Department operates four major programs covering occupational safety and health, boiler and pressure vessel safety, labor and employment law, and apprenticeship. The Administration and Support Division provides financial, personnel, purchasing, facilities management, and information systems support.

*Virginia Occupational Safety and Health (VOSH)* - This program seeks to ensure safer workplaces for employees through three major components.

*Occupational Safety and Health Compliance* - This compliance program regulates employers in Virginia through worksite inspections, compliance assistance, and responding to employee reports of unsafe conditions. This program also issues permits for lead and asbestos removal projects and administers laws affecting discharging of these substances.

*Occupational Safety and Health Consultation* - This consultation program helps employers apply regulations and allows them to make corrections voluntarily, without citations or penalties. Program staff also train employers to identify and correct hazards.

*Voluntary Protection Programs* - This program exempts large businesses that demonstrate exemplary safety and health programs from periodic inspections.

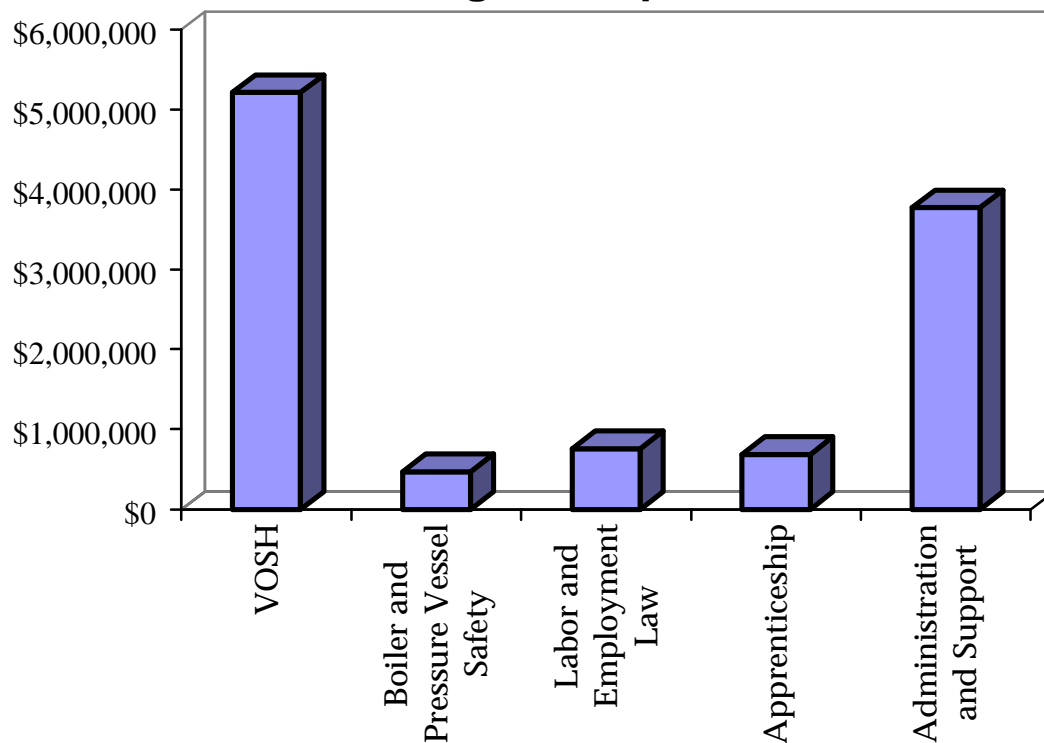
*Boiler and Pressure Vessel Safety* - Program personnel certify and oversee private inspections for all industrial boilers and pressure vessels.

*Labor and Employment Law* - This program focuses on a person's right-to-work and the payment of wages. The Department also administers the state minimum wage and child labor laws through this program.

*Apprenticeship* - The Department helps employers expand their workforce through a statewide program that recruits and trains potential employees in a wide range of skills and knowledge. Over 2,600 Virginia businesses participate in this program.

Department expenses totaled approximately \$11 million, with seventy-two percent spent on salaries and benefits. Thirteen percent goes to contractual services, primarily for asbestos/lead and boiler system development projects and for general systems maintenance.

**Program Expenses**



May 19, 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  
Richmond, Virginia

### INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Department of Labor and Industry** for the year ended June 30, 1998. 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 Department's internal control structure, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's 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 cycles and transactions.

We obtained an understanding of the relevant policies and procedures for these internal accounting controls. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's policies and procedures 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.

Department management has responsibility for establishing and maintaining an internal control structure and complying with applicable laws and regulations. The objectives of an internal control structure are to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are

processed in accordance with management's authorization, properly recorded, and comply with applicable laws and regulations.

Our audit was more limited than would be necessary to provide an opinion on the internal control structure or on overall compliance with laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of the internal control structure to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

#### Audit Conclusions

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its 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 the internal control structure and its operation that we considered to be material weaknesses. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations 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 found 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.

AUDITOR OF PUBLIC ACCOUNTS

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Richmond, Virginia

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