



Auditor of Public Accounts Commonwealth of Virginia

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Who We Are

The Auditor of Public Accounts (APA) acts as the General Assembly’s eyes and ears, independently monitoring and reporting how state agencies and institutions spend state funds. The APA helps the Commonwealth’s leaders address the challenges facing Virginia today by providing sound, reliable information and alternatives. The Auditor, a constitutional officer elected to a four-year term, reports to the General Assembly through the Joint Legislative Audit and Review Commission (JLARC). The APA serves as the external auditor for all independent, judicial, and executive branch state agencies and higher education institutions in the Commonwealth. In many respects, the APA operates like a CPA firm, with the Auditor serving as the managing partner.

What We Do

The primary focus of the APA is conducting Code of Virginia and federally-mandated audits such as the Commonwealth’s Comprehensive Annual Financial Report (CAFR), the Single Audit of federal funds, and the Commonwealth’s higher education institutions. We also audit pension and other postemployment benefit amounts used by state and local government employers in preparing their financial statements.

We serve the Commonwealth by procuring public accounting firms and performing contract management for annual audits of legislative agencies and several other Commonwealth related entities. Besides the General Assembly and legislative agencies, we manage audit contracts for the Fort Monroe Authority, Hampton Roads Transportation Accountability Commission, Virginia College Savings Plan, Virginia Commercial Space Flight Authority, Virginia Port Authority (including Virginia International Terminals), Virginia Resources Authority, and the Virginia Tobacco Settlement Financing Corporation. In addition to procuring audit contracts, we also place reliance on the work of those contracted to audit these entities as part of our audit of the Commonwealth’s financial statements.

OUR
MISSION
*Serving
Virginia citizens
and decision
makers
by providing
unbiased, accurate
information
and sound
recommendations
to improve
accountability
and financial
management of
public funds.*

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What We Do *(continued)*

Additionally, the Code of Virginia §30-140 requires that certain authorities, boards, commissions, districts, and other political subdivisions receive an annual audit and file their audit report with the APA, excluding those entities whose governing body members are elected by popular vote and those entities whose financial transactions do not exceed \$25,000 in any given fiscal year. Accordingly, the APA has some oversight for these local governmental entities, broadly referred to as “Authorities, Boards, and Commissions.” As part of our oversight role, we provide specifications that CPA firms must follow when auditing these entities, to ensure compliance with significant state laws and regulations. Further, to increase transparency, we make available the audited financial statements of these entities on our website, along with other local government annual required reporting. Beginning in 2020, the APA will also incorporate review over the audits of these entities, as well as other entities for which we manage the audit contract, as part of our annual quality control review process.

Common Deficiencies

The table below summarizes deficiencies commonly noted during the APA’s review of the audited financial statements.

Area	Deficiencies Noted
Pensions and OPEB	<ul style="list-style-type: none">◆ Draft versions of VRS guidance used instead of final versions◆ RSI schedules used incorrect payroll measures (varies per OPEB type)◆ Language omitted from disclosures templates that is not designated as optional◆ Incorrect terminology used for trust and non-trust plans (Net Liabilities versus Total Liabilities)◆ Overfunded plans not reporting Restricted Assets
Debt	<ul style="list-style-type: none">◆ Inadequate or missing disclosures for debt refundings occurring in the current year◆ Inadequate or missing disclosures for total amount of debt defeased and outstanding at year-end
Cash and Investments	<ul style="list-style-type: none">◆ Inadequate or missing GASB 72 disclosures for SNAP◆ Inadequate or missing disclosures for LGIP and LGIP EM (GASB 79 applies to LGIP only)◆ Inadequate or missing disclosures related to GASB 72, specifically assets valued at NAV and current guidance not implemented

CAFR Communications Requirements

Section 2.2–813 of the Code of Virginia requires the Commonwealth’s CAFR to be prepared in accordance with generally accepted accounting principles and fully audited by APA on or before December 15th every year. To ensure APA meets this annual deadline, the CAFR group audit team strives to receive timely required communications and audited financial statements from component auditors that APA refers to within the audit opinion. To ensure compliance with AICPA and Government Auditing Standards, the CAFR group audit team obtains the following information through Independence Letter correspondence:

- an understanding of the component auditor’s competence and compliance with independence and other ethical requirements;
- confirmation that the component auditor understands the context in which their work will be used and their agreement to work with APA;

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KEY REMINDERS

- ◆ Provide audited financial reports within 90 days of fiscal year end
- ◆ Provide Independence Letters no later than November 1st to meet the December 15th CAFR audit deadline
- ◆ Follow the audit specifications
- ◆ Respond timely to CAFR communications
- ◆ Use final versions of all guidance

RESOURCES

- ◆ [*Audit Specifications for Authorities, Boards, and Commissions*](#)
- ◆ [*VRS Pension and OPEB Resources*](#)
- ◆ [*DHRM Audit Opinions and Disclosure Guidance GASB 75 – OPEBs*](#)
- ◆ [*DOA Financial Statement Directives*](#)
- ◆ [*AICPA Documentation Resources*](#)

YOUR APA CONTACTS

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CAFR Communications *(continued)*

- assurance that preconditions for making reference to the work of the component auditor within the APA audit report are met;
- communications related to required elements of related party and subsequent events; and
- receipt of the component auditor's opinion on the component's financial statements.

The CAFR audit team sends Independence Letter correspondence in August of every year to ensure timely receipt of required support from component auditors to meet the December 15th deadline. The timeliness of the component auditor's response to this communication is essential. To simplify this process, email responses are encouraged! Component auditors can email responses directly to CAFR@apa.virginia.gov, as well as any other questions or concerns that may arise during the audit of the component's financial statements.

The CAFR audit team also encourages component auditors to remain aware of the component's additional year-end reporting responsibilities as required by the Department of Accounts (Accounts). All required submissions Accounts uses in the CAFR compilation process are located at the following address: <https://www.doa.virginia.gov/reference.shtml#directives>. The component's year-end submissions to Accounts is a considered part of the component's financial reporting environment, hence the component auditor should review these as part of their audit engagement. Comparing the component's year-end submissions reported to Accounts to the audited financial statements could be a key tool to identify misstatements or unreasonable inconsistencies in the component's financial reporting environment.



Collaborative



Engaged



Knowledgeable



Professional