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Report Highlights

Audit and Oversight Provisions of Supervisory Entities

February 2015

Background Information

The General Assembly creates numerous authorities, boards, and commissions that have control over a wide spectrum of activities. These entities have varying degrees of control over either themselves or other entities. In 1999 we reviewed the audit and oversight provisions of these entities and found the Commonwealth of Virginia has no consistent policy governing the audit and oversight of supervisory entities.

Key Findings and Recommendations

We believe there has been no change in the legislative process to create and oversee supervisory entities. There are still no consistent, minimum or standard requirements governing audit or other oversight activity.

Local governing bodies are allowed to create supervisory entities, but they are not required to report or register these organizations with the Commonwealth. The APA currently has a list of approximately 700 individual entities, but for many it is unclear whether they are required to report. Also, the current statute does not include any penalty or other oversight action to motivate them to obtain and submit an audit report.

Our review resulted in the following key recommendations:

- The General Assembly may wish to study the process for creating supervisory entities to achieve greater consistency and to set minimum standards for basic powers to conduct general business operations.
- The General Assembly may wish to consider requiring a state agency to monitor the creation of state and local authorities, boards, and commissions. This agency would maintain a comprehensive listing of supervisory entities created under general law. Additionally, local governments would report the creation of any additional entities by local ordinances.
- The General Assembly may wish to examine and develop consistent audit and oversight provisions for all entities and groups of entities.
- The General Assembly may wish to permit or require the governing body creating the supervisory entity to have the power to perform or authorize limited reviews or other oversight activities.
- The General Assembly may wish to study whether a local government creating a supervisory entity should have the power to dissolve the entity, under what conditions could they dissolve the entity, and the responsibility the government or governments would assume for the assets and liabilities upon dissolution.
- The General Assembly may wish to clarify whether authorities, boards, commissions and other political subdivisions are required to report suspected fraud under Section 30-138 of the Code of Virginia.

Purpose

The purpose of this review was to:

- *evaluate changes made to the legislative process in response to the APA's recommendations from the 1999 report;*
- *accumulate a list of governmental entities in Virginia, other than localities; and*
- *evaluate the entities' compliance with reporting requirements.*

Current Statute

Section 30-140 of the Code of Virginia requires that certain authorities, commission, districts, and other political subdivisions file an annual 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.



See the full report at
www.apa.virginia.gov

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