



**DIVISION OF SELECTED AGENCY
SUPPORT SERVICES**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2013**

AUDIT SUMMARY

Our June 30, 2013, audit report on the agencies receiving administrative support from the Division of Selected Agency Support Services in the Office of the Secretary of Administration includes the following entities.

Secretary of the Commonwealth
Virginia-Israel Advisory Board

Citizens' Advisory Council
Interstate Organization Contributions

We found the following:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving internal control and its operations necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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AGENCY BACKGROUND AND FINANCIAL INFORMATION

This report includes the financial activity of the agencies below. The Secretary of Administration’s Division of Selected Agency Support Services provides administrative support for these agencies.

Secretary of the Commonwealth	Citizens’ Advisory Council
Virginia-Israel Advisory Board	Interstate Organization Contributions

The Division also keeps financial records for the Offices of the Governor and Lieutenant Governor and the Governor’s Cabinet Secretaries. We issue separate reports on these entities.

Secretary of the Commonwealth

The Secretary of the Commonwealth performs the following duties:

- Serves as custodian of the Governor’s official records;
- Handles services of process on some defendants in civil actions, processes extraditions, and restores civil rights;
- Registers and regulates lobbyists;
- Appoints and regulates notaries public;
- Researches and coordinates recommendations for gubernatorial appointments to boards and commissions;
- Compiles and publishes the Report on the Secretary of the Commonwealth;
- Maintains conflict of interest statements filed by state officials; and
- Maintains the Governor’s Executive Journal and papers.

The Secretary’s Office primarily receives General Fund appropriations. In fiscal year 2013 the Secretary’s Office also received funding through the Commonwealth’s Technology Trust Fund to provide for technology improvements to improve tracking of notary process fees, service of process fees, and various other fees. The Technology Trust Fund receives \$10 of the total \$45 fee the Secretary assesses when commissioning notaries public. The Secretary collects and deposits the rest of the fees directly in the General Fund of the Commonwealth. Fee collections totaled \$3,116,228 in fiscal year 2013.

The following tables summarize the budget and expenses for the Secretary’s Office in fiscal year 2013. The table also shows the Technology Trust Fund appropriation for fiscal year 2013, funded by the \$10 technology fee discussed above. The entire Technology Trust Fund appropriation was spent during fiscal year 2013. The table below does not include the remaining fee collections since they are not available to the Secretary to fund operations.

Budget Analysis for Fiscal Year 2013

Funding source:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	\$1,931,705	\$1,983,845	\$1,868,991
Technology Trust Fund appropriations	-	215,529	215,529
Total	<u>\$1,931,705</u>	<u>\$2,199,374</u>	<u>\$2,084,520</u>

Expenses for Fiscal Year 2013

Personal services	\$1,250,130
Contractual services	697,277
Continuous charges	114,377
Supplies and materials	17,991
Equipment	4,329
Transfer Payments	<u>416</u>
Total	<u>\$2,084,520</u>

Virginia-Israel Advisory Board

The Virginia-Israel Advisory Board provides advice to 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. No members of the Board receive compensation for their services. The Board does not receive an original appropriation each year, but receives funding through a transfer from the Economic Development Incentive Payments Agency. The following tables summarize the budget and expenses for the Board in fiscal year 2013.

Budget Analysis for Fiscal Year 2013

Funding source:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$ -</u>	<u>\$175,361</u>	<u>\$175,361</u>

Expenses for Fiscal Year 2013

Personal services	\$116,200
Contractual services	55,022
Continuous charges	3,500
Supplies and materials	597
Transfer Payments	<u>42</u>
Total	<u>\$175,361</u>

Citizens' Advisory Council

The Citizens' Advisory Council on Furnishing and Interpreting the Executive Mansion is an advisory council in the executive branch of state government and operates as a nonprofit charitable organization. The Council does not receive an original appropriation as its funding consists of carryover balances from the previous year and additions to appropriations for donations it receives during the year.

The Council had a carryover balance of approximately \$58,000 from fiscal year 2012 and collected \$88,342 in donations to provide for the structural preservation of the Executive Mansion and the restoration of its contents. The following tables summarize the budget and expenses for the Council in fiscal year 2013.

Budget Analysis for Fiscal Year 2013

Funding source:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
Special revenue	<u>\$ -</u>	<u>\$138,227</u>	<u>\$ 40,992</u>

Expenses for Fiscal Year 2013

Contractual services	\$34,471
Continuous charges	6,382
Supplies and materials	<u>139</u>
Total	<u>\$40,992</u>

Interstate Organization Contributions

Interstate Organization Contributions are memberships to the National Governor's Association and other national organizations paid with General Funds. The only expenses are the state's dues to the national organizations. The following table summarizes the budget and expenses in fiscal year 2013.

Budget Analysis for Fiscal Year 2013

Funding source:	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenses</u>
General Fund appropriations	<u>\$190,910</u>	<u>\$190,929</u>	<u>\$190,919</u>



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 20, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the following agencies for the year ended June 30, 2013. The Secretary of Administration's **Division of Selected Agency Support Services** provides administration support for these agencies.

Secretary of the Commonwealth
Virginia-Israel Advisory Board

Citizen's Advisory Council
Interstate Organization Contributions

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Division's internal controls, and test compliance with applicable laws, regulations, contracts and grant agreements.

Audit Scope and Methodology

The Division's 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, regulations, contracts and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Expenses, including payroll
Revenues

Appropriations
Small purchase charge card

We performed audit tests to determine whether the agencies' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and observation of the Division's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

Conclusions

We found that the agencies properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Division records the agencies financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Exit Conference and Report Distribution

We discussed this report with management on September 24, 2013.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

AVG/alh

DIVISION OF SELECTED AGENCY SUPPORT SERVICES

As of June 30, 2013

Janet V. Kelly
Secretary of the Commonwealth

Ralph Robbins
Executive Director, Virginia-Israel Advisory Board

Martin L. Kent
Chief of Staff, Interstate Organization Contributions

Dennis M. Johnson
Director, Division of Selected Agency Support Services