



DEPARTMENT OF HOUSING  
AND COMMUNITY DEVELOPMENT

VIRGINIA GROWTH AND OPPORTUNITY FUND

FOR THE YEARS ENDED  
JUNE 30, 2017 AND JUNE 30, 2018

Auditor of Public Accounts  
Martha S. Mavredes, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

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## AUDIT SUMMARY

Our audit of the Virginia Growth and Opportunity Fund (Fund), administered by the Department of Housing and Community Development (Department), for the years ended June 30, 2017, and June 30, 2018, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's 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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## FUND HIGHLIGHTS

The Fund’s mission is to create more higher-paying jobs through incentivized collaboration, primarily through out-of-state revenue, which diversifies and strengthens the economy in every region. Nine regional councils work to develop strategies to grow the Commonwealth’s economy. The Virginia Growth and Opportunity Board (Board) provides oversight and direction of the Fund and consists of 24 members with representation from the House and Senate, Gubernatorial appointments, and private sector leadership. The Board’s mission is to encourage collaboration among business, education, and government in each region on activities that will enhance private sector growth and opportunity, economic competitiveness, and alignment of workforce development programs with the needs of employers in the region.

Regions pay for initial expenses and the Department subsequently reimburses those expenses, upon approval. The Department reimbursed regions for the following expenses during the fiscal years ended June 30, 2017, and June 30, 2018:

| Region                             | Capacity-Building  | Per Capita      | Competitive | Region’s Total Reimbursements |
|------------------------------------|--------------------|-----------------|-------------|-------------------------------|
| 1                                  | \$ 100,000         | \$ 0            | \$0         | \$ 100,000                    |
| 2                                  | 210,000            | 0               | 0           | 210,000                       |
| 3                                  | 286,436            | 0               | 0           | 286,436                       |
| 4                                  | 392,681            | 0               | 0           | 392,681                       |
| 5                                  | 495,982            | 37,700          | 0           | 533,682                       |
| 6                                  | 200,990            | 0               | 0           | 200,990                       |
| 7                                  | 220,545            | 0               | 0           | 220,545                       |
| 8                                  | 374,829            | 4,946           | 0           | 379,775                       |
| 9                                  | 340,540            | 0               | 0           | 340,540                       |
| <b>Fund’s Total Reimbursements</b> | <b>\$2,622,003</b> | <b>\$42,646</b> | <b>\$0</b>  | <b>\$2,664,649</b>            |

In October 2018, the Board approved the first competitive application to Region 4 for the Mid-Atlantic Advanced Manufacturing Center Mega-Site in Greenville and Mecklenburg Counties and the City of Emporia for \$2,217,500. This project will advance the 1,600-acre certified mega-site in Greenville County and include improvements such as water, electric and natural gas utilities, clearing land for pads, and securing crucial right-of-way acreage to ensure utility access to the site and accommodate future developments.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 20, 2019

The Honorable Ralph S. Northam  
Governor of Virginia

The Honorable Thomas K. Norment, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Virginia Growth and Opportunity Fund**, administered by the Department of Housing and Community Development, for the years ended June 30, 2017, and June 30, 2018. 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's accounting and reporting system, review the adequacy of the Department's internal controls over the Virginia Growth and Opportunity Fund, and test compliance with applicable laws, regulations, contracts, and grant agreements.

## **Audit Scope and Methodology**

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. 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 internal controls over the Virginia Growth and Opportunity Fund.

We performed audit tests to determine whether the Department’s controls over the Virginia Growth and Opportunity Fund 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 contracts, and observation of the Department’s operations. We performed analytical procedures, including budgetary and trend analyses. We also tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

### **Conclusions**

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth’s accounting and reporting system for the Virginia Growth and Opportunity Fund. The financial information presented in this report came directly from the Commonwealth’s 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 and regulations 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 February 28, 2019.

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

MAS/vks

## DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

As of June 30, 2018

Erik Johnston, Director

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