

OFFICE OF THE LIEUTENANT GOVERNOR

RICHMOND, VIRGINIA

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2004**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the Office of the Lieutenant Governor for the year ended June 30, 2004, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting system;
- no material weaknesses in internal controls; and
- no instances of noncompliance with applicable laws and regulations that are required to be reported.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
AGENCY BACKGROUND	1
INDEPENDENT AUDITOR'S REPORT	2-3
OFFICE OF THE LIEUTENANT GOVERNOR	4

AGENCY BACKGROUND

The Lieutenant Governor’s major activities include: serving as President of the Senate, representing the Commonwealth at ceremonial functions, serving on boards and commissions, serving as a liaison between federal and local governments on specific projects at the request of local officials, and responding to inquires from constituents. The Division of Selected Agency Support Services in the Office of the Secretary of Administration provides financial administrative support to the Lieutenant Governor.

The Office of the Lieutenant Governor receives its funding from General Fund Appropriations. The following tables summarize the budget and expense information for the Office. The majority of the Office’s expenses are payroll expenses for the Lieutenant Governor and three employees. The reduction in the Office’s budget reflects the loss of two staff positions.

Budget Analysis for Fiscal Years 2003 and 2004

	2003	2004
Original Budget	\$ 424,430	\$ 301,232
Final Budget	\$ 399,084	\$ 314,110
Expenses	\$ 387,157	\$ 313,964

Source: Commonwealth Accounting and Reporting System

Budget and Expense Analysis for Fiscal Year 2004

Original appropriations per Chapter 1042	\$ 301,232	
Reductions per Chapter 943	(15)	
Appropriations per Chapter 943	301,217	
Adjustments:		
Discretionary reappropriation of prior year balance	11,926	
Other adjustments	967	
Total adjusted appropriations		\$ 314,110
Expenses:		
Salaries and fringe benefits	263,534	
Contractual services	4,067	
Continuous charges	43,126	
Supplies and materials	1,319	
Property and equipment	465	
Transfer payments	1,453	
Total expenses		<u>313,964</u>
Unexpended balance		<u><u>\$ 146</u></u>



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

August 30, 2004

The Honorable Mark R. Warner
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Lacey E. Putney
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Office of the Lieutenant Governor** for the year ended June 30, 2004. 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 Office's internal control, 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 Office'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 following significant cycles, classes of transactions, and account balances:

Expenditures
Appropriations

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Office's controls 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.

The Office'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 and regulations.

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

Audit Conclusions

We found that the Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Office records its 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 to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components 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 disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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.

We discussed this report with management September 2, 2004.

AUDITOR OF PUBLIC ACCOUNTS

LCR:whb
whb:25

OFFICE OF THE LIEUTENANT GOVERNOR
Richmond, Virginia

As of June 30, 2004

Timothy M. Kaine, Lieutenant Governor

Division of Selected Agency Support Services

Dennis M. Johnson, Director

