



JOINT LEGISLATIVE AUDIT  
AND  
REVIEW COMMISSION

QUARTERLY REPORT SUMMARY  
APRIL 1, 2015 THROUGH JUNE 30, 2015

Auditor of Public Accounts  
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## QUARTERLY REPORT SUMMARY - APRIL 1, 2015, TO JUNE 30, 2015

### Audit Activities

The [Summary of Reports Issued](#) section at the end of this report lists all reports issued by the Auditor of Public Accounts or our contracted firms during the period April 1, 2015, to June 30, 2015. Below are highlights from select reports issued during the period. All reports listed in this document are available at our website at [http://www.apa.virginia.gov/APA\\_Reports/Reports.aspx](http://www.apa.virginia.gov/APA_Reports/Reports.aspx).

### *Special Reports*

#### Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards

Virginia spends approximately \$13.5 billion dollars in federal funds annually; of this amount, approximately \$2.5 billion is passed through to sub-recipients. In this study, we reviewed select agencies' policies and procedures for monitoring these sub-recipients. We determined there were varying interpretations and degrees of compliance with the federal government's monitoring requirements related to sub-recipients. As a result, we recommend that the Comptroller's Office convene a workgroup of all agencies that disburse federal awards to sub-recipients to develop statewide policies and procedures and financial reporting capabilities for confirming that sub-recipients met the Single Audit requirements. Additionally, we recommend that the Department of Accounts consider performing a cost-benefit analysis of adding federally assigned numbers to the Cardinal system and establishing supporting statewide reporting requirements. The [Full Report](#) is available on our website.

### *Agency Reports*

#### Commonwealth's Attorneys' Services Council

During our audit of the [Commonwealth's Attorneys' Services Council](#) for the period July 1, 2011, through December 31, 2014, we noted three areas in need of improvement. We recommended the Council change the way receipts and expenses are processed in order to improve transparency for federal and state funds. We also noted a need to improve the review of vouchers, and to ensure that staff are following the state small purchase charge card policies.

#### Potomac River Fisheries Commission

Our audit of the [Potomac River Fisheries Commission](#) for the fiscal year ended June 30, 2014, identified an overall weakness in its operational and financial controls since the transition of the new Executive Secretary in fiscal year 2013. The issues surround the lack of performance and review of bank reconciliations, review of payroll, segregation of duties over retirement contributions, and segregation of duties over cash receipts and deposits. The Executive Secretary needs to devote an additional portion of his time to oversee the financial administration of the Commission and ensure that proper controls are in place to properly safeguard Commission assets.

## Virginia Museum of Fine Arts

Our audit of the [Virginia Museum of Fine Arts](#) for the fiscal years 2012 and 2013 found that Fine Arts improperly uses its change fund as a petty cash fund and some items reimbursed through the fund are not allowable under Commonwealth policies. In addition, Fine Arts should more clearly delineate between public funds and Foundation funds to help minimize its risk of non-compliance with the Commonwealth's policies and procedures regarding the use of public funds. Further, Fine Arts has outdated policies and procedures relating to cash collections, the small purchase charge card program, and payroll and human resources. Finally, Fine Arts needs to update its information security program and improve controls over terminated employees access to various systems.

### *Higher Education Institution Reports*

During the quarter we completed audits of six of the Commonwealth's higher education institutions. We issued unmodified opinions on the financial statements of each of these institutions. We included internal control and compliance recommendations in five of the six audits addressing various issues that we summarize in the following table.

Control and/or Compliance Area	Number of Recommendations
myVRS Navigator Reconciliation Process	3
Financial Reporting	2
Information System Access Controls	2
Information System Security	2
Management of Return of Title IV Funds	2
Procurement and Contract Management	2
Wage Employee Timesheet Approval and Monitoring of Hours	2
Employee Termination Process	1
Financial Management	1
Foundation Reimbursement for University Employee Time	1
Physical Inventory Process	1
Travel Card Policies	1
Travel Expense Documentation	1

## Other Activities

### *Participation with State, Local, and Other Groups*

In addition to our audit activities, we participate in other activities to assist in our mission to improve accountability and financial management in the Commonwealth. During the quarter we participated in the activities of various state, local, and other groups including providing information on a variety of topics and attending events as highlighted below.

Group	Presentation / Training Topic
Joint Legislative Audit and Review Commission	Provided a briefing on new pension accounting standards.
College and University Auditors of Virginia	Reviewed recent APA reports. Provided update on recent accounting and auditing standards.
Office of the State Inspector General's State Agency Update Conference	Reviewed recent APA reports and other activities.
Capital Area Purchasing Association	Provided background information about the APA including our role in auditing contracts and the procurement cycle. Discussed agencies' responsibilities related to the procurement cycle and provided examples of common audit findings.
Virginia Government Finance Officers' Association	Provided an updated on various topics including upcoming Comparative Report changes, results of quality control reviews over firms auditing Virginia's local governments, and new pension accounting standards.
Treasurers Association of Virginia Spring Meetings	Reviewed information included in the Sheriff's Accounting Manual including applicable <u>Code of Virginia</u> statutes; deposit requirements; guidance on jail and law enforcement operations and court support services; and the working relationship between Treasurers and Sheriffs.
American Institute of Certified Public Accountants' Government Audit Quality Center Annual Update Webcast	Provided information to 2,500 CPAs to assist them in ensuring governmental audit quality including an update on the new Uniform Grant Guidance.

In April we represented the Commonwealth of Virginia at the Single Audit Roundtable meeting in Washington D.C. At the twice-a-year event, Federal officials, a representative from the National State Auditors Association, representatives from all the major accounting firms, and representatives from a few states audit organizations exchange ideas, problems, solutions, and best practices for performing Single Audits of federal programs.

## SUMMARY OF REPORTS ISSUED

This Office released the following reports during the period April 1, 2015, to June 30, 2015. Those reports which included findings in the area of internal controls or compliance are indicated by an (\*) asterisk.

### Judicial Branch

Clerk of the Court of Appeals of Virginia for the year ended June 30, 2014  
Clerk of the Supreme Court of Virginia for the year ended June 30, 2014\*

### Executive Departments

#### Agriculture and Forestry

Virginia Department of Agriculture and Consumer Services, and Virginia Agricultural Council for the year ended June 30, 2014

#### Commerce and Trade

Department of Professional and Occupational Regulation for the two years ended June 30, 2014  
Virginia Board of Accountancy for the year ended June 30, 2014  
Virginia Small Business Financing Authority for the year ended June 30, 2014\*  
Virginia Tobacco Indemnification and Community Revitalization Commission for the year ended June 30, 2014\*

### Education

Virginia Museum of Fine Arts for the years ended June 30, 2012 and June 30, 2013\*  
Virginia Museum of Natural History for the years ended June 30, 2012 and June 30, 2013

### Colleges and Universities

College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the year ended June 30, 2014\*  
George Mason University for the year ended June 30, 2014\*  
Longwood University for the year ended June 30, 2014\*  
Old Dominion University for the year ended June 30, 2014\*  
Virginia Military Institute for the year ended June 30, 2014  
Virginia State University for the year ended June 30, 2014\*

## Health and Human Resources

Virginia Foundation for Healthy Youth for the year ended June 30, 2014\*

## Public Safety and Homeland Security

Commonwealth's Attorneys' Services Council for the period July 1, 2011, through December 31, 2014\*

## Natural Resources

Potomac River Fisheries Commission for the year ended June 30, 2014\*

## Special Reports

Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2015 through March 31, 2015

Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards – June 2015\*

## Clerks of the Circuit Courts

### Cities:

City of Roanoke – January 1, 2014 through December 31, 2014

City of Virginia Beach – April 1, 2013 through September 30, 2014

City of Waynesboro – April 1, 2013 through December 31, 2014\*

City of Winchester – October 1, 2013 through December 31, 2014

### Counties:

County of Amelia – April 1, 2013 through March 31, 2015

County of Bedford – April 1, 2013 through March 31, 2015

County of Campbell – July 1, 2013 through June 30, 2014\*

County of Floyd – April 1, 2013 through March 31, 2015

County of Fluvanna – April 1, 2013 through December 31, 2014

County of Greene – January 1, 2014 through February 28, 2015

County of Greene (Turnover) – March 1, 2015 through March 31, 2015

County of Greensville – October 1, 2013 through December 31, 2014

County of King George – April 1, 2013 through December 31, 2014\*

County of Lancaster – April 1, 2013 to December 31, 2014

County of Middlesex – April 1, 2013 through December 31, 2014\*

County of Nelson – July 1, 2013 through December 31, 2014

County of Northampton – April 1, 2013 through December 31, 2014

County of Page – October 1, 2013 through December 31, 2014\*

County of Patrick – January 1, 2014 through March 31, 2015  
County of Rockingham – July 1, 2013 through June 30, 2014\*  
County of Spotsylvania – April 1, 2013 through December 31, 2014  
County of Wise and City of Norton – April 1, 2013 through December 31, 2014

## State Accounts

### Counties:

County of Halifax (Turnover) as of March 31, 2015

## General District Courts

### Cities:

City of Alexandria – July 1, 2013 through June 30, 2014  
City of Bristol – July 1, 2013 through June 30, 2014  
City of Charlottesville – July 1, 2013 through June 30, 2014  
City of Fairfax – July 1, 2013 through June 30, 2014  
City of Hampton – July 1, 2013 through June 30, 2014  
City of Newport News (Civil Division) – July 1, 2013 through June 30, 2014  
City of Newport News (Criminal Division) – July 1, 2013 through June 30, 2014  
City of Newport News (Traffic Division) – July 1, 2013 through June 30, 2014  
City of Richmond (Civil Division) – July 1, 2013 through June 30, 2014  
City of Richmond (Criminal Division) – July 1, 2013 through June 30, 2014  
City of Virginia Beach – July 1, 2013 through June 30, 2014

### Counties:

County of Carroll – July 1, 2013 through June 30, 2014  
County of Frederick – July 1, 2013 through June 30, 2014  
County of Halifax – July 1, 2012 through June 30, 2014  
County of Hanover – July 1, 2013 through June 30, 2014  
County of Henrico – July 1, 2013 through June 30, 2014  
County of Louisa – July 1, 2013 through June 30, 2014  
County of Montgomery – July 1, 2013 through June 30, 2014  
County of New Kent – July 1, 2013 through June 30, 2014  
County of Patrick – July 1, 2013 through June 30, 2014  
County of Prince William – July 1, 2013 through June 30, 2014  
County of Pulaski – July 1, 2013 through June 30, 2014  
County of Roanoke – July 1, 2013 through June 30, 2014  
County of Smyth – July 1, 2013 through June 30, 2014\*  
County of Spotsylvania – July 1, 2013 through June 30, 2014\*  
County of Tazewell – July 1, 2013 through June 30, 2014  
County of Washington – July 1, 2013 through June 30, 2014

County of Winchester – July 1, 2013 through June 30, 2014  
County of Wise/City of Norton – July 1, 2013 through June 30, 2014\*  
County of Wytke – July 1, 2013 through June 30, 2014  
County of York – July 1, 2013 through June 30, 2014

### Combined District Courts

#### Cities:

City of Hopewell – July 1, 2013 through June 30, 2014\*  
City of Radford – July 1, 2013 through June 30, 2014  
City of Salem – July 1, 2013 through June 30, 2014

#### Counties:

County of Bath – July 1, 2013 through June 30, 2014  
County of Botetourt – July 1, 2013 through June 30, 2014  
County of Craig – July 1, 2013 through June 30, 2014  
County of Floyd – July 1, 2013 through June 30, 2014  
County of Fluvanna – July 1, 2013 through June 30, 2014  
County of Giles – July 1, 2013 through June 30, 2014  
County of Goochland – July 1, 2013 through June 30, 2014\*  
County of Highland – July 1, 2013 through June 30, 2014  
County of King George – July 1, 2013 through June 30, 2014  
County of Orange – July 1, 2013 through June 30, 2014\*  
County of Powhatan – July 1, 2013 through June 30, 2014\*  
County of Richmond – July 1, 2013 through June 30, 2014  
County of Russell – July 1, 2013 through June 30, 2014  
County of Scott – July 1, 2013 through June 30, 2014

### Juvenile and Domestic Relations Courts

#### Cities:

City of Alexandria – July 1, 2013 through June 30, 2014  
City of Bristol – July 1, 2013 through June 30, 2014  
City of Charlottesville – July 1, 2013 through June 30, 2014\*  
City of Chesapeake – July 1, 2013 through June 30, 2014  
City of Newport News – July 1, 2013 through June 30, 2014  
City of Virginia Beach – July 1, 2013 through June 30, 2014  
City of Winchester – July 1, 2013 through June 30, 2014

#### Counties:

County of Albemarle – July 1, 2013 through June 30, 2014\*  
County of Appomattox – July 1, 2013 through June 30, 2014



County of Bedford – July 1, 2012 through June 30, 2014\*  
County of Carroll – July 1, 2013 through June 30, 2014  
County of Frederick – July 1, 2013 through June 30, 2014  
County of Halifax – July 1, 2012 through June 30, 2014\*  
County of Hanover – July 1, 2013 through June 30, 2014  
County of Henrico – July 1, 2013 through June 30, 2014  
County of Montgomery – July 1, 2013 through June 30, 2014  
County of Patrick – July 1, 2013 through June 30, 2014  
County of Prince William – July 1, 2013 through June 30, 2014  
County of Pulaski – July 1, 2013 through June 30, 2014  
County of Roanoke – July 1, 2013 through June 30, 2014  
County of Smyth – July 1, 2013 through June 30, 2014  
County of Spotsylvania – July 1, 2013 through June 30, 2014  
County of Tazewell – July 1, 2013 through June 30, 2014  
County of Washington – July 1, 2013 through June 30, 2014  
County of Wythe – July 1, 2013 through June 30, 2014  
County of York – July 1, 2013 through June 30, 2014

## Magistrates

### Cities:

City of Alexandria – November 1, 2013 through June 30, 2014  
City of Charlottesville – November 1, 2013 through June 30, 2014  
City of Hampton – November 1, 2013 through June 30, 2014  
City of Newport News – November 1, 2013 through June 30, 2014  
City of Richmond – November 1, 2013 through June 30, 2014\*  
City of Virginia Beach – July 1, 2013 through June 30, 2014

### Counties:

Counties of Dickenson, Wise, and Buchanan and the City of Norton – July 1, 2012 through June 30, 2013  
County of Bath – November 1, 2013 through June 30, 2014  
County of Carroll – November 1, 2013 through June 30, 2014  
County of Frederick – November 1, 2013 through June 30, 2014  
County of Halifax – July 1, 2012 through June 30, 2014  
County of Henrico – November 1, 2013 through June 30, 2014\*  
County of Montgomery – November 1, 2013 through June 30, 2014  
County of Prince William – November 1, 2013 through June 30, 2014  
County of Pulaski – November 1, 2013 through June 30, 2014  
County of Roanoke and City of Roanoke – November 1, 2013 through June 30, 2014\*  
County of Washington – July 1, 2013 through June 30, 2014