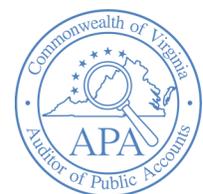




JOINT LEGISLATIVE AUDIT  
AND  
REVIEW COMMISSION

QUARTERLY REPORT SUMMARY  
OCTOBER 1, 2014 THROUGH DECEMBER 31, 2014

Auditor of Public Accounts  
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## QUARTERLY REPORT SUMMARY - OCTOBER 1, 2014, TO DECEMBER 31, 2014

### 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 October 1, 2014, to December 31, 2014. 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).

#### *Department of Game and Inland Fisheries*

During our audit of the [Department of Game and Inland Fisheries](#) for the period January 1, 2013, through June 30, 2014, we noted the Department has made significant progress in their corrective actions to fix the issues reported in the prior year audit surrounding the reconciling, recording, and transferring of revenues. However, in the current audit, we found additional issues surrounding revenue and other concerns in the areas of fixed assets, physical security, database security, systems access, and retirement reconciliations. In addition, the Department needs to create and document policies and procedures over all business areas, such as CARS reconciliations, fixed assets, payroll, revenue, and records retention.

#### *Norfolk State University*

During our audit of [Norfolk State University](#) for the fiscal year ended June 30, 2013, we identified nine findings we consider material weaknesses in internal control, three findings we consider significant deficiencies in internal control, and one instance of noncompliance with federal grant requirements. Due to the timing of the 2013 audit, we identified many of the issues disclosed in the report as part of our fiscal year 2011 and 2012 audits issued during September 2013 and 2014, respectively. The current audit report discloses specific lapses in control during fiscal year 2013, as well as the status of the institution's corrective action plan for the findings previously disclosed. Specific findings included in our report relate to deficiencies in policies and processes; maintenance of appropriate supporting documentation; reconciliation of accounts; fixed asset management; grants management; financial reporting processes; accounts payable processes; and system access controls.

#### *Office of the Executive Secretary of the Supreme Court of Virginia, Clerk of the Supreme Court, Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and Virginia Criminal Sentencing Commission*

During our audit of the Office of the Executive Secretary of the Supreme Court of Virginia, Clerk of the Supreme Court, Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and Virginia Criminal Sentencing Commission for the years ended June 30, 2012 and June 30, 2013, we noted several matters requiring management's attention, most of which have been addressed in previous audit reports. These matters include the need to track internal software development costs; to develop a policy to distinguish between a project and an enhancement as it

relates to systems development; to improve database security and the information security program; to realign the information security officer role in accordance with industry best practices; and to continue to improve sensitive systems risk assessment and contingency planning documentation. Access the [Full Report](#) or [Executive Summary](#) on our website.

### *[Review of Surplus Procedures for Electronic Devices with Storage](#)*

During our [Review of Surplus Procedures for Electronic Devices with Storage](#), we noted three matters requiring the Virginia Information Technologies Agency management's attention. The recommendations include aligning the Commonwealth data removal standard with industry best practices; assigning data removal responsibility; and performing a more timely follow-up on sanitization process deficiencies identified in previous audits.

### *[Virginia Health Workforce Development Authority](#)*

In addition to one new finding, our report for the audit of the [Virginia Health Workforce Development Authority](#) for the year ended June 30, 2013 contains five repeat issues from their prior audit. Entities typically correct deficiencies within one year; however, after turnover in the Executive Director position, management has been focused on transitioning to new grants to support the Authority. As a result of not correcting deficiencies, we found the Authority did not properly state, in all material respects, the amounts recorded and reported in the Authority's accounting system. Now that the Authority's management and programs have stabilized, we recommend that the Board and management dedicate the necessary resources to provide oversight of the Authority's fiscal activities.

### *[Other Reports](#)*

During the quarter, we issued the [2014 Annual Report of the Auditor of Public Account](#). This report provides an overview of some of the more significant activities and results of audits from the past year.

We also issued our report on [Revenue Stabilization Fund Calculations](#), which includes calculations for the Revenue Stabilization Fund as required by Article X, Section 8 of the Virginia Constitution and Section 2.2-1829 of the Code of Virginia. As of June 30, 2014, the balance in the Revenue Stabilization Fund was \$687.5 million. During fiscal year 2014, a deposit of \$244.6 million was made to the Revenue Stabilization Fund while no withdrawals from the fund occurred. Additionally, based on fiscal year 2014 certified tax revenues, the General Assembly is not required to make a mandatory deposit to the Revenue Stabilization Fund in fiscal year 2016.

Finally, during this quarter we completed our audit of the [Commonwealth's Comprehensive Annual Financial Report](#), issuing an unmodified opinion on the Commonwealth's financial statements.

## 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.

<b>Group</b>	<b>Presentation / Training Topic</b>
Constitutional Officers	Presented information to new constitutional officers on the role of the Auditor of Public Accounts and our interaction with Constitutional Officers.
Fiscal Officers of College and Universities State Supported	Presented information on new accounting issues and higher education related projects as well as an overview of current activities within the Auditor of Public Accounts.
Association of Government Accountants South Atlantic Professional Development Conference	Provided training related to why agencies need information system applications, auditing data and controls in information systems, and management's responsibilities surrounding developing controls over their information system applications.
National State Auditors Association Information Technology Conference	Several members of the APA staff presented information to staff of other State Auditor Offices on topics including planning the scope of information technology audits and creating value by knowledge sharing.

### *Monitoring Accounting and Auditing Standards*

During the quarter our Office reviewed several documents issued for comment by the various standard setting bodies that govern the auditing standards we follow in performing our audits and the accounting standards that Virginia state and local governments must follow when reporting their financial activity. Being a part of this process allows us to stay informed of upcoming changes so that we can provide technical advice to state and local governments in the Commonwealth. In addition, by providing feedback to the standard setting bodies on proposed changes we help protect the interests of the Commonwealth in circumstances where we do not agree with the proposed changes. Below are the documents that we reviewed and provided responses to the applicable standard setting entity during this quarter.

Standard Setting Entity	Document Reviewed
<b>GASB*</b>	Proposed Statement: <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>
<b>AICPA**</b>	<i>Omnibus Proposal AICPA Professional Ethics Division Interpretations and Definitions</i>
<b>AICPA**</b>	Proposed Statement of Auditing Standards: <i>An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements</i>
<b>AICPA**</b>	Proposed Statement on Standards for Attestation Engagements: <i>Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting; Clarification and Recodification</i>

\*Governmental Accounting Standards Board

\*\* American Institute of Certified Public Accountants

## SUMMARY OF REPORTS ISSUED

The following reports on audit were released by this Office or our contracted firms during the period October 1, 2014, to December 31, 2014. Those reports which included findings in the area of internal controls or compliance are indicated by an (\*) asterisk.

### Judicial Branch

Office of the Executive Secretary of the Supreme Court of Virginia, Clerk of the Supreme Court, Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and Virginia Criminal Sentencing Commission for the years ended June 30, 2012, and June 30, 2013\*

### Independent Agencies

Fort Monroe Authority for the year ended June 30, 2014

### Commerce and Trade

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2014  
Virginia Commercial Space Flight Authority for the year ended June 30, 2014  
Virginia Economic Development Authority for the year ended June 30, 2014  
Virginia Racing Commission for the year ended June 30, 2014  
Virginia Tourism Authority for the year ended June 30, 2014

### Education

Virginia College Savings Plan for the year ended June 30, 2014

### Colleges and Universities

Norfolk State University for the year ended June 30, 2013\*  
University of Virginia for the year ended June 30, 2014\*  
Virginia Commonwealth University for the year ended June 30, 2014\*

### Health and Human Resources

Virginia Health Workforce Development Authority for the year ended June 30, 2013\*

### Natural Resources

Department of Game and Inland Fisheries for the period January 1, 2013 through June 30, 2014\*

## Public Safety

Department of Alcoholic Beverage Control for the year ended June 30, 2014\*

## Transportation

Virginia Port Authority for the year ended June 30, 2014

## Special Reports

2014 Annual Report of the Auditor of Public Accounts  
General Assembly, Legislative Agencies, and Commissions of the Commonwealth of Virginia  
Financial Report for the year ended June 30, 2014  
Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2014,  
through September 30, 2014\*  
Revenue Stabilization Fund Calculations for the year ended June 30, 2014  
Review of Surplus Procedures for Electronic Devices with Storage – October 2014\*

## Clerks of the Circuit Courts

### *Counties:*

County of Botetourt – January 1, 2013, through September 30, 2014  
County of Dinwiddie – January 1, 2012, through September 30, 2013  
County of Essex – January 1, 2013, through June 30, 2014  
County of Highland – April 1, 2013, through September 30, 2014  
County of Isle of Wight – January 1, 2013, through June 30, 2014  
County of James City/City of Williamsburg – January 1, 2013, through June 30, 2014  
County of Lee – January 1, 2013, through September 30, 2014  
County of Northumberland – April 1, 2013, through September 31, 2014  
County of Scott – January 1, 2013, through September 30, 2014  
County of York (Turnover) – August 6, 2014  
County of York/City of Poquoson – October 1, 2012, through June 30, 2014

## State Accounts (For the year ended June 30, 2014)

### *Cities:*

City of Alexandria (Turnover--August 1, 2014)  
City of Bristol  
City of Charlottesville  
City of Chesapeake  
City of Colonial Heights  
City of Covington  
City of Fairfax  
City of Fredericksburg

City of Hampton  
City of Lynchburg  
City of Newport News  
City of Norfolk  
City of Petersburg  
City of Poquoson  
City of Radford  
City of Richmond  
City of Roanoke  
City of Salem\*  
City of Staunton  
City of Virginia Beach\*  
City of Williamsburg  
City of Winchester

*Counties:*

County of Accomack  
County of Albemarle\*  
County of Alleghany  
County of Amelia  
County of Amherst  
County of Appomattox\*  
County of Augusta  
County of Bath  
County of Bedford  
County of Botetourt  
County of Brunswick  
County of Buchanan  
County of Buckingham  
County of Campbell  
County of Caroline  
County of Carroll\*  
County of Charles City  
County of Charlotte  
County of Chesterfield  
County of Clarke  
County of Craig  
County of Culpeper  
County of Cumberland  
County of Dickenson  
County of Dinwiddie  
County of Fairfax  
County of Floyd  
County of Fluvanna

County of Frederick  
County of Giles  
County of Gloucester  
County of Goochland  
County of Grayson  
County of Greene\*  
County of Halifax  
County of Hanover  
County of Henrico  
County of Highland  
County of James City  
County of King & Queen  
County of King George  
County of King William  
County of Lancaster  
County of Louisa  
County of Lunenburg  
County of Madison  
County of Mathews  
County of Mecklenburg  
County of Montgomery  
County of New Kent  
County of Northumberland  
County of Nottoway  
County of Orange\*  
County of Page  
County of Patrick  
County of Pittsylvania  
County of Powhatan  
County of Prince Edward\*  
County of Prince George  
County of Prince William  
County of Pulaski  
County of Richmond  
County of Roanoke  
County of Rockbridge  
County of Scott  
County of Smyth  
County of Southampton  
County of Spotsylvania  
County of Stafford  
County of Surry  
County of Sussex  
County of Tazewell

County of Washington  
County of Westmoreland  
County of Wise  
County of Wythe  
County of York

### Magistrates

#### *Cities:*

City of Danville – July 1, 2012, through June 30, 2014

#### *Counties:*

County of Bath – July 1, 2012, through October 31, 2013

County of Scott - July 1, 2012, through October 31, 2013

County of Tazewell – July 1, 2012, through October 31, 2013

### General Receivers (For the year ended June 30, 2014)

#### *Cities:*

City of Charlottesville

City of Lynchburg\*

#### *Counties:*

County of Arlington

County of Buchanan

County of Lee

County of Loudoun

County of Wise/City of Norton

### Juvenile and Domestic Relations Courts

#### *Cities:*

City of Fredericksburg – July 1, 2012, through October 31, 2013

#### *Counties:*

County of Accomack – July 1, 2013, through June 30, 2014

County of Isle of Wight – July 1, 2013, through June 30, 2014

County of Mathews – July 1, 2012, through June 30, 2013

County of Nelson – July 1, 2013, through June 30, 2014

County of Smyth – July 1, 2012, through June 30, 2013

## General District Courts

### *Cities:*

City of Danville – July 1, 2012, through June 30, 2014

### *Counties:*

County of Clarke – July 1, 2013, through August 31, 2014\*

County of Nelson – July 1, 2013, through June 30, 2014

County of Smyth – July 1, 2012, through June 30, 2013\*

County of Tazewell – July 1, 2012, through June 30, 2013

## Combined District Courts

### *Cities:*

City of Franklin – July 1, 2013, through June 30, 2014

### *Counties:*

County of Floyd – July 1, 2012, through June 30, 2013

County of Scott – July 1, 2012, through June 30, 2013

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

\*Denotes management control finding