



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
INTERGOVERNMENTAL PERSONNEL ACT
ADVISORY COUNCIL
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-999.14**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

999.14

FINANCIAL AUDIT REPORT
INTERGOVERNMENTAL PERSONNEL ACT ADVISORY COUNCIL
YEAR ENDED JUNE 30, 1979



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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October 17, 1980

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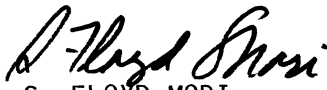
The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits
the Auditor General's financial audit report of the Inter-
governmental Personnel Act Advisory Council, year ended
June 30, 1979.

The auditors are Curt Davis, CPA; Romero Zamora; Gus Demas;
Geraldine Parks; Teri Yee; Michael Tritz; and Charles Thrasher.

Respectfully submitted,


S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Intergovernmental Personnel Act Advisory Council. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The Intergovernmental Personnel Act Advisory Council was created June 16, 1975 by Executive Order B4-75. The council administers the Intergovernmental Personnel Act of 1970 (Public Law 91-648) for the State of California as assigned by the Secretary of State and the Consumer Services Agency.

According to Section 2 of the Intergovernmental Personnel Act of 1970, the programs of the council are intended to improve personnel administration, provide training and education, and improve the quality of manpower in the public service. Grantees, according to federal law, include state departments and units of local governments.

The programs of the Intergovernmental Personnel Act Advisory Council are supported by federal funds.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the Intergovernmental Personnel Act Advisory Council as of June 30, 1979 and the related statement of financing sources, expenditures, and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Intergovernmental Personnel Act Advisory Council at June 30, 1979 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



WESLEY E. VOSS
Assistant Auditor General

Date: March 11, 1980

Staff: Curt Davis, CPA
Romero Zamora
Gus Demas
Geraldine Parks
Teri Yee
Michael Tritz
Charles Thrasher

INTERGOVERNMENTAL PERSONNEL ACT ADVISORY COUNCIL

BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash in State Treasury	\$224,610
Accounts receivable	1,466
Due from the Federal Government	32,043
Expense advances to employees	657
Equipment	<u>4,868</u>
Total Assets	<u>\$263,644</u>

LIABILITIES, ENCUMBRANCES
OUTSTANDING, AND FUND EQUITY

Liabilities:	
Accounts payable	<u>\$248,484</u>
Encumbrances Outstanding	<u>8,169</u>
Fund Equity:	
Investment in fixed assets	4,868
Fund balance	<u>2,123</u>
Total Fund Equity	<u>6,991</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$263,644</u>

The notes to the financial statements are an integral part of this statement.

INTERGOVERNMENTAL PERSONNEL
ACT ADVISORY COUNCIL

STATEMENT OF FINANCING SOURCES,
EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Financing Sources:	
Intergovernmental revenues	<u>\$1,458,539</u>
Expenditures:	
Personal services	113,866
Operating expenses and equipment	69,782
Local assistance and state operation grants	<u>1,272,768</u>
Total Expenditures	<u>1,456,416</u>
Excess of Sources over (under) Expenditures	2,123
Fund Balance - July 1	<u> --</u>
Fund Balance - June 30	<u><u>\$ 2,123</u></u>

The notes to the financial statements are an integral part of this statement.

INTERGOVERNMENTAL PERSONNEL ACT ADVISORY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the Intergovernmental Personnel Act Advisory Council. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are accounted for as a Fiduciary Fund.

FIDUCIARY FUND TYPE

The Fiduciary Fund Type is used to account for assets held by a governmental unit as a trustee. The Fiduciary Fund Type for the Intergovernmental Personnel Act Advisory Council is the special deposit fund which is an Expendable Trust Fund used to account for federal funds earmarked for various programs.

The Expendable Trust Fund is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the fiscal year all income, except for certain reimbursements which are recorded when billed, is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against the fund balance for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees of the council are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the council and its employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totaled \$11,627.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when these benefits are used rather than when they are earned.

2. EQUIPMENT

Equipment purchased is recorded as an expenditure in the year of acquisition or encumbrance. Equipment increased by a net of \$2,183 during the fiscal year.

OTHER INFORMATION

As an integral part of our examination, we reviewed the council's accounting procedures and related system of internal accounting control at the council and at the Department of General Services (which maintains the council's accounting records) to the extent we considered necessary to properly form an opinion concerning the fairness with which the council's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the council in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The council generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps