



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
STATE AND CONSUMER SERVICES AGENCY
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT F-053

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

053

FINANCIAL AUDIT REPORT
STATE AND CONSUMER SERVICES AGENCY
YEAR ENDED JUNE 30, 1979

JUNE 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

June 19, 1980

053

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 State and Consumer Services Agency, year ended June 30, 1979.

The auditors are Richard I. LaRock, CPA, Audit Manager; Cynthia Hoffart, CPA; and Enrique Farias.

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 State and Consumer Services Agency. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The State and Consumer Services Agency is composed of a number of state departments. The agency Secretary is directly responsible to the Governor for the operation of the Department of Consumer Affairs, the Department of Veterans Affairs, the Department of General Services, the Office of the State Fire Marshal, the Franchise Tax Board, the State Personnel Board, the Public Employees' Retirement System, the State Teachers' Retirement System, the Museum of Science and Industry, and the California Public Broadcasting Commission. Subsequent to June 30, 1979, the State Building Standards Commission was placed under the responsibility of the agency Secretary. The State and Consumer Services Agency provides communication, coordination, and policy guidance between the Governor and various departments within the Agency.

In addition to these powers and duties, the agency Secretary is responsible for administering the Intergovernmental Personnel Act (IPA) Grant Program through the IPA Advisory Council.


AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the State and Consumer Services Agency as of June 30, 1979 and the related statement of revenues, expenditures, and changes in operating clearing 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 State and Consumer Services Agency at June 30, 1979 and the results of its operations and changes in operating clearing for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying combined balance sheet captioned "Totals - Memorandum Only" for June 30, 1979 and the accompanying supplemental information are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.


WESLEY E. NOSS
Assistant Auditor General

Date: March 14, 1980

Staff: Richard I. LaRock, CPA
Cynthia Hoffart, CPA
Enrique Farias

STATE AND CONSUMER SERVICES AGENCY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1979

<u>ASSETS</u>	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>June 30, 1979</u>
Accounts receivable	\$ 8,571	\$ --	\$ 8,571
Equipment	<u> --</u>	<u>18,430</u>	<u>18,430</u>
Total Assets	<u>\$ 8,571</u>	<u>\$18,430</u>	<u>\$ 27,001</u>
 <u>LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	<u>\$ 31,982</u>	<u>\$ --</u>	<u>\$ 31,982</u>
Encumbrances Outstanding	<u>31,660</u>	<u> --</u>	<u>31,660</u>
Fund Equity:			
Investment in general fixed assets	--	18,430	18,430
Operating clearing (Note 4)	<u>(55,071)</u>	<u> --</u>	<u>(55,071)</u>
Total Fund Equity	<u>(55,071)</u>	<u>18,430</u>	<u>(36,641)</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$ 8,571</u>	<u>\$18,430</u>	<u>\$ 27,001</u>

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

STATE AND CONSUMER SERVICES AGENCY
 STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN OPERATING CLEARING - BUDGET AND ACTUAL
 GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$ --	\$ 1	\$ 1
Other Financing Sources:			
Appropriations (Note 2)	<u>505,782</u>	<u>366,175</u>	<u>(139,607)</u>
Total Revenues and Other Financing Sources	<u>\$505,782</u>	<u>366,176</u>	<u>\$(139,606)</u>
Expenditures:			
Support (Note 3)	\$384,830	402,778	\$ (17,948)
Miscellaneous	633	633	--
Reimbursements	<u>--</u>	<u>(37,250)</u>	<u>37,250</u>
Total Expenditures	<u>\$385,463</u>	366,161	<u>\$ 19,302</u>
Other Uses:			
Intrafund transfers (Note 4)		<u>37,251</u>	
Total Expenditures and Other Uses		<u>403,412</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses		(37,236)	
Operating Clearing - July 1 (Note 4)		<u>(17,835)</u>	
Operating Clearing - June 30 (Note 4)		<u>\$ (55,071)</u>	

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

STATE AND CONSUMER SERVICES AGENCY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and the results of operations of the State and Consumer Services Agency. 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 structured into a Governmental Fund Type and an Account Group. The State and Consumer Services Agency accounts for only its portion of the fund type category. The State Controller maintains the central accounts for all state funds and annually publishes consolidated fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds. The General Fund is the only Governmental Fund Type in the State and Consumer Services Agency.

General Fund

The General Fund includes all financial resources not required to be accounted for in another fund. This fund is maintained on a modified accrual basis of accounting. Some of its more significant elements include:

Income

Throughout the fiscal year, all income including revenues, transfers, and reimbursements is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue 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 against budget appropriations are accrued as expenditures, including encumbrances outstanding for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees of the State and Consumer Services Agency are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the agency and 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 \$31,324.

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

ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net amount of \$11,787 during the fiscal year.

2. APPROPRIATIONS

Funds provided from appropriations consist of cash disbursed by the State Controller from the agency's appropriations for the year ended June 30, 1979 and liquidation of expenditures accrued against appropriations for prior periods.

3. SUPPORT EXPENDITURES

The legislative budget for support expenditures of the State and Consumer Services Agency is in total only.

4. OPERATING CLEARING AND INTRAFUND TRANSFERS

The Operating Clearing account is the connecting link between the records of various agencies and the central fund accounts maintained by the State Controller for the General Fund and other funds not accounted for entirely by one agency. The balance at June 30, represents the net assets and liabilities for which the State and Consumer Services Agency is accountable.

Intrafund transfers are cash receipts the State and Consumer Services Agency remitted to the State Treasury during the year. These receipts represent reimbursements.

SUPPLEMENTAL INFORMATION

The annual legislative budget for support expenditures of the State and Consumer Services Agency is in total only. The following schedule shows the nature of expenditures for the period as kept by the agency for management purposes.

STATE AND CONSUMER SERVICES AGENCY

SCHEDULE OF SUPPORT EXPENDITURES
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

Personal services	\$265,302
General office	24,102
Communications	5,957
Travel-in-state	7,166
Travel-out-of-state	1,168
Facilities operations	31,227
Contractual services	<u>67,856</u>
Total Support Expenditures	<u>\$402,778</u>

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