

**Office of the City Auditor  
Audit Schedule  
July 1, 2008 through June 30, 2009**



*“Promoting Accountability and Integrity in City Operations”*

Presented to the Audit Committee on June 20, 2008

Office of the City Auditor  
2401 Courthouse Drive, Room 344  
Virginia Beach, VA 23456-9012

**Office of the City Auditor  
FY 2009 Audit Schedule**

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**Mission**

The mission of the Office of the City Auditor is to promote accountability and integrity in City operations by providing quality audit services.

**Powers / Duties and Scope of Audits (per City Code 2-466)**

The City Auditor shall have authority to conduct financial and performance audits of departments, offices, boards, activities, agencies, programs and systems of the entity to independently and objectively determine, depending on the scope and type of audit, whether:

- (a) Activities and programs being implemented have been authorized by government charter or code, state law or applicable federal law or regulations and are being conducted and funds expended in compliance with applicable laws and regulations;
- (b) The department, office, or agency is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, technology and space, economically, efficiently, and effectively and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation;
- (c) The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices;
- (d) The desired result or benefits are being achieved;
- (e) Financial and other reports are being provided that disclose fairly, accurately, and fully all information required by law, to ascertain the nature and scope of programs and activities, and to establish a proper basis for evaluating the programs and activities including the collection of, accounting for, and depositing of, revenues and other resources;
- (f) Management has established adequate operating and administrative procedures and practices, accounting systems or internal control systems and internal management controls; and
- (g) Indications of fraud, waste and abuse are valid and need further investigation.

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**Audit Resources**

<b>Name</b>	<b>Title</b>
Lyndon Remias, CPA, CIA	City Auditor
Chris Ford, CPA	Deputy City Auditor
Gretchen Hudome, CIA	Deputy City Auditor
Tim Bell	Senior Auditor
Sharon Hayes	Senior Auditor
Cheryl Childress	Executive Assistant

Of the 10,400 (5 staff x 2080 hrs) staffing hours available, the FY 2009 plan allocates 7,326 (70%) hours to direct audit time for planned audits, reviews and investigations. The remaining 3,074 (30%) hours are allocated to indirect time for leave, holidays, continuing professional education and audit administration.

**Adopted Budget**

The total FY 2009 adopted budget for the Office of the City Auditor is \$532,949 consisting of \$508,416 (95%) for personnel costs and \$24,522 (5%) for operating costs.

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**Risk Assessment Process**

The level of risk associated with the City of Virginia Beach varies from each department, program and service. Risk assessment is a three-step process including:

- Risk Identification – Determining what are the risks
- Risk Measurement – Determining the size of the risks
- Risk Prioritization – Determining which risks are most important

In order for the Office of the City Auditor to effectively create the annual Audit Schedule a structured risk assessment methodology based on the Institute of Internal Auditors (IIA) Risk Assessment Model was utilized that allows the Office of the City Auditor to examine the level of risk.

**Risk Identification and Risk Measurement**

The first step of developing a risk assessment methodology is to determine the risks. The second step is to determine the weight of each respective factor. The Office of the City Auditor identified eight key factors and assigned the related weights:

<b>Risk Factors</b>	<b>Weight</b>
1. Financial Exposure	.20
2. Council / Management Concern	.15
3. Rapid Growth	.15
4. Complexity of Operations	.10
5. Public Image	.10
6. Regulatory Compliance	.10
7. Turnover of Key Personnel	.10
8. Time Expired Since Last Audit	.10
<b>Total</b>	<b>1.00</b>

**Risk Prioritization**

The third step of developing a risk assessment methodology is to rank the auditable entities (see Schedule 1). For each auditable entity the risk factor is evaluated and assigned a point value of (0-10) with 0 representing the lowest level of risk and 10 the highest. The weighted factors are added together to obtain the representative risk score for each auditable entity. Once total scores have been calculated the list of auditable entities is sorted from highest to lowest by their respective total risk score.

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**Schedule 1: Audit Entities**

<p>Agriculture</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Cooperative Extension Program</li> <li>▪ Agricultural Reserve Program</li> <li>▪ Farmer's Market</li> <li>▪ Agricultural Advisory Committee</li> <li>▪ Wetland Violations</li> </ul> <p>City Auditor</p> <p>City Attorney</p> <p>City Clerk</p> <p>City Council</p> <p>City Manager</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Organizational Development</li> <li>▪ Volunteer Resources</li> <li>▪ Media and Communications</li> </ul> <p>City Treasurer</p> <ul style="list-style-type: none"> <li>▪ Receipts</li> <li>▪ Investment Management</li> </ul> <p>Commissioner of the Revenue</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ DMV Select Program</li> </ul> <p>Commonwealth's Attorney</p> <p>Communications and Information Technology</p> <ul style="list-style-type: none"> <li>▪ Application Support</li> <li>▪ Operations Support</li> <li>▪ Business Center</li> <li>▪ Information Security and Privacy Office</li> <li>▪ Multimedia Services</li> <li>▪ Systems Support</li> <li>▪ Telecommunications</li> <li>▪ E911</li> <li>▪ GIS</li> <li>▪ Printing and Mail Distribution</li> <li>▪ Subscriptions</li> </ul> <p>Convention and Visitors Bureau</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Tourism Promotion/Advertising</li> <li>▪ Tourism Growth Investment Fund</li> <li>▪ Convention Promotion and Facility</li> <li>▪ Resort Area Events</li> <li>▪ Parking</li> </ul> <p>Courts</p> <ul style="list-style-type: none"> <li>▪ Virginia Beach Circuit Court</li> <li>▪ Virginia Beach General District Court</li> <li>▪ Virginia Beach Juvenile and Domestic Relations Court</li> <li>▪ Virginia Beach Clerk of the Circuit Court</li> <li>▪ Magistrate</li> <li>▪ Court Services Unit</li> </ul>	<p>Cultural Affairs</p> <p>Economic Development</p> <p>Emergency Medical Services</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Virginia Beach Development Authority</li> <li>▪ Minority Business Program</li> <li>▪ Workforce Development</li> <li>▪ Town Center Special Service District</li> </ul> <p>Emergency Medical Services</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Operations and Emergency Response</li> <li>▪ Lifeguard Contract</li> <li>▪ Training</li> </ul> <p>Finance</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Debt Management</li> <li>▪ Payroll</li> <li>▪ Comptroller</li> <li>▪ Purchasing</li> <li>▪ Risk Management</li> <li>▪ Procurement Cards</li> <li>▪ Capital Assets Inventory</li> <li>▪ Accounts Payable</li> <li>▪ Petty Cash</li> <li>▪ Travel Advances</li> </ul> <p>Fire</p> <ul style="list-style-type: none"> <li>▪ Fire Marshall's Office</li> <li>▪ Fire Operations</li> <li>▪ Emergency Management</li> <li>▪ Fire Training</li> <li>▪ Fire Programs</li> </ul> <p>General Registrar</p> <p>Housing and Neighborhood Preservation</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Code Enforcement</li> <li>▪ Section 8</li> <li>▪ Housing Development</li> </ul> <p>Human Resources</p> <ul style="list-style-type: none"> <li>▪ Staffing and Compensation</li> <li>▪ Learning and Development</li> <li>▪ Workforce Planning</li> <li>▪ Human Rights Commission</li> <li>▪ Equal Employment Opportunity/Diversity Program</li> <li>▪ Human Resources/Police Services</li> <li>▪ Employee Relations</li> <li>▪ Occupational Health and Safety</li> </ul>
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**Schedule 1: Audit Entities (continued)**

<p>Human Services</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Social Services</li> <li>▪ Juvenile Detention Center</li> <li>▪ Mental Health and Substance Abuse Services</li> <li>▪ Mental Retardation Services</li> <li>▪ Pendleton Child Service Center</li> <li>▪ Comprehensive Services Act</li> <li>▪ Community Corrections</li> <li>▪ Transportation</li> </ul> <p>Libraries</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Ready to Learn</li> <li>▪ Records Management</li> <li>▪ Libraries</li> <li>▪ Youth and Family Services</li> <li>▪ Law Library</li> </ul> <p>Management Services</p> <p>Museums</p> <ul style="list-style-type: none"> <li>▪ Aquarium</li> <li>▪ Historical Houses</li> <li>▪ Museum Stores</li> </ul> <p>Parks and Recreation</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Planning, Design and Development</li> <li>▪ Programming and Operations</li> <li>▪ Landscape Management</li> <li>▪ Golf Course Operations</li> </ul> <p>Planning</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Long Range Planning</li> <li>▪ Planning Boards and Commissions</li> <li>▪ Development Services</li> <li>▪ Building Permits and Inspections</li> <li>▪ Mass Transit Operations</li> <li>▪ Environmental Management Center</li> </ul> <p>Police</p> <ul style="list-style-type: none"> <li>▪ Administration and Analysis</li> <li>▪ Uniform Patrol</li> <li>▪ Investigations</li> <li>▪ Animal Control</li> <li>▪ Mounted Patrol</li> <li>▪ Marine Patrol</li> <li>▪ Extradition Program</li> <li>▪ Red Light Camera Program</li> <li>▪ Helicopter Unit</li> <li>▪ Police Services</li> </ul>	<p>Public Health</p> <p>Public Utilities</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Engineering and Construction</li> <li>▪ Operations and Maintenance</li> <li>▪ Business Operations</li> </ul> <p>Public Works</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Infrastructure Maintenance and Repair</li> <li>▪ Capital Construction and Replacement</li> <li>▪ Waste Management</li> <li>▪ Automotive Services</li> <li>▪ Stormwater Utility Enterprise Fund</li> </ul> <p>Real Estate Assessor</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Board of Equalization</li> </ul> <p>Sheriff</p> <ul style="list-style-type: none"> <li>▪ Administration</li> <li>▪ Court Support</li> <li>▪ Workforce Services</li> <li>▪ DARE Program</li> <li>▪ Correctional Operations</li> <li>▪ Work Release Program</li> <li>▪ Central Booking</li> <li>▪ Inmate Services</li> </ul> <p>Non-Departmental</p> <ul style="list-style-type: none"> <li>▪ Regional Participation and Community Incentive Grants</li> <li>▪ Independent Financial Services</li> <li>▪ Employee Special Benefits</li> <li>▪ Benefits Administration</li> <li>▪ Revenue Reimbursements</li> <li>▪ Cultural Affairs Funding (See Cultural Affairs)</li> <li>▪ Vehicle Replacements</li> <li>▪ Lynnhaven Mall TIF</li> <li>▪ Sandbridge Special Service District and TIF</li> <li>▪ Central Business District-South TIF</li> <li>▪ Transition Area Special Revenue Fund</li> </ul> <p>Schools Funding Formula</p> <p>City Contracts</p> <p>Capital Projects</p> <p>Grants</p> <p>General Fund Transfers and Contingencies</p>
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**PLANNED AUDITS**

**Audits per City Council Resolution**

1. ComIT (requested by Councilmember Wood)	
a. Financial Audit.....	500 hrs.
b. Performance Audit.....	500 hrs.
2. Health Care (requested by Councilmembers DeSteph and Diezel)	
a. Actuarial Audit.....	150 hrs.
Coordinate the actuarial evaluation of retiree health care cost by an outside actuary and review the actuary's underlying assumptions.	
b. Health Care Claims Audit (By an independent outside firm).....	100 hrs.
Coordinate the audit of health care claims by an independent outside firm.	
Subtotal hours (Allocation)	<u>1,250 hrs. (17%)</u>

**Audits per Risk Assessment**

1. Expenditures Audit	
Review of City disbursements to ensure there are proper controls in place to prevent improper payments and/or overpayments in the following areas:	
a. AP Disbursements.....	180 hrs.
b. Procurement Cards.....	246 hrs.
c. Petty Cash / Change Funds .....	240 hrs.
d. Travel Vouchers.....	240 hrs.
2. Revenue Contracts .....	500 hrs.
Review of selected revenue contracts to ensure revenue is properly calculated and timely remitted to the City.	
3. Fuel Utilization .....	500 hrs.
Review of City-wide fuel utilization program.	
4. Planning – Fee Collections .....	580 hrs.
Review of the fee collection processes within Planning to ensure proper handling, adequate safeguarding, and timely reporting of fees and other revenues collected.	
5. Fire Prevention Program.....	500 hrs.
Review of the Fire Marshall's Office program to inspect commercial properties throughout the City.	
Subtotal hours (Allocation)	<u>2,986 hrs. (40%)</u>

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**Investigations**

1. Fraud, Waste, and Abuse Hotline Investigations.....	1,800 hrs.
Review of allegations received through the City’s Fraud, Waste and Abuse hotline.	
Subtotal hours (Allocation)	<u>1,800 hrs. (25%)</u>

**Attestation Engagements**

1. Sheriff’s Supplemental Retirement Plan Review .....	120 hrs.
Perform audit procedures required for the external audit of the Sheriff’s Office Supplemental Retirement Plan to ensure accuracy of retirement plan balance.	
2. Lake Edwards Newtown Cultural Life Center Grant Review .....	100 hrs.
Review of expenses prior to disbursement of grant money to ensure expenditures are reasonable and in accordance with the City agreement.	
3. Heron Ridge Golf Contract Review.....	150 hrs.
Perform a contract compliance audit of the forty year Heron Ridge golf course lease agreement to verify compliance with all aspects of the lease agreement.	
4. City Manager’s Striving for Excellence Review .....	120 hrs.
Review the widely-distributed Striving for Excellence Report to ensure the reasonableness of amounts and cost savings reported by the respective departments.	
Subtotal hours (Allocation)	<u>490 hrs. (7%)</u>

**Other**

1. External Audit Contract Administration.....	100 hrs.
Provide oversight and management of the City’s financial statements audit contract.	
2. Information Technology General Controls Review.....	100 hrs.
Review of general and application controls in coordination with external auditors.	
3. Unscheduled Audits .....	600 hrs.
Hours set aside to perform audits of unforeseen issues and requests by management or City Council.	
Subtotal hours (Allocation)	<u>800 hrs. (11%)</u>
Total Hours of all Audits	<u><u>7,326 hrs. (100%)</u></u>

