

Audit Schedule
July 1, 2009 through June 30, 2010



Office of the City Auditor
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Virginia Beach, Virginia 23456
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"Promoting Accountability and Integrity in City Operations"

**Office of the City Auditor
FY 2010 Audit Schedule**

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Office of the City Auditor FY 2010 Audit Schedule

The Office of the City Auditor is an independent appraisal function responsible for financial, attestation engagements and performance audits of City programs, functions and activities. Other responsibilities include: oversight and management of the City's external audit contract; coordination of the City's fraud, waste and abuse prevention and reporting program; and, technical and advisory services. The audit services provided by the office enhance efficiency and effectiveness of City operations, ensure compliance with federal, state and local laws and regulations, and assist in maintaining an internal control framework which reduces the risk of loss to the City.

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 and Duties; 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 Committee

To ensure organizational independence, the City Auditor reports to City Council through an Audit Committee. The Audit Committee consists of five (5) members: two (2) non-voting City Council Members and three (3) voting citizen members who are appointed by City Council. The members of the FY 2010 Audit Committee are:

Council Member Jim Wood
Council Member John Uhrin
Stanwood Dickman, CPA, Chairperson
JoAnn Augone, CPA
Dr. Douglas Ziegenfuss, CPA

Project Planning and Selection

Determining which areas to focus limited audit resources is the key to a successful audit function. With this in mind, the Office of the City Auditor uses a multi-faceted approach to project planning and selection. Our process includes (1) assessing audit risk; (2) soliciting input from City leadership; and (3) reviewing departmental requests.

The office has developed an enterprise audit risk model, based on the Institute of Internal Auditors (IIA) Risk Assessment Model, which provides an in-depth assessment of audit risk based on our evaluation of indicators in the following business risk areas:

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

We organized our model by auditable units (primarily City programs) within departments. Data was collected for each auditable unit in order to evaluate the program's inherent risk. Inherent risk refers to the business or other risks present in an organization or program due to the nature of the services or activities performed. A list of the auditable units is provided in Appendix I.

Our evaluation included gathering and analyzing data from various sources (i.e., management interviews, budgets, financial reports, and the City programs themselves). We then used these results, in conjunction with input from City leadership, departmental requests, and audit staff to develop our audit plan for the FY 2010. The results of our risk assessment are provided in Appendix II.

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Audit Resources

The Office of the City Auditor is comprised of the City Auditor, four professional audit positions and one support position. A list of the current members and their respective positions is provided below.

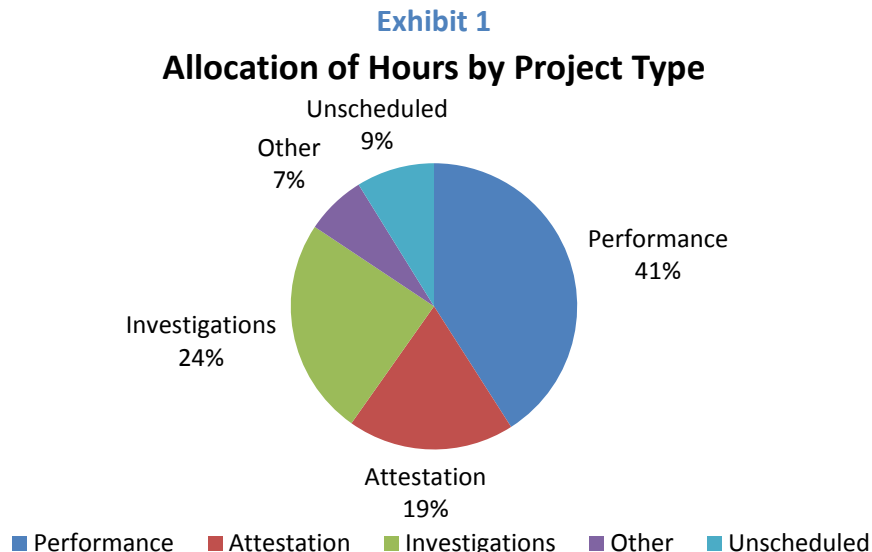
Name	Title
Lyndon Remias, CPA, CIA	City Auditor
Chris Ford, CPA	Deputy City Auditor
Gretchen Hudome, CIA	Deputy City Auditor
Tim Bell	Senior Auditor
Sharon Hayes	Senior Auditor
Cheryl Childress	Executive Assistant

Available audit resources are defined as the total number of staff hours available to provide direct audit services to City businesses, programs and functions. The hours available are determined by calculating the total staff hours and adjusting for estimated indirect hours (i.e., holidays, anticipated leave, mandated training, administrative activities, etc.) for the period. Based on our current staffing, there are 10,400 total staff hours available, (5 staff x 2,080 hours) for FY 2010. The Audit Plan allocates 7,326 hours (70%) to direct audit time for planned audits, reviews, and investigations. The remaining 3,074 hours (30%) are allocated to indirect time for leave, holidays, continuing professional education, and audit administration.

The FY 2010 adopted budget for the Office of the City Auditor is \$576, 573, a 0.7% increase over FY 2009.

Allocation of Audit Resources

The Office of the City Auditor conducts financial, attestation, and performance audits, with an emphasis on the performance of City businesses, programs and functions. An overall look at the types of audit projects and the percentage of time allocated for each is depicted in **Exhibit 1** below.



**Office of the City Auditor
FY 2010 Audit Schedule**

Investigations

- 1. Fraud, Waste, and Abuse Prevention and Reporting (Hotline)..... 1,800 hours**
Coordinate the City’s Fraud, Waste and Abuse Prevention Program including the investigation of allegations received through the City’s Fraud, Waste and Abuse Hotline.

Investigations 1,800 hours

Other

- 1. Follow-up on FY 2009 Audit Recommendations 400 hours**
Perform a review to determine whether management has taken appropriate corrective action to address findings and recommendations from previous audits.
- 2. External Audit Contract Administration 100 hours**
Provide oversight and management of the City’s annual financial statements audit contract.

Other 500 hours

Unscheduled

- 1. Unscheduled Direct Service Hours..... 666 hours**
Hours set aside to perform audits of unforeseen issues and requests by management and/or City Council.

Unscheduled 666 hours

Overall Total Hours 7,326 hours

Office of the City Auditor

FY 2010 Audit Schedule

APPENDIX I: Audit Entities

<p>Agriculture</p> <ul style="list-style-type: none"> ▪ Administration ▪ Cooperative Extension Program ▪ Agricultural Reserve Program ▪ Farmer's Market ▪ Agricultural Advisory Committee ▪ Wetland Violations <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"> ▪ Administration ▪ Organizational Development ▪ Volunteer Resources ▪ Media and Communications <p>City Treasurer</p> <ul style="list-style-type: none"> ▪ Receipts ▪ Investment Management <p>Commissioner of the Revenue</p> <ul style="list-style-type: none"> ▪ Administration ▪ DMV Select Program <p>Commonwealth's Attorney</p> <p>Communications and Information Technology</p> <ul style="list-style-type: none"> ▪ Application Support ▪ Operations Support ▪ Business Center ▪ Information Security and Privacy Office ▪ Multimedia Services ▪ Systems Support ▪ Telecommunications ▪ GIS ▪ Printing and Mail Distribution ▪ Subscriptions <p>Convention and Visitors Bureau</p> <ul style="list-style-type: none"> ▪ Administration ▪ Tourism Promotion/Advertising ▪ Tourism Growth Investment Fund ▪ Convention Promotion and Facility ▪ Resort Area Events ▪ Parking <p>Courts</p> <ul style="list-style-type: none"> ▪ Virginia Beach Circuit Court ▪ Virginia Beach General District Court ▪ Virginia Beach Juvenile and Domestic Relations Court ▪ Virginia Beach Clerk of the Circuit Court ▪ Magistrate ▪ Court Services Unit 	<p>Cultural Affairs</p> <p>Economic Development</p> <ul style="list-style-type: none"> ▪ Administration ▪ Virginia Beach Development Authority ▪ Minority Business Program ▪ Workforce Development ▪ Town Center Special Service District <p>Emergency Communications & Citizen Services</p> <ul style="list-style-type: none"> ▪ Emergency Communications (911) ▪ Citizen Services (311) <p>Emergency Medical Services</p> <ul style="list-style-type: none"> ▪ Administration ▪ Operations and Emergency Response ▪ Lifeguard Contract ▪ Training <p>Finance</p> <ul style="list-style-type: none"> ▪ Administration ▪ Debt Management ▪ Payroll ▪ Comptroller ▪ Purchasing ▪ Risk Management ▪ Procurement Cards ▪ Capital Assets Inventory ▪ Accounts Payable ▪ Petty Cash ▪ Travel Advances <p>Fire</p> <ul style="list-style-type: none"> ▪ Fire Marshall's Office ▪ Fire Operations ▪ Emergency Management ▪ Fire Training ▪ Fire Programs <p>General Registrar</p> <p>Housing and Neighborhood Preservation</p> <ul style="list-style-type: none"> ▪ Administration ▪ Code Enforcement ▪ Section 8 ▪ Housing Development <p>Human Resources</p> <ul style="list-style-type: none"> ▪ Staffing and Compensation ▪ Learning and Development ▪ Workforce Planning ▪ Human Rights Commission ▪ Equal Employment Opportunity/Diversity Program ▪ Human Resources/Police Services ▪ Employee Relations ▪ Occupational Health and Safety
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**Office of the City Auditor
FY 2010 Audit Schedule**

APPENDIX I: Audit Entities (continued)

<p>Human Services</p> <ul style="list-style-type: none"> ▪ Administration ▪ Social Services ▪ Juvenile Detention Center ▪ Mental Health and Substance Abuse Services ▪ Mental Retardation Services ▪ Pendleton Child Service Center ▪ Comprehensive Services Act ▪ Community Corrections ▪ Transportation <p>Libraries</p> <ul style="list-style-type: none"> ▪ Administration ▪ Ready to Learn ▪ Records Management ▪ Libraries ▪ Youth and Family Services ▪ Law Library <p>Management Services</p> <p>Museums</p> <ul style="list-style-type: none"> ▪ Aquarium ▪ Historical Houses ▪ Museum Stores <p>Parks and Recreation</p> <ul style="list-style-type: none"> ▪ Administration ▪ Planning, Design and Development ▪ Programming and Operations ▪ Landscape Management ▪ Golf Course Operations <p>Planning</p> <ul style="list-style-type: none"> ▪ Administration ▪ Long Range Planning ▪ Planning Boards and Commissions ▪ Development Services ▪ Building Permits and Inspections ▪ Mass Transit Operations ▪ Environmental Management Center <p>Police</p> <ul style="list-style-type: none"> ▪ Administration and Analysis ▪ Uniform Patrol ▪ Investigations ▪ Animal Control ▪ Mounted Patrol ▪ Marine Patrol ▪ Extradition Program ▪ Red Light Camera Program ▪ Helicopter Unit ▪ Police Services 	<p>Public Health</p> <p>Public Utilities</p> <ul style="list-style-type: none"> ▪ Administration ▪ Engineering and Construction ▪ Operations and Maintenance ▪ Business Operations <p>Public Works</p> <ul style="list-style-type: none"> ▪ Administration ▪ Infrastructure Maintenance and Repair ▪ Capital Construction and Replacement ▪ Waste Management ▪ Automotive Services ▪ Stormwater Utility Enterprise Fund <p>Real Estate Assessor</p> <ul style="list-style-type: none"> ▪ Administration ▪ Board of Equalization <p>Sheriff</p> <ul style="list-style-type: none"> ▪ Administration ▪ Court Support ▪ Workforce Services ▪ DARE Program ▪ Correctional Operations ▪ Work Release Program ▪ Central Booking ▪ Inmate Services <p>Non-Departmental</p> <ul style="list-style-type: none"> ▪ Regional Participation and Community Incentive Grants ▪ Independent Financial Services ▪ Employee Special Benefits ▪ Benefits Administration ▪ Revenue Reimbursements ▪ Vehicle Replacements ▪ Lynnhaven Mall TIF ▪ Sandbridge Special Service District and TIF ▪ Central Business District-South TIF ▪ Transition Area Special Revenue Fund <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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**Office of the City Auditor
FY 2010 Audit Schedule**

APPENDIX II: Risk Assessment Results (Top 25)

RANKING	DEPARTMENT	AUDITABLE_UNIT	WEIGHTED TOTAL
1	Grants	Grants	77.00
2	CIP	Capital Projects	72.00
3	Human Resources	Staffing and Compensation	69.50
4	Human Services	Social Services	69.50
5	Commonwealth's Attorney	Administration	67.00
6	Fire	Fire Operations	66.50
7	Public Works	Infrastructure Maintenance and Repair	66.25
8	Police	Police Services	65.25
9	Housing	Section 8	65.00
10	Public Works	Capital Construction and Replacement	65.00
11	Sheriff	Central Booking	65.00
12	Human Services	Mental Retardation Services	64.75
13	Human Resources	Occupational Health & Safety	64.50
14	Planning	Mass Transit Operations	64.00
15	Sheriff	Administration	63.75
16	ComIT	Multimedia Services	62.50
17	Sheriff	Correctional Operations	62.25
18	ComIT	Telecommunications	62.00
19	Parks and Recreation	Programming & Operations	62.00
20	Planning	Long Range Planning	62.00
21	Convention and Visitor Bureau	Parking	61.75
22	Planning	Development Services	61.75
23	Public Utilities	Operations & Maintenance	61.75
24	Planning	Environmental Management Center	61.25
25	Public Works	Stormwater Utility Enterprise Fund	61.00

NOTE: The highlighted items are included in the FY 2010 Audit Schedule.