

## ARTICLE XXVIII. OFFICE OF THE CITY AUDITOR\*

---

**\*Editor's note:** Ord. No. 3005, adopted December 11, 2007, repealed the former Art. XXVIII, §§ 2-465--2-468, and enacted a new Art. XXVIII as set out herein. The former Art. XXVIII pertained to department of audit services and derived from Ord. No. 2579, 5-9-2000.

---

### **Sec. 2-465. Creation; purpose; composition.**

(a) The office of the city auditor is hereby created, with such office to be filled by the appointment of a city auditor by a majority vote of city council, who shall report to and serve as an at-will employee of the city council. The city auditor shall possess adequate professional proficiency for the job and must be a licensed certified public accountant. The city auditor's salary shall be set by the city council and reviewed annually.

(b) The city auditor shall have the power to appoint, employ and remove, pursuant to budget authorization, deputy and assistant auditors as deemed necessary for the efficient and effective administration of the affairs of the office and to prescribe their duties, scope of authority and qualifications. Deputy and assistant auditors employed on or after February 16, 2008 shall be appointed by the city auditor and serve at the pleasure of the city auditor. Deputy and assistant city auditors employed prior to February 16, 2008 shall retain their status as merit employees. Clerical and other support staff of the city auditor shall be merit employees.

(Ord. No. 3005, 12-11-07)

### **Sec. 2-466. Powers and duties; scope of audits.**

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.

(Ord. No. 3005, 12-11-07)

### **Sec. 2-467. Standards.**

Audits shall be conducted in accordance with Government Auditing Standards.

(Ord. No. 3005, 12-11-07)

### **Sec. 2-468. Access to employees, records and property.**

(a) All officers and employees of the City of Virginia Beach shall furnish to the city auditor, or designee, unrestricted access to employees, information and records (including electronic data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the city auditor or designee to inspect all property, equipment and facilities within their custody.

(b) All contracts with outside contractors shall contain a "right-to-audit" clause and provide for city auditor access to the contractor's records relating to or pertaining to the contract, as well as property and equipment purchased in whole or in part with governmental funds.

(c) Unless otherwise required by law, the city auditor shall not disclose any confidential or proprietary information acquired during an audit.

(Ord. No. 3005, 12-11-07)

### **Sec. 2-469. Audit committee.**

(a) To ensure independence of the audit function, an audit committee is hereby established. The audit committee shall consist of five (5) members: two (2) non-voting councilmembers and three (3) voting citizen members, who shall be appointed by the council. At least one (1) of the citizen members shall be a licensed certified public accountant, and the other two (2) citizen-members shall have a background in finance, accounting, and/or auditing. Of those first appointed, one (1) member shall be appointed for a term of one (1) year, one (1) for a term of two (2) years; one (1) for a term of three (3) years; and thereafter all appointments shall be for a term of three (3) years.

(b) The audit committee shall consult with the city auditor regarding technical issues and work to assure maximum coordination between work of the office of the city auditor and external audit efforts.

(c) The audit committee shall meet as needed to perform its duties but shall not meet less than three (3) times annually and shall be responsible for:

- (1) Reviewing the city auditor's annual plan and budget before submission to council.
- (2) Reviewing final audit reports before issuance;
- (3) Transmitting audit reports to council;

- (4) Monitoring follow-up on reported findings to assure corrective action is taken;
- (5) Reporting to council on problems or problem areas at such times as deemed appropriate;
- (6) Performing an evaluation of the city auditor annually and reporting the results of the evaluation and effectiveness of the audit function to council;
- (7) Reviewing reports of the external auditors; and,
- (8) Evaluating the findings and recommendations of the peer review of the audit function as required by Government Auditing Standards.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-470. Audit schedule.**

(a) At the beginning of each fiscal year, the city auditor shall submit an annual audit schedule to the audit committee for review and comment. The schedule shall include the proposed plan, and the rationale for the selections, for auditing departments, offices, boards, activities, contractors and agencies for the period. This schedule may be amended after review with the audit committee, but the city auditor shall have final authority to select the audits planned. City council shall be notified of any amendments.

(b) City council may request an unscheduled audit depending upon newly discovered facts, provided, however, that such request must be approved by a majority of the members of city council.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-471. Agency response.**

A draft of the audit report will be forwarded to the audited agency for review and comment regarding factual content prior to its release. The agency must respond to the city auditor, in writing, within thirty (30) days specifying (i) agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations; (ii) plans for implementing solutions to issues identified; (iii) a timetable to complete such activities. The city auditor will include the agency's response in the report. If no response is received, the city auditor will note that fact in the transmittal letter and will release the audit report.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-472. Audit reports.**

Each audit will result in a report, written or in some other retrievable form, and be prepared in accordance with Government Auditing Standards. The report shall be distributed to the audit committee, city council and management, and it shall also be available for public examination.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-473. Annual follow-up.**

The city auditor shall follow-up on audit recommendations as practical to determine if corrective action has been taken, and may request periodic status reports from audited agencies regarding

actions taken to address reported deficiencies and audit recommendations.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-474. Contracted auditors or other experts.**

(a) The city auditor will coordinate and manage the audit contract of the City's Comprehensive Annual Financial Report (CAFR) and related federal grants. Council must approve the selection of a certified public accounting firm for the CAFR audit in accordance with City Code § 8.06.

(b) Within budget limitations, the city auditor may obtain the services of certified public accountants or other professional experts necessary to perform audit work. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the governmental entity or its officers.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-475. Federal, state and other grants.**

City management shall notify the city auditor of any scheduled audits, related issues or violations of federal, state or local laws and regulations pertaining to grants.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-476. Fraud, waste or abuse.**

(a) The office of the city auditor will oversee and coordinate all actions taken in a preliminary investigation of a suspected fraudulent activity. To the extent allowed by law, the office of the city auditor shall review relevant information in a confidential manner and shall conduct a prompt preliminary investigation of the alleged activity. If evidence indicates possible fraud, waste or abuse, a full investigation shall follow including coordination with appropriate law enforcement agencies. A summary of investigative findings shall be communicated to the audit committee.

(b) In accordance with Virginia Code § 2.2-3705.3(7), records of a completed investigation shall be disclosed upon request to any Virginia citizen or member of the media, unless such disclosure is prohibited by law. The information disclosed shall include the name of the department or agency involved, the nature of the complaint, the job category of the subject of the complaint, a summary of the investigative procedures and findings, and what actions, if any, were taken to resolve the complaint. If a person is the subject of the complaint, the identity of that person shall only be disclosed if the investigation results in corrective action or the person consents to release of his or her identity. "Corrective action" consists of suspension, demotion, or termination. An investigation shall be considered completed when all related investigatory activities have been concluded. With respect to an investigation that leads to criminal charges, the investigation shall be considered completed upon exhaustion of all appeals. The identity of complainants or persons supplying information to investigators shall not be disclosed.

(Ord. No. 3005, 12-11-07)

#### **Sec. 2-477. Annual report.**

The city auditor shall submit an annual report to council within forty-five (45) days after the fiscal year indicating audits completed, major findings, and corrective actions taken.

(Ord. No. 3005, 12-11-07)

**//Virginia Beach, Virginia/CODE City of VIRGINIA BEACH, VIRGINIA Codified through Ordinance No. 3029, adopted June 10, 2008. (Supplement No. 101, Update 3)/Chapter 2 ADMINISTRATION\*/ARTICLE XXVIII. OFFICE OF THE CITY AUDITOR\***