



City of Virginia Beach

VBgov.com

OFFICE OF CITY AUDITOR
(757) 385-5870
FAX: (757) 385-5875
TTY: 711

MUNICIPAL CENTER
BUILDING 1, ROOM 344
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9012

September 27, 2019

Thomas A. Leahy, P.E., Acting City Manager
City Manager's Office
City of Virginia Beach
2401 Courthouse Drive
Virginia Beach, VA 23456

Subject: Results of Agreed-Upon Procedures for the 2019 Something in the Water Festival

Dear Mr. Leahy,

We have performed the procedures listed below, which were agreed to by management with respect to the 2019 Something in the Water Festival solely to assist the parties with their after-event assessment of the inaugural festival and the City's support provided. The goal of the festival was to provide entertainment and a variety of constructive activities for visiting college students and residents to enjoy during what has traditionally been referred to as, College Beach Weekend.

This agreed-upon procedures engagement was conducted in accordance with Government Auditing Standards (GAS). GAS incorporates financial and attestation standards established by the American Institute of Certified Public Accountants. These standards also provide guidance for performing and reporting the results of agreed-upon procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described herein either for the purpose for which this report has been requested or for any other purpose.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, City Manager, and appropriate management within the City. This report will also be made available to the public through the Office of the City Auditor's webpage.

The procedures and associated findings are as follows:

- (1) Review of the methodology and support of City’s accounting and compilation of in-kind expenses related to the 2019 Inaugural Something in the Water Festival (Festival).

City Council authorized the City’s sponsorship of the 2019 Something in the Water Festival on March 5, 2019. The sponsorship included a contribution of \$250,000, use of the Convention Center and resort area stages and in-kind Public Safety, Public Works and support services similar to those already programmed for College Beach Weekend.

Departments captured event-related costs by using a shared program code similar to the way the City accounts for costs associated with a storm event.

Based on our review of the cost allocation and associated support, we identified the following exceptions:

- Regular (normal) salary costs of \$78,725 allocated to the Festival;
- Related overtime costs of \$11,303 incurred, but not allocated to the Festival;
- Cost of bus services provided by Virginia Beach City Public Schools included in original compilation of in-kind services when the full cost was reimbursed by SITW, LLC.

These items were agreed to, adjusted and are reflected in the City’s *Something in the Water 2019/Inaugural Festival during College Beach Weekend After Action Report* dated September 27, 2019.

The total revised cost of the in-kind City services provided (beyond normal operations) to support the Festival was \$860,515. Table1, below provides a summary of the total costs before and after our review.

Table 1. City Sponsorship and Support Costs

Category	Original Total	Adjustment	Revised Total
Sponsorship	\$250,000	\$0	\$250,000
In-Kind Services:			
Personnel Costs	\$789,325	(\$67,422)	\$721,903
Operating Expenses	\$112,526	\$0	\$112,526
VBCPS - School Buses	\$128,912	(\$128,912)	\$0
HRT - Trolley Shuttles	\$26,086		\$26,086
Event Total	\$1,306,849	(\$196,334)	\$1,110,515

We also identified 3,656.5 hours of compensatory time earned had not initially been noted in the report.

The City's *Something in the Water 2019/Inaugural Festival during College Beach Weekend After Action Report* includes summaries of internal and external stakeholder event feedback and identifies areas and/or improvements to enhance future Festivals and other events.

Despite the diversity of the stakeholders, there were common themes both for what went well and areas needing improvement. The main areas for improvement were:

- Communication (internal and external as well as before and during the event);
- Crowd Management;
- Traffic Flow (egress, both vehicular and foot);
- Staffing/Credentialing; and
- Pre-event Planning

Many of the suggestions provided could lead to efficiencies and a reduction in the support services necessary to host successful, large scale events.

Management should:

- 1.1 Establish detailed, written guidelines related to authorizing, approving and capturing/allocating costs associated with large special events. The guidelines should be distributed to the departments along with the shared program code for the event.
- 1.2 Incorporate best practices and/or lessons learned from the inaugural Festival for future Festivals and events, where practical.

We were not engaged to perform and did not perform an audit, the objective of which would have been the expression of an opinion or limited assurance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters may have come to our attention that would have been reported to you. We completed the agreed-upon procedures on September 26, 2019.

This report is intended solely for the information and use of the City Manager's Office, the Department of Finance and City leadership. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Thomas A. Leahy, P.E., Acting City Manager
Results of the Agreed-Upon Procedures for the 2019 Inaugural Something in the Water
Festival
September 27, 2019
Page 4

Our findings and recommendations have been discussed with management. The items identified related to the reporting of 2019 Something in the Water Festival expenses were agreed to, implemented and are reflected in the City's *Something in the Water 2019/Inaugural Festival during College Beach Weekend After Action Report* dated September 27, 2019. Management has agreed to implement the other recommendations as well.

We would like to thank the management and staff of the City Manager's Office and the Department of Finance for their courteous assistance during the course of our engagement.

Should you have any questions, please do not hesitate to contact me at 385-5872 or via e-mail at lremias@vbgov.com.

Sincerely,



Lyndon S. Remias, CPA, CIA
City Auditor

LSR/gh

c: Ronald H. Williams, Jr., Deputy City Manager
Brian Solis, Assistant to the City Manager – Special Projects
Alice Kelly, Director of Finance