

Audit Schedule  
July 1, 2018 through June 30, 2019



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 2019 Audit Schedule**

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## **Office of the City Auditor FY 2019 Audit Schedule**

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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.

### **Audit Committee**

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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 2019 Audit Committee are:

Council Member Jim Wood  
Council Member John Uhrin  
Committee Chair Sharon Brown, CPA, CIA, CFE  
Karen Hill, CPA, CIA, CISA, CCSA  
Emilson Espiritu

### 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, 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 employee surveys, 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 2019.

### Audit Resources

## Office of the City Auditor FY 2019 Audit Schedule

The Office of the City Auditor is comprised of the City Auditor, five 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, CRMA, CGAP | City Auditor              |
| Chris Ford, CPA                     | Deputy City Auditor       |
| Gretchen Hudome, CIA, CRMA          | Deputy City Auditor       |
| Sharon Hayes, CFE                   | Forensic Audit Manager    |
| Tim Bell, CICA                      | Senior Auditor            |
| Antonio Gonzalez, CPA, MBA          | Senior Auditor            |
| Rosana Clark                        | Administrative Specialist |

*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 12,480 staff hours available (six staff x 2,080 hours) for FY 2019.

With the addition of a new Auditor I position to support investigative projects, we will have an additional 1,456 direct hours available (2,080 hours x 70%) annually going forward and approximately 728<sup>1</sup> direct hours (1,456 hours x 50%) for FY 2019. This brings the total amount of direct hours to 9,048. The Audit Plan allocates **9,048** hours to direct audit time for planned audits, attestations, and investigations. See **Table 1** below for determination of direct audit time hours:

**Table 1**

|  | Available Hours | Direct Time | Direct Hours |
|--|-----------------|-------------|--------------|
| City Auditor                               | 2,080           | 0.50        | 1,040        |
| Deputy City Auditor                        | 2,080           | 0.70        | 1,456        |
| Deputy City Auditor                        | 2,080           | 0.70        | 1,456        |
| Forensic Audit Manager                     | 2,080           | 0.70        | 1,456        |
| Senior Auditor                             | 2,080           | 0.70        | 1,456        |
| Senior Auditor                             | 2,080           | 0.70        | 1,456        |
| Staff Auditor <small>(New in FY19)</small> | 1,040           | 0.70        | 728          |
| Total                                      | 13,520          |             | <b>9,048</b> |

The remaining 4,472 hours are allocated to indirect time for leave, holidays, continuing professional education, and audit administration.

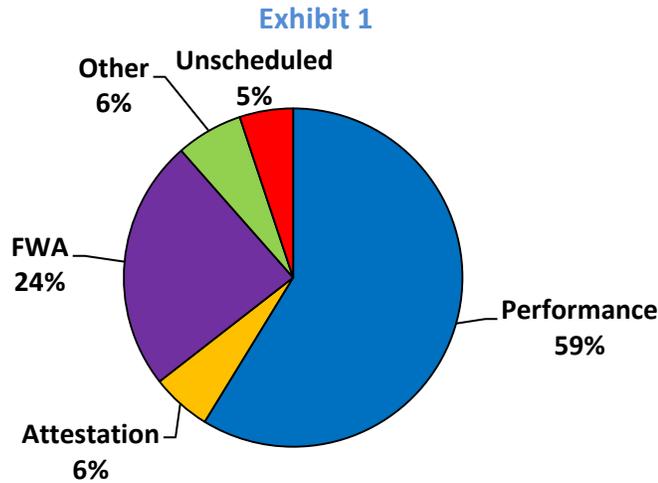
<sup>1</sup> Estimated FY19 direct hours for the new FTE are based on projected hire and start date during the second quarter of the fiscal year.

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**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** on the next page.



**Planned Audits**

The following provides an overview of the allocation of audit resources planned for the fiscal year ending June 30, 2019. The planned scope of these projects is subject to change based on the results of the audit planning phase.

**Performance Auditing**

Performance audits are intended to assess the quality of performance by City agencies and functions in carrying out their assigned responsibilities. The scope of the audit may include the entire department or some portion thereof, such as a specific program or function. The specific scope of the audit will be determined during the planning phase of the audit but can include a review of operational and financial controls; compliance with federal, state, and city regulations; and effectiveness of performing assigned responsibilities.

- 1. Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Funds** ..... 500 hours  
Audit of the TIP and TAP Special Revenue Funds to ensure accountability and proper use of revenue and expenses.
  
- 2. Virginia Beach Community Development Corporation (VBCDC)** ..... 500 hours  
Audit of VBCDC to determine operational effectiveness and compliance with bylaws approved by the City.
  
- 3. City-wide Review of Automated Vehicle Location (AVL) Use and Monitoring**..... 500 hours  
Audit of the City’s use and operational effectiveness of the AVL software.

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- 4. Fire Department (Various Operations)**..... 500 hours  
Audit of Fire Department operations to ensure compliance with applicable City, state, and federal policies and regulations.
  
- 5. Health Department – Dental Program**.....500 hours  
Audit to ensure compliance with applicable City and state policies and regulations.
  
- 6. City Personnel Board Operations** ..... 500 hours  
Audit to determine operational effectiveness and efficiency of Personnel Board.
  
- 7. City’s Master Vendor File**..... 500 hours  
Audit to ensure proper policies, procedures and controls are in place with regard to the City’s Master Vendor File to ensure accuracy and reliability of vendor information and deter and detect improper payments.
  
- 8. Federal Emergency Management Agency Special Revenue Fund**..... 500 hours  
Audit of the FEMA Special Revenue Funds to ensure accountability and proper use of revenue and expenses within the FEMA Special Revenue Fund.
  
- 9. Audit of Public Safety Recruitment, Retention, and Promotional Processes** ..... 500 hours  
Evaluate the efficiency and effectiveness of the City’s public safety recruitment, retention, and promotion practices.
  
- 10. Carry Forward of FY18 Audits in Progress**..... 800 hours  
(Virginia Beach Development Authority, Citywide Cybersecurity, and Human Services Community Services Performance Contract)

**Performance Audits**

**5,300 hours**



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**Attestation Engagements**

In an attestation engagement, auditors issue an examination, review or agreed-upon procedures report on a subject matter, or an assertion that is the responsibility of another party. Attestation engagements can cover a broad range of financial or non-financial objectives and can be part of an audit or a separate engagement.

- 1. Follow-up Review of Public Works, Operations Division, Infrastructure Maintenance Contract Bureau Audit Recommendations** ..... 200 hours  
Review of corrective action taken to date to address prior audit recommendations. *[Public Works]*
  
- 2. Police Property and Evidence Unit** ..... 200 hours  
Review of cash and evidence handling processes in the Police Property and Evidence Unit to ensure cash/evidence seized and/or found is appropriately recorded and inventoried. *[Police]*
  
- 3. City Manager’s Striving for Excellence Report / Volunteer Resources Report**..... 120 hours  
Review of the widely-distributed *Striving for Excellence Report* and the Volunteer Resources Report to ensure the reasonableness of data reported in the respective reports. *[City Manager / Volunteer Resource Office]*

**Attestation Engagements** **520 hours**

**Investigations**

- 1. Fraud, Waste, and Abuse Prevention and Reporting (Hotline)**..... 2,184 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 and other means.

**Investigations** **2,184 hours**

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**Other Projects**

1. **Healthcare Claims Contingency Audit** ..... 40 hours  
Coordinate the annual audit of Optima Healthcare Claims by Healthcare Horizons.  
*[Consolidated Benefits Office]*
  
2. **Information Technology General Controls Review**..... 40 hours  
Review of IT general and application controls in coordination with the external auditors.  
*[IT]*
  
3. **Analysis of City Grants** ..... 200 hours  
Analysis of the various methods for awarding grants to various entities throughout the City (i.e. Community Organization Grants, City Council resolution, etc.) *[Various]*
  
4. **Follow-up on Prior Year Audit Recommendations** ..... 200 hours  
Perform follow up activities to determine whether management has taken appropriate corrective action to address findings and recommendations from previous audits.  
*[Various]*
  
5. **External Audit Contract Administration**..... 100 hours  
Provide oversight and management of the City’s annual financial statement audit contract.

**Other** **580 hours**

**Unscheduled**

1. **Unscheduled Direct Service Hours** ..... 464 hours  
Hours set aside to perform audits of unforeseen issues and requests by management and/or City Council.

**Unscheduled** **464 hours**

**Overall Total Hours Budgeted** **9,048**



# List of Auditable Entities

APPENDIX 1

## **Agriculture**

- Administration
- Agricultural Reserve Program
- Cooperative Extension Program
- Farmer's Market

## **Aquarium and Historic Houses**

- Aquarium
- Aquarium Stores
- Historic Houses

## **Budget and Management Services**

### **City Attorney**

### **City Auditor**

### **City Clerk**

### **City Council**

### **City Manager**

### **City Treasurer**

- Investment Management
- Receipts

## **Commissioner of the Revenue**

## **Commonwealth's Attorney**

## **Communications**

## **Convention and Visitors Bureau**

- Administration
- Convention Promotion and Facility Management
- Resort Programs and Special Events
- Tourism and Sports Marketing Promotion
- Tourism Promotion and Advertising

## **Courts and Court Support**

- Circuit Court
- Clerk of the Circuit Court
- Court Services Unit
- General District Court
- Juvenile & Domestic Relations Court
- Magistrate

## **Cultural Affairs**

- Administration
- Arts and Humanities Commission
- Contemporary Arts Center Grant
- Sandler Center

## **Economic Development**

- Administration
- Grow Smart

## **Emergency Communications and Citizen Services**

- Administration
- Citizen Services (311)
- Emergency Communications (911)

## **Emergency Management**

## **Emergency Medical Services**

- Administration
- Operations and Emergency Response
- Lifeguard Services
- Regulation and Enforcement
- Training

## **Finance**

- Accounts Payable
- Administration
- Capital Assets Inventory
- Comptroller
- Debt Management
- Financial Systems Services
- Payroll
- Petty Cash/Travel Advances
- Procurement/Travel Cards
- Purchasing
- Risk Management

## **Fire**

- Administration
- Fire Operations
- Fire Personnel and Development
- Fire Prevention
- Fire Program Grants

## **Housing and Neighborhood Preservation**

- Administration
- Code Enforcement
- Housing Development
- Rental Housing
- Homeless Services

## **Human Resources**

- Administration
- Employee Relations
- Human Rights Commission
- Learning and Development
- HR/Police Services
- Learning and Development
- Member Communications
- Occupational Health and Safety
- Staffing and Compensation

## **Human Services**

- Administration
- Behavioral Health
- Child Welfare/Adult and Family Services
- Continuous Quality Improvement
- CSA Administration
- Developmental Services
- Financial Assistance Services
- Human Services Grants
- Juvenile Detention Center

## **Information Technology**

- Application Support
- Business Center and Mail Services
- Center for GIS
- Data Information Management

# List of Auditable Entities

APPENDIX 1

## Information Technology (continued)

- IT Security
- Strategy and Architecture
- Systems Support/Infrastructure and Operations
- Technology Services
- Telecommunications

## Libraries

- Administration
- Libraries
- Online Services
- Records Management
- Support Services
- Wahab Public Law Library
- Youth and Family Services

## Management Services

### Parks and Recreation

- Administration and Business Systems
- Landscape Management
- Planning, Design and Development
- Programing and Operations

### Planning and Community Development

- Administration
- Comprehensive Planning
- Development Services
- Parking Management
- Permits and Inspections
- Planning Services
- Strategic Growth Areas
- Transportation Planning
- Zoning Administration

## Police

- Administration
- Animal Control
- Commercial Extraditions
- Community Engagement Unit
- False Alarms
- Investigative Division
- Operations
- Personnel and Training
- Red Light Camera Program
- Special Investigative Unit
- Support Division

## Public Health

### Public Utilities

- Administration
- Business Division
- Engineering and Capital Construction
- Operations and Maintenance

## Public Works

- Administration
- Building Maintenance
- Contracts
- Energy Management
- Engineering and Construction
- Environmental Management
- Facilities Management
- Fleet Management
- Infrastructure Maintenance
- Operations
- Real Estate
- Storm Water Utility Enterprise Fund
- Waste Management

## Real Estate Assessor

- Administration
- Board of Equalization

## Sheriff's Office

- Administration
- Central Booking
- Correctional Operations
- Court Support
- Inmate Services
- Sheriff's Care Mart
- Sheriff's Workforce
- Work Release Program

## Strategy, Transparency, Innovation & Resiliency Office

### Volunteer Resources

### Voter Registration and Elections

### Non-Departmental

- Benefits Administration
- Community Organization Grants
- Computer Replacement Program
- Employee Special Benefits
- Independent Financial Services
- Regional Participation
- Revenue Reimbursements
- Town Center Parking Operations
- Vehicle Replacements
- Virginia Beach Living River Trust

### Other

- Capital Projects
- Contingencies
- Contracts
- DEA Seized Assets
- Fund Transfers
- Grants
- Leases