Office of the City Auditor

Annual Audit Follow-Up Activities
For audits issued through September 30, 2017

Report Date: March 15, 2018

Office of the City Auditor
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"Promoting Accountability and Integrity in City Operations"

Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

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Date: March 15, 2018

To: JoAnn Augone, Audit Committee Chair

Subject: Results of Annual Audit Follow-Up Activities

In accordance with City Charter, Sec. §2-473. Annual Follow-Up[1], I am pleased to present this year's report on the *Results of Annual Audit Follow-Up Activities.* This report covers audits issued through September 30, 2017.

As you will see, the overall majority of our recommendations have been implemented and the open recommendations are largely related to automation, restructuring and/or facility upgrades.

We appreciate the cooperation of the many City departments involved in this effort.

If you have any questions about this report, or any audit-related issue, I can be reached at 385.5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias

Lyndon S. Remias, CPA, CIA
City Auditor

c: City Council Members
        Audit Committee Members
        Appointed and Elected Officials
        Management Leadership Team
        Department Directors

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[1] 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 [by management], and may request periodic status reports from audited agencies regarding actions taken to address reported deficiencies and audit recommendations.*

As required by the City Charter, the Office of City Auditor performs annual follow-up activities related to audit recommendations to determine whether appropriate corrective action has been taken by management to address reported deficiencies and/or implement our audit recommendations. This process provides an opportunity for our Office, City Council, the Audit Committee and City management to review the results of our audit work.

Since FY09, the Office of the City Auditor has issued 95 reports[2] offering 436 recommendations to improve internal controls and enhance the efficiency and effectiveness of City operations.

As of December 31, 2017, 90.8% (396) of our recommendations have been *implemented*, 5.3% (23) are *open*, and 3.9% (17) were *closed* with no further follow-up planned.

Exhibit 1. Status of All Recommendations
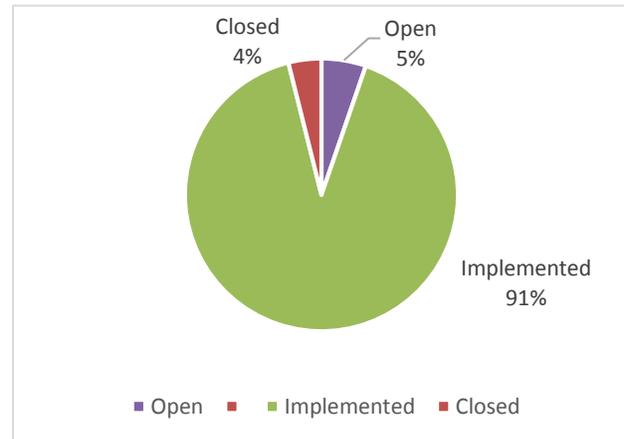
For reporting purposes, each recommendation has been assigned one of the following statuses:

Implemented
A recommendation is considered "*implemented*" when we have reviewed information provided by management (or performed necessary follow up activities) and agree that the recommendation has been implemented and/or the intent of the recommendation has been addressed (i.e., with an alternative approach).

Open
A recommendation is considered "*open*" when the implementation is in process or is uncertain, and additional monitoring is warranted.

Closed
A recommendation is considered "*closed*" when it is:
(a)   No longer relevant (i.e., circumstances have changed, e.g., a program no longer exists).
(b)   Implementation is not feasible due to budget and/or staffing limitations, contractual issues, etc.
(c)   Management does not agree with the recommendation and is not planning to implement the recommendation, nor are they planning to address the issue.
(d)   The recommendation was considered by the City Council but not adopted.
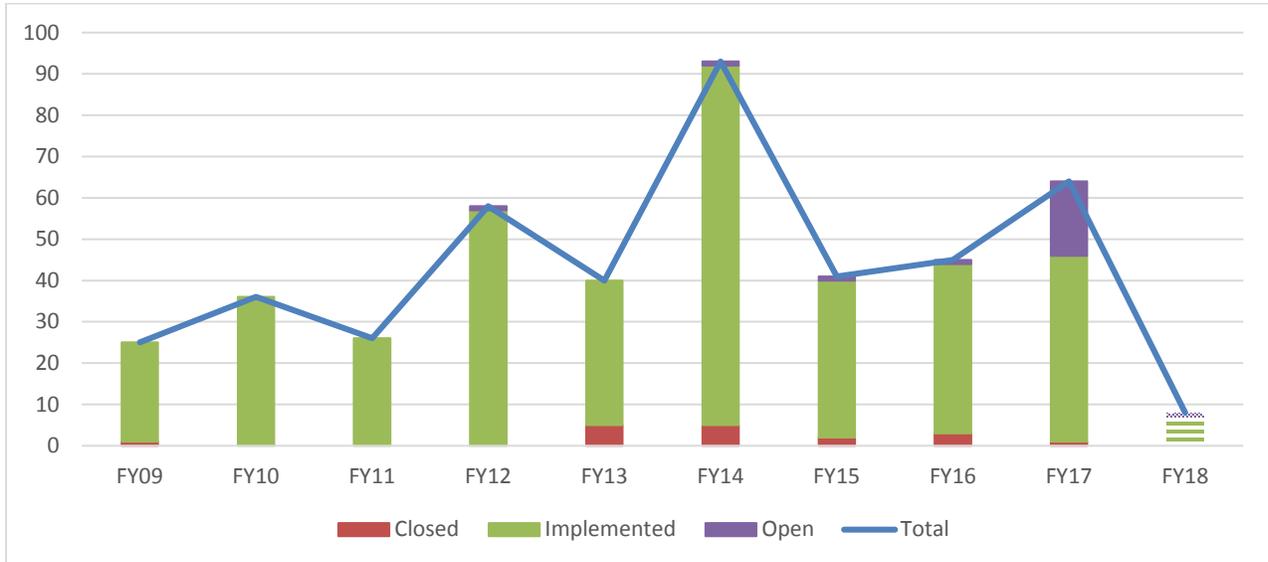
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[2] Number of reports issued FY09 through September 30, 2017.

Since our last follow up report, 59 recommendations were implemented or closed. There were 23 recommendations open as of December 31, 2017.

Exhibit 2, below, provides a pictorial view of status of our recommendations by fiscal year.

Exhibit 2. Status of Audit Recommendations by Fiscal Year

NOTE: FY18 includes audits issued between July 1, 2017 and September 30, 2017.

Appendix 1 provides the current status of open recommendations as of December 31, 2017[3] and the recommendations contained in audit reports issued through September 30, 2017[4].

Appendix 2 is a list of the audit reports issued since July 1, 2009.

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[3] There were 10 recommendations reported as "*open*" as a result of our previous follow-up activities as of December 31, 2016.

[4] There were 72 new recommendations in audit reports issued through September 30, 2017.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY12	Review of Library Revenue Collection Procedures (June 2012)	1.1	Management should explore the implementation of the automated system's point-of-sale capabilities to streamline processes, eliminate discrepancies and reduce duplication of effort.	Open	Open	The department continues to work toward a new Integrated Library System.
FY13	Review of Parks and Recreation: Out-of-School Time Program (January 2013)	2.1a	Establish and maintain current written policies and procedures for not only the front desk recreation centers revenue but the entire Parks and Recreation fee revenue process.	Open	Implemented	Written policies and procedures are in place and available to staff. Policies and procedures are reviewed and updated as necessary to reflect changes to operations and system upgrades.
FY13	Review of Commercial Fuel Charges (March 2013)	1.3	Ensure all available commercial fueling transaction data (i.e., transaction time and fueling site) is uploaded in FleetFocus to enhance monitoring and reporting capabilities.	Open	Implemented	Efforts to integrate the fuel card transactions with FleetFocus have not been successful from a compatible technology standpoint. Fleet Management believes (and we concur) that as time passed, the potential for misuse has been greatly reduced by the reduction in the number of fuel credit cards issued and the consolidation to one fuel card vendor. Additionally, Fleet Management has implemented compensating controls to the transaction monitoring and review process.
FY14	Audit of Voter Registrar's Office (February 2014)	3.1	Work with City management to seek more office space for the Voter Registrar's office and space for storage of voting machines and poll books.	Open	Open	As of January 18, 2018, a new lease space and build-out has been approved and funded by the MLT. We are currently working with Facilities Management on finding a location that will meet our needs and allow the warehouse and office operations to be under one roof. We will continue to utilize space in Building 23 until a new space is found.
FY14	Museum Stores (March 2014)	2.7	Continue to work with CounterPoint to ensure the accuracy of the information included on the Point of Sale Exceptions Report.	Open	Closed	CounterPoint has confirmed the Point of Sale Exceptions Report is a bug without a work around. At this time, there is no known workaround for this item. CounterPoint is still working on a solution for this problem.
FY14	Museum Stores (March 2014)	6.1	Develop Memorandums of Understanding and/or Operating Agreements with the Virginia Beach Historic Houses Foundation and Friends of Historic Houses that clearly delineate the roles and responsibilities of each group.	Open	Implemented	Agreement between the City and Virginia Beach Historic Houses Foundation, Inc was executed on June 22, 2017.
FY15	Audit of Selected Service Contracts (April 2015)	5.0	Explore opportunities to eliminate duplication of effort and forms within the work order and payment processes.	Open	Open	The department is in the process of reviewing and redesigning existing payment procedures.
FY16	Audit of City's Workers' Compensation Program (April 2016)	1.3	Consider adding descriptive codes to identify those leaving the City's employ due to a work-related disability.	Open	Open	Work in Progress.
FY16	Audit of City's Workers' Compensation Program (April 2016)	1.6	Actively pursue recovery of verified overpayments.	Open	Implemented	The Virginia Workers' Compensation Commission issued a stipulation order for repayment of $10,833.14. A promissory note has been signed and monthly payments have been received, as scheduled, thus far.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY16	Dominion Overpayment (May 2016)	3.0	Develop a process to centralize into one database a comprehensive listing of all buildings owned / or spaces leased by the City. Important data should be included in this centralized database to include location, department(s) occupying space, leasing information as it relates to utility charges, to include start and stop dates, and any other pertinent information. This process should be a collaborative effort involving Public Works/Facilities Management, Public Utilities, Parks and Recreations, Finance, Risk Management, ComIT and other necessary stakeholders.	Open	Implemented	Implemented FY18. A process to centralize into one database has been completed. The Public Works Facilities Management Group has compiled a comprehensive listing of all City-owned buildings, City-owned pump stations, City-owned park shelters and other City-owned miscellaneous structures as well as a separate spreadsheet to identify and track the City's leased facilities, both those that are City-owned properties leased out to non-City entities and commercial facilities that the City leases for City use. The process has been implemented but keeping the database current will be on-going.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	1.1	Wherever applicable, review and revise policies and procedures related to managing client funds to ensure completeness and consistency.	N/A	Implemented	Policy 3.07 and Guidance Document 5.13 were both updated, and the changes went into effect in October 2016.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.1	Ensure that the financial transaction packages are reviewed within the established timeframes. Evaluate the reasonableness of the current reconciliation and review timeframes. The purpose of reconciliations and reviews is to identify and address errors and issues in a timely manner. In determining the definition of "timely", management needs to make sure that enough time is allotted to ensure the purpose is met.	N/A	Implemented	Policy 3.07 and Guidance Document 5.13 were both updated, and the changes went into effect in October 2016.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.2	Ensure all required forms are completed.	N/A	Implemented	Implemented October 2016. Policy 3.07 was updated, and the changes went into effect as of 10/2016. The new threshold allows Supported Residential clients to maintain up to $150 on-site and Group Home residential and ICF clients can maintain up to $100 on-site. This change has allowed for clients to have access to funds in a manner that more sufficiently meet their spending needs while continuing to safeguard their assets.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.3	Ascertain that weekly cash counts are performed.	N/A	Implemented	Implemented October 2016. The review of money management duties is a regular part of the monthly Supervision discussion and training. There is a section of the Supervisory form that is dedicated to the review, training, and discussion of financial management duties. As issues are noted during monthly reviews, the information pertaining to any noted deficiencies is passed along to the respective supervisor for follow-up during the next scheduled supervision meeting.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.4	Require that the service plan requirements are complete and conveyed to the guardian prior to the start of the service year.	N/A	Implemented	Implemented October 2016. All Supportive Living Program treatment plans (Part Vs) have signatures from the client and the authorized representative or Legal Guardian as applicable. There is a signature page specifically dedicated to the residential services being provided by the residential program.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.5	Ensure that supervisors meet with their staff monthly and meetings results are properly documented.	N/A	Implemented	Implemented October 2016. The Program Coordinators (Clinician IVs) of both the Group Home Residential Program and the Supported Residential Program have a checklist/spreadsheet that they maintain in order to track employees' monthly supervisions.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	2.6	Ensure that staff members are adequately trained for their responsibilities.	N/A	Implemented	Implemented October 2016. All new employees receive training on the City's Ethical Standards, Money Management, and program procedures upon entry to the unit. In addition, the entire unit receives a yearly refresher on money management and financial ledger policy, procedure, and protocol. Supervisors provide 1:1 training and follow-up as needed for employees that have errors or display deficiencies in following procedures.
FY17	DHS Client Funds Management and Payment Collection Procedures (September 2016)	3.1	Human Services should work with The Up Center to correct all deficiencies of the Spending Plan.	N/A	Implemented	All concerns were addressed with the UpCenter during the September 21, 2016, meeting and have since been resolved. The Spending Plan has been reviewed and discussed at all meetings (09/21/16; 12/7/16; and 02/15/2017), and all relevant parties report no further concerns. While the UpCenter's Platform has limited availability for change, there is a better understanding of how it works and increased communication between the City and the UpCenter to minimize confusion and misunderstanding.
FY17	Audit of Fleet Management's Procurment Procedures (February 2017)	1.1	Determine the feasibility of implementing a self-service, kiosk type system to centrally pool vehicles to ensure efficient use of fleet vehicles.	N/A	Open	Quotes and technical infrastructure requirements for the Key Valet system has been gathered. The technical infrastructure requirements were submitted to IT for review. Awaiting for response.
FY17	Audit of EMS Volunteer Recruitment & Retention Program (February 2017)	1.1	Increase the number volunteer training classes to ensure all accepted applicants can begin the training classes in a timely manner.	N/A	Implemented	EMS now starts a new basic EMT class at least every other month. We have also expanded pre-EMT training programs in order to engage applicants while they wait for the next formal class to start.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Audit of EMS Volunteer Recruitment & Retention Program (February 2017)	2.1	Continue to refine efforts to address the two major reasons for members leaving the program: lack of flexible scheduling and leadership issues.	N/A	Implemented	The department continues to encourage individual squad leaders to provide flexibility to their members. The department formed a Membership Task Force that provided a number of recommendations for managing duty requirements. A number of changes were made, most notable of which was expansion of an associate membership program that reduced duty requirements for volunteers working in the EMS field for their full time jobs. As for leadership, a number of steps have been taken to improve communications, including regular e-newsletters. The staff has focused on showing authentic appreciation to individual members.
FY17	Audit of EMS Volunteer Recruitment & Retention Program (February 2017)	2.2	Capture more specific information from exit interviews to determine the "root cause" for members leaving.	N/A	Implemented	A formal exit process has been established with a focus on EMTs who have left the department. Six months of data has been collected, but the results show that the a specific root cause remains elusive. While scheduling issues were often identified as a concern, only 25% indicated this was a major factor in their departure. That number is interesting when compared to 27% who left because they were moving out of the area. EMS will continue to refine our research, in the meantime we celebrate that 91% stated they would "rejoin in the future and/or recommend VBEMS to others."
FY17	Audit of EMS Volunteer Recruitment & Retention Program (February 2017)	2.3	Measure the impact of the Retention Officer and Marketing and Communications Officer to recruitment and retention numbers.	N/A	Implemented	A formal exit process has been established with a focus on EMTs who have left the department. Six months of data has been collected, but the results show that the a specific root cause remains elusive. While scheduling issues were often identified as a concern, only 25% indicated this was a major factor in their departure. That number is interesting when compared to 27% who left because they were moving out of the area. EMS will continue to refine our research, in the meantime we celebrate that 91% stated they would "rejoin in the future and/or recommend VBEMS to others."
FY17	Audit of Resort Management Office (March 2017)	1.1	We recommend the City's Beach Events Contract Administrator initiate proper controls to monitor the Certificates of Deposit (CDs) held by IMG.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	2.1	Though it may be difficult to meet all shoulder season event minimums, continued effort should be stressed, or perhaps amend contract language allowing for just the 12-event minimum should be considered.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.

Status of Audit Recommendations as of December 31, 2017

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FY17	Audit of Resort Management Office (March 2017)	3.1	We recommend the contract administrator remind the Steering Committee and any other involved City staff periodically of the fact that more reports/information can be produced if desired.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	4.1	We recommend what the external auditors wrote in the management letter: "that the Contract be revised or that the City advise those issuing permits that Beach Events is not to be charged permit fees".	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	5.1	We recommend that IMG keep the City informed of any delays [regarding their independent audit] and strive to meet the deadline as specified in the contract.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	6.1	We recommend rewording the contract to give [the City] the option [whether or not] to receive information [regarding staffing changes].	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	7.1	We recommend the Resort Management Office comply with the 50% deposit resolution requirement as written. However, we support the CVB in approaching City Council to ask if they could have the deposit requirement be changed to optional, recognizing that the 50% up-front costs can be a real burden on some nonprofits. In fiscal year 2016, the $201,080 of recoupment costs billed to event organizers was collected.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	8.1	We recommend including the 50% credit computation, methodology, and backup utilized for the credit computation - even if it seems obvious they qualify for the 50% computation and have in prior years.	N/A	Implemented	Implemented at the time of Management response to the audit dated March 10, 2017
FY17	Audit of Resort Management Office (March 2017)	9.1	We recommend that when using payroll rates to accumulate and report departmental event related expenses, departments annually re-compute their payroll rates to assure that the rates are reasonably approximating actual costs and supply the documentation to the Resort Management Office.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	10.1	We recommend for ease of verification, to indicate on the permit, the type of permit that was awarded along with the dollar amount.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of Resort Management Office (March 2017)	11.1	We recommend whomever transports the deposit should be required to initial the logbook indicating they were the transport person.	N/A	Implemented	Implemented, based on Management's initial response dated March 10, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	1.1	Appropriately correct all four exceptions identified.	N/A	Implemented	Implemented by incorporating additional City Code changes effective April 2017.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Audit of the Planning and Community Development Department (March 2017)	1.2	Perform a comprehensive review of the City Code, Accela, and City-published sources to determine if there are other mistakes in the 1,050 active fee rates.	N/A	Open	The hiring of an additional Administrative Specialist is scheduled for March 2018 to enable staff now focused on Human Resource support to redirect effort to this activity.
FY17	Audit of the Planning and Community Development Department (March 2017)	2.1	Develop a reconciliation report that includes all pertinent information, such as status (i.e., Open/Close), adequate description of the finding, and corrective actions taken.	N/A	Implemented	Implemented prior to Audit Report issuance on March 16, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	2.2	Review the reconciliation for accuracy and completeness of data and for timeliness of corrective actions taken to resolve the findings.	N/A	Implemented	Implemented prior to Audit Report issuance on March 16, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	2.3	Document its review by signing and dating the reconciliation report; add applicable notes, if necessary.	N/A	Implemented	Implemented prior to Audit Report issuance on March 16, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	3.1	Management should review and approve all transactions that offset revenue.	N/A	Implemented	Implemented prior to Audit Report issuance on March 16, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	4.1	Reassign the fourteen (14) users to the appropriate user groups. Ensure that subsequent user group assignments are thoroughly considered.	N/A	Implemented	Corrective action implemented in March 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	4.2	Make the necessary correction to the login date field. This field is used as a systems control for disabling user access after 90 days of non-activity.	N/A	implemented	Corrective action implemented in March 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	4.3	Develop a process to timely disable access for terminated or transferred users.	N/A	Implemented	Corrective action implemented in March 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	4.4	Develop a formal policies and procedures document that defines and establishes staff responsibilities and internal controls over key areas, such as: user access; passwords; and, application maintenance over users, user groups, and FIDs.	N/A	Open	Additional staffing, an Administrative Specialist will be hired shortly, enabling staff now focused on Human Resource support to redirect effort to this activity. Development of formal policies/procedures for user access has begun and will be completed by beginning of FY19.
FY17	Audit of the Planning and Community Development Department (March 2017)	5.1	Strongly consider segregating incompatible duties, such as deposit preparation from monthly reconciliation.	N/A	Implemented	Corrective action implemented in October 2017.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Audit of the Planning and Community Development Department (March 2017)	6.1	Develop a formal policies and procedures document that defines and establishes staff responsibilities and internal controls over key areas, such as: Payment receipt and deposit processes; Safekeeping of funds; Refund process, including credit card reversal; Reconciliation process between Accela and InSITE; and, Internal control activities (i.e., segregation of duties; management approval of deposits, refunds, and reconciliation; and, management monitoring of deposit postings to InSITE and voided, refunded, and reversed credit card transactions).	N/A	Open	Corrective action has been taken. A detailed policy document is under development and scheduled to be completed in FY19.
FY17	Audit of the Planning and Community Development Department (March 2017)	7.1	Management should ensure that all cash and cash equivalents are secured inside a safe or a key-locked drawer within the office.	N/A	Implemented	Implemented prior to Audit Report issuance on March 16, 2017.
FY17	Audit of the Planning and Community Development Department (March 2017)	8.1	As the Planning Department continues to evolve as one unit, centralization provides the potential for increased efficiency in access, data flow, and resources. Management should examine the advantages of centralizing the deposit and/or revenue processes, then further consider others, such as submission of expenses and purchasing of supplies.	N/A	Open	An examination of corrective actions that are necessary for increased centralization has been accomplished. A phased approach is underway with further implementation through FY19. Centralization will be completed in FY19 with implemention of remaining corrective actions by FY20.
FY17	Results of AUP for IT Asset Management Program (April 2017)	1.1	Ensure all new processes and procedures, once implemented, are documented, in writing, available and communicated to ITAM staff.	N/A	Implemented	Documentation has been created and shared with staff regarding the revised computer replacement process. As new processes and procedures are created they will be documented and shared as well. We are also currently in review for incident procedures between our ITSM Team and the IT Operations Manager.
FY17	Results of AUP for IT Asset Management Program (April 2017)	1.2	Provide opportunities for cross training amongst ITAM staff.	N/A	Implemented	Staff are being cross trained to assist with asset management (receiving and disposals), computer replacement, Vendor monitoring of their install procedures, imaging and packaging. The goal is to work as an efficient team and to eliminate single points of failure and bottlenecks. We also have a SharePoint site that has a training folder where staff can find who has trained on what and the documents used for the training.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Results of AUP for IT Asset Management Program (April 2017)	1.3	Pursue IT asset management training and corresponding certifications for all program staff.	N/A	Implemented	All ITAM staff members have completed ITIL Foundations Training. We have also identified training opportunities in asset management in newly acquired InfoTech Service (annual subscription). In addition, the new team lead has completed ITIL Service Design and is participating in new supervisors and other City offered courses. Our Systems Analyst is also taking new supervisors training.
FY17	Results of AUP for IT Asset Management Program (April 2017)	1.4	Establish policies regarding the types of assets to be, or not to be, maintained by ITAM (i.e., supported assets vs mobile phones, iPads, etc) as well as the types of assets that should be accounted for at the department/program level. The policies should also address and/or establish responsibility for the procurement, accounting and safeguarding of all IT assets.	N/A	Implemented	IT is and will continue to track computers (including desktops, laptops, tablets), monitors, and printers that are purchased with City funds regardless of their cost/value or replacement eligibility. Departments and/or agencies are responsible for tracking their own mobile phones and computer assets purchased with non-city (i.e., State and grant) funds. We will continue to align with City Purchasing processes.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.1	Incorporate asset management requirements in the development of all workflows that impact the IT asset management lifecycle.	N/A	Open	IT had software manufacturer ServiceNow conduct an on-site assessment (Completed February 2018) of our tool configuration and project implementation progress. They have recommended moving to the current version of the platform and conducting a new implementation project. We are awaiting their Statement of Work so we can engage ServiceNow in the implementation plan and project.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.2	Identify and configure asset data fields that require input and/or updating depending on the process and require input and/or updating of those fields.	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.3	Identify and configure triggers for input or changes to fields that impact additional fields (i.e., Asset State and Substate).	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.4	Allow online/real time updating of asset data as workflows progress.	N/A	Open	ServiceNow supports real time data entry. Our hardware and Maintenance vendor ESI also has workflow requirements that include updating the asset records as new devices are installed and/or relocated.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.5	Design and develop reports/alerts to identify changes in asset state and/or location.	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.6	Ensure features that allow tracking (i.e. auditing) of all changes to asset information are activated.	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.
FY17	Results of AUP for IT Asset Management Program (April 2017)	2.7	Ensure that quality assurance steps are included in the workflows.	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.1	Ensure a process exists to adequately monitor, review, and verify changes to asset data.	N/A	Open	This will be part of the new ServiceNow implementation and will start in FY18 with targeted completion in calendar year 2018. ServiceNow will have required fields for asset information and will log changes and offer reports for monitoring changes and determining replacement eligibility of devices.
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.2	Plan and allow for adequate time for a full reconciliation of IT asset data prior to conversion to ServiceNow. The reconciliation should include data from WHD, SCCM and the discovery tool within ServiceNow. Discrepancies should be investigated and resolved.	N/A	Open	The ServiceNow implementation is currently on hold until we agree to a scope and schedule with ServiceNow for them to lead our implementation activities. We have already started reviewing asset disposal reports to determine that assets have been removed appropriately (Years FY16, FY17 are complete).
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.3	Provide a dedicated, temporary position to assist with data entry and verification for the time leading up to and during transition to ServiceNow.	N/A	Open	IT is bringing on a temporary staff member to assist in reconciling data for assets between the four data sources. The purchase order was processed this week.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.4	Perform full physical inventory and reconciliation of IT asset data periodically (i.e., every 2-3 years) to ensure data accuracy and reliability.	N/A	Open	Funds have not been provided for a physical inventory. We have amended our computer replacement process to require our vendor to conduct a site survey/inventory as part of the annual replacement project (by department by location). This has been accomplished for two pilot agencies so far to test our process with the vendor.
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.5	Perform rotating in-house site surveys in between full inventory.	N/A	Open	Funds have not been provided for a physical inventory. We have amended our computer replacement process to require our vendor to conduct a site survey/inventory as part of the annual replacement project (by department by location). This has been accomplished for two pilot agencies so far to test our process with the vendor.
FY17	Results of AUP for IT Asset Management Program (April 2017)	3.6	Develop a process for departments to verify IT assets on hand annually.	N/A	Open	This has not been done Citywide. We need to wait until our asset inventory is reconciled and ServiceNow is implemented so we can run the reports necessary to provide the information to departments. We have worked with the Department of Human Services (FY18) to reconcile their computer inventory.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	1.1	Ensure that prescription medication items are included in the narcotics destruction documentation package and annotated in BEAST system accordingly. We also recommend that Internal Affairs include prescription medications in its inventory of items being destroyed.	N/A	Implemented	Prescription medications are included in the documentation and Internal Affairs audits a percentage of the prescription medication slated for destruction. (Implemented 5/22/2017 per email 2/20/18)
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	1.2	Ensure that the status of the item in BEAST system is updated as destroyed. The PPE Unit staff member destroying the property and a second employee witnessing the destruction both sign on BEAST system's signature pad.	N/A	Implemented	Employees have a second employee sign the signature pad as a witness to all destructions. When a bin or location is emptied, the employee will run a list of anything assigned to that location or bin to ensure all evidence was updated.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	2.1	Ensure that subsequent sales of VBPD-owned firearms are advertised to all police officers through a department-wide email to afford everyone an equal opportunity to purchase.	N/A	Implemented	Already implemented by the time the Audit Report was issued on 6/9/2017.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	2.2	Obtain an appraisal from a FFL dealer that is not a related party to potential purchasers. The appraisal value should be used to determine a sales price that is fair to the purchaser and the City.	N/A	Implemented	Already implemented by the time the Audit Report was issued on 6/9/2017.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	2.3	Update the PPE Unit Orders to include all VBPD and relevant legal procedural requirements in the sale of such firearms.	N/A	Implemented	Already implemented by the time the Audit Report was issued on 6/9/2017.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY17	Results of the Agreed-Upon Procedures for the Police Property and Evidence Unit (June 2017)	3.1	Ensure that bank reconciliations are performed each month in accordance with the VBPD Evidence Collection and Handling Field Guide and the PPE Unit Orders to timely detect errors, omissions, or fraud.	N/A	Implemented	Out of the seven statements we have received this fiscal year, all but one reconciliation has been completed in the following month. The November statement was reconciled on 1/3/18 due to staffing issues. (Implemented 5/22/2017 per email 2/20/18)
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	3.2	Examine alternatives to keeping all of the funds in a regular checking account to recover banking costs. One safe alternative is depositing some of the funds in certificates of deposit of varying maturities to generate higher yield and maintain certain liquidity levels. Use past periods' deposits and check issuance as basis for determining a safe balance in the checking account to cover all obligations. Obtain guidance from the Department of Finance and the City Treasurer's Office, if needed. The current bank has since increased its rates, and as charges and other expenditures are incurred and grow in the future, it is important that costs are funded by its interest earnings and not subsidized by the City.	N/A	Closed	When the department changed bank accounts in 2013, they spent a considerable amount of time soliciting, reviewing and speaking with the banks in the area to find the account with the best rates for our needs. All of the banks relayed same information – the fees we would incur would be high due to the fact that we deal predominately in cash. Because of this, our bank fees are not necessarily comparable to the way other city departments take in cash, and the fee structure of their accounts. The use of checks and credit are the most common methods of payment in today's environment. In response to the suggestion that we move funds to CD accounts to gain a higher yield, we feel that the risk involved with employees moving funds to separate accounts outweighs the benefit we would receive.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	3.3	Review bank charges in detail monthly for accuracy and occasionally survey whether they are in line with offerings to other institutional depositors. Additionally, consider exploring means to lower bank charges through renegotiation or by availing of current discounted rate offerings.	N/A	Implemented	We are reviewing bank charges each month for accuracy.
FY17	Results of AUP for Police Property and Evidence Unit (June 2017)	4.1	Management should incorporate additional quality assurance steps within its normal processes, such as: (1) Explore system and field configuration options within the BEAST system to require data input and/or tests of data validity; (2) design and develop exception-based reports and/or queries to identify potential data omissions and/or entry errors; and, (3) periodically, select a sample to compare data entered in BEAST system to information submitted on the Property and Evidence Vouchers	N/A	Implemented	Weekly audits are conducted of various statuses and any discrepancies are immediately addressed. A list of evidence signed out for court is run every day and any issues are immediately addressed. A random sampling of vouchers is selected each week and the information is compared to what was entered into BEAST for quality assurance purposes.
FY18	Audit of the Office of the City Attorney	1.1	We recommend the policy be complied with quarterly as written.	N/A	Implemented	Implemented, based on Management's initial response dated August 11, 2017.
FY18	Audit of the Office of the City Attorney	2.1	Enter the dollar amount in the text description of the transaction and so it will appear in the report listing of each transaction.	N/A	Implemented	Implemented, based on Management's initial response dated August 11, 2017.

Status of Audit Recommendations as of December 31, 2017

FY Issued	Report	Rec #	Recommendation	Status as of 12/31/16	Status as of 12/31/17	Update Comments as of 12/31/17
FY18	Audit of the Office of the City Attorney	3.1	Continue to run the quarterly report of funds received transaction in the full report mode to capture all of the transactions.	N/A	Implemented	Implemented, based on Management's initial response dated August 11, 2017.
FY18	Audit of the Office of the City Attorney	4.1	We recommend the Legal Office Administrator review the report to ensure all revenue streams that should be on the report are in fact listed.	N/A	Implemented	Implemented, based on Management's initial response dated August 11, 2017.
FY18	Audit of the Office of the City Attorney	5.1	We recommend AD 8.01 be updated to accurately reflect current procedures for the processing of FOIA charges.	N/A	Implemented	AD8.01 has been revised as recommended and the revised Directive was signed by the City Manager on February 26, 2018.
FY18	Audit of Stormwater Management Utility	1.1	Review accounts identified as high-risk and exceptions noted to ensure account information is correct and stormwater fees are properly assessed.	N/A	Implemented	Management has completed the review and field verification of the identified accounts resulting in a net assessment gain of 216 ERUs which equates to approximately $36,267 annually.
FY18	Audit of Stormwater Management Utility	1.2	Implement a process to ensure changes to GPINs, including but not limited to splits and mergers, are promptly identified and recorded.	N/A	Implemented	GPIN changes are now monitored monthly.
FY18	Audit of Stormwater Management Utility	2.1	Ensure that electrical service charges are accounted for properly in InSITE by recording these expenditures to the operational side of stormwater.	N/A	Open	This shift of electrical service charges will be part of the FY 19 budget process.

List of Audit Reports Issued

#	Audit	FY	Issue Date	Open	Implemented	Closed	Total
				Recommendations			
1	Sheriff's Office Supplemental Retirement Plan	FY09	9/11/2008				0
2	Newtown Cultural Life Center Grant	FY09	9/11/2008				0
3	Expenditure Audit: Procurement Cards	FY09	9/15/2008				0
4	Department of Communications and Information Technology (ComIT)	FY09	11/26/2008		1		1
5	Striving for Excellence	FY09	12/15/2008		5		5
6	Review of GASB 45 Actuarial Valuation Report	FY09	4/2/2009				0
7	Expenditure Audit: Petty Cash, Change Funds and Travel Reimbursements	FY09	4/29/2009		3		3
8	Virginia Beach Convention Center Catering Contract Commission Payments Review	FY09	5/28/2009				0
9	Heron Ridge Golf Club Contract Review	FY09	6/11/2009		3		3
10	Citywide Fuel Utilization	FY09	6/15/2009		12	1	13
11	Optima Health Claims Audit	FY10	8/10/2009		5		5
12	Audit of Permits and Inspections' Fee Collection Process	FY10	9/9/2009		3		3
13	Audit of Fire Prevention Program	FY10	9/9/2009		2		2
14	Western Bayside Area Grant Review	FY10	9/16/2009				0
15	Police Property and Evidence Unit Cash Handling	FY10	11/24/2009		3		3
16	Information Technology Controls Review	FY10	12/8/2009				0
17	Striving for Excellence	FY10	12/16/2009		5		5
18	Audit of Oceanfront Parking	FY10	2/24/2010		7		7
19	Review of GASB 45 Actuarial Valuation	FY10	4/23/2010		1		1
20	AP Recovery Audit	FY10	5/24/2010		4		4
21	Department of Human Services: Access to Information Systems - Part I	FY10	6/30/2010		5		5
22	Audit of Hampton Roads Transit Contract	FY10	6/30/2010		1		1
23	Audit of Citywide Overtime	FY11	8/26/2010		9		9
24	Western Bayside Area Grant Review	FY11	10/29/2010		2		2
25	Audit of Oceanfront Lifeguard Services	FY11	11/1/2010		2		2
26	Audit of Police Property and Evidence Unit Cash Handling 2011	FY11	2/1/2011		4		4
27	Audit of American Recovery Reinvestment Act	FY11	2/2/2011				0
28	Audit of Witchduck Road Phase I	FY11	2/9/2011		1		1
29	Audit of Stumpy Lake Golf Course Lease	FY11	4/15/2011		2		2
30	Audit of Human Services - Access to Information Systems - Part II	FY11	5/16/2011		6		6
31	Audit of Housing's Asset Management Program	FY12	8/5/2011		9		9
32	Audit of Citywide Procurement Cards	FY12	9/1/2011		6		6
33	Review of Freedom of Information Act Copying Cost	FY12	9/29/2011				0
34	Review of Western Bayside Area Grant	FY12	10/25/2011				0
35	Fleet Management Inventory Parts Review	FY12	1/5/2012		14		14
36	Review of Parks and Recreation Fee Collection	FY12	2/23/2012		9		9
37	Audit of Police Property and Evidence Unit Cash Handling	FY12	3/15/2012		7		7
38	Review of Manual Distribution of Checks	FY12	4/13/2012		5		5
39	Review of Library Revenue Collection Procedures	FY12	6/21/2012	1	7		8
40	Review of Convention and Visitors Bureau 2012 ProCard Transactions	FY13	7/31/2012		4		4
41	Review of GASB 45 Actuarial Valuation	FY13	8/14/2012				0
42	Review of Development Services Center Surety Program	FY13	10/23/2012		8	2	10
43	Review of Western Bayside Area Grant	FY13	11/30/2012		1		1
44	Compliance with the Family and Medical Leave Act	FY13	11/30/2012		9	3	12
45	Review of Out-of-School Time Program	FY13	1/23/2013		3		3
46	Audit of Commercial Fuel Card Charges	FY13	3/7/2013		5		5
47	Audit of Police Property and Evidence Unit Cash Handling	FY13	3/19/2013		5		5
48	Audit of Oceanfront Parking Operations	FY14	7/9/2013		3	1	4
49	Review of Virginia Beach Farmers Market	FY14	7/10/2013				0
50	Review of Convention and Visitors Bureau 2013 ProCard Transactions	FY14	8/6/2013				0

List of Audit Reports Issued

#	Audit	FY	Issue Date	Open	Implemented	Closed	Total
51	Audit of Citywide Travel Vouchers	FY14	8/8/2013		2		2
52	2013 Western Bayside Area Grant Review	FY14	10/2/2013				0
53	Audit of Selected Revenue Collection Points	FY14	10/31/2013		12		12
54	Healthcare Claims Contingency Audit	FY14	11/7/2013		2		2
55	Single Audit and State Compliance Follow-Up	FY14	12/5/2013		2		2
56	Audit of Animal Care and Adoption Center	FY14	2/12/2014		7	2	9
57	Audit of Sheriff's Office Canteen and Commissary	FY14	2/21/2014		12		12
58	Audit of Voter Registrar's Office	FY14	2/27/2014	1	10		11
59	Audit of Museum Stores	FY14	3/6/2014		29	2	31
60	Review of Police Property and Evidence Unit	FY14	3/25/2014		8		8
61	Agreed-Upon Procedures applied to GASB 45 Actuarial Valuation	FY14	4/18/2014				0
62	Results of the Agreed-Upon Procedures for Convention and Visitors Bureau FY 2014 Procurement Card Transactions	FY15	8/6/2014				0
63	Optima Health Claims Audit Report	FY15	9/17/2014		4		4
64	Results of the Agreed-Upon Procedures for Enoch Baptist Church Summer Camp Program Review	FY15	9/18/2014				0
65	Audit of Capital Improvement Program Final Closeout Process	FY15	10/23/2014		1	1	2
66	Audit of Virginia Beach Sportsplex Contract	FY15	10/24/2014		4		4
67	Audit of Photo Red Light Enforcement Program	FY15	3/12/2015		6	1	7
68	Audit Results of Verizon Wireless Account	FY15	3/13/2015		4		4
69	Pharmacy Claims Audit	FY15	3/19/2015				0
70	Audit of Selected Service Contracts	FY15	4/10/2015	1	14		15
71	Review of Police Property and Evidence Unit Inventory	FY15	5/8/2015		5		5
72	Results of the Agreed-Upon Procedures for Convention and Visitors Bureau	FY16	8/12/2015				0
73	Construction Audit Services Report	FY16	8/28/2015			3	3
74	Audit of the Office of the Real Estate Assessor	FY16	8/28/2015				0
75	Audit of City's Discrimination Complaint Process	FY16	8/28/2015		4		4
76	Results of the Agreed-Upon Procedures for Enoch Baptist Church Summer Camp Program Review	FY16	11/5/2015				0
77	Healthcare Claims Audit Report	FY16	12/7/2015		2		2
78	Audit of the Development Services Center	FY16	12/15/2015		7		7
79	Audit of the Public Works and Public Utilities Inventory-Storerooms	FY16	3/21/2016		7	0	7
80	Audit of the City's Workers' Compensation Program	FY16	4/11/2016	1	7	0	8
81	Review of Planning Restoration Funds (Oyster Heritage)	FY16	4/29/2016		3		3
82	Erroneous Payment of Dominion Virginia Power Account	FY16	5/20/2016		3		3
83	Review of Police Property and Evidence Unit Inventory	FY16	5/24/2016		8	0	8
84	Agreed-Upon Procedures applied to 2016 GASB45 Actuarial Valuation	FY16	8/12/2016				0
85	AUP Applied to Virginia Beach Transit Extension Project	FY17	9/9/2016				0
86	AUP for Convention and Visitors Bureau Procurement Card Transactions	FY17	9/20/2016				0
87	Human Services Client Funds Management and Payment Collection Procedures	FY17	10/7/2016		8	0	8
88	Audit of Fleet Management's Procurment Procedures	FY17	2/16/2017	1			1
89	Audit of EMS Volunteer Recruitment & Retention Program	FY17	2/24/2017		4		4
90	Audit of Resort Management Office	FY17	3/15/2017		11		11
91	Audit of the Planning and Community Development Department	FY17	3/16/2017	4	10		14
92	Results of AUP for IT Asset Management Program	FY17	4/7/2017	13	4		17
93	Results of the Agreed-Upon Procedures for the Police Property and Evidence Unit	FY17	6/9/2017		8	1	9
94	Audit of the Office of the City Attorney	FY18	8/15/2017		5		5
95	Audit of Stormwater Management Utility	FY18	9/29/2017	1	2		3
	Totals			23	396	17	436