

# A N N U A L

## R E P O R T



07/01/2019 - 06/30/2020

Source : City of Virginia Beach

OFFICE OF THE CITY AUDITOR

WEBSITE :

[www.vbgov.com/cityauditor](http://www.vbgov.com/cityauditor)



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*City Auditor  
Lyndon Remias, CIA*

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## Message from the City Auditor

FY 20 will certainly be a year to remember! A year that started with overseeing the Independent Investigation into the May 31st tragedy, and ended with the performance of remote and virtual audits due to the COVID-19 pandemic. Despite it all, I am proud to say it was another year of continued productivity for the Office of the City Auditor. As our annual report indicates there have been many value added audits performed and completed.

This year, we said goodbye to long time Senior Auditor, Timothy Bell and welcomed a new face, Stephen Volgyi to our team. A VMI graduate, Stephen brings a set of fresh eyes to our office.

We were also a recipient of the Association of Local Government Auditor's Association's top Knighton Award. This award recognized our quality work and report related to the Audit of the Virginia Beach Community Development Corporation.

As we now operate under different conditions due to the ongoing pandemic, we remain committed to performing and delivering value added audits. Who knows what challenges FY 21 will bring, but rest assured we will be ready and open to them all.



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**FY 20  
IN REVIEW**



# Audit Reports Issued in FY20

*Each year the Office of the City Auditor develops a schedule of planned audits based on an overall assessment of risk.*



## City's Vendor Master File

Addressed the adequacy of the policies, procedures and controls in place with regard to the City's Master Vendor File to ensure accuracy and reliability of vendor information, deter and detect improper payments and reduce the risk of loss to an acceptable level.



## Health Department- Dental Program

Reviewed the operations of the Virginia Beach Department of Public Health's Dental Program including number of clients served, staffing levels, and expenditures.



## Something in the Water Festival

Reviewed the methodology and support of City's accounting and compilation of in-kind expenses related to the festival,



## City-wide Review of Automated Vehicle Locating (AVL) Use and Monitoring

Addressed the City departments' use of AVL for their operational and monitoring functions.



## Audit of the Tourism Investment Program and Tourism Advertising Program Special Revenue Fund and Longwoods International Memo

Addressed the Tourism Investment Program (TIP) and Tourism Advertising Program (TAP) Special Revenue Funds were receiving revenue in accordance with specified allocation rates and that the expenditures from those funds were appropriate.

## Other Projects & Activities

- ✓ City Manger's Striving for Excellence Report
- ✓ External Audit Contract Administration
- ✓ Follow-up Prior Year Audit Recommendations
- ✓ Information Technology Control Review
- ✓ Volunteer Resources Annual Report
- ✓ Healthcare Claims



## City Personnel Board- Operations

Determined the operational effectiveness and efficiency of the Personnel Board process.



## Sandbridge Tax Increment Financing and Special Service District Funds

Determined whether the Tourism Investment Program (TIP) Tourism Advertising Program (TAP) Special Revenue Funds were receiving revenue in accordance with specified allocation rates and that the expenditures from those funds were appropriate.

**Our audit reports are available on our website at [www.vbgov.com/cityauditor](http://www.vbgov.com/cityauditor)**

# Highlights



## 01 PEER REVIEW

- **Who Audits the Auditors?**

To ensure the quality of our work and adherence to government audit standards, we undergo an external "peer review" every three years.

- **How did we do?**

Our office received the highest level of assurance that our audits are conducted in compliance with Government Auditing Standards.

- **What did they say?**

"The cooperation and collaboration between City departments appears to be very strong, based on the number of requests for assistance received by your department. This speaks very highly of your professionalism and effectiveness."

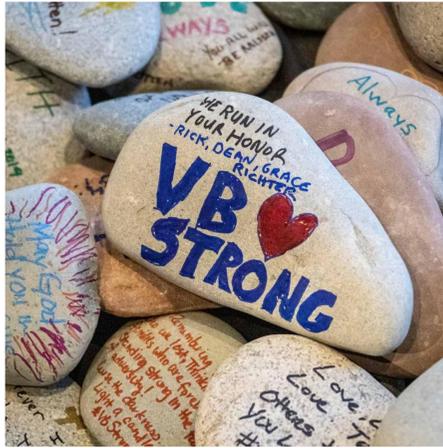
## 02 ASSOCIATION OF LOCAL GOVERNMENT AUDITORS KNIGHTON AWARD RECIPIENT

- *"The City of Virginia Beach's Office of the City Auditor presented a persuasive, compelling report that examined the efficiency and effectiveness of the Virginia Beach Community Development Corporation in fulfilling its Strategic Plan. The audit was relevant, highly impactful, and responsive to the needs and concerns of decision-makers and the public. The report's clear and concise language and effective visuals made the subject matter easy to understand and increased the persuasiveness of the issues identified. Recommendations reported were specific, feasible, and impactful as they addressed funding, replacement of the CEO, and performance of cost-benefit analyses prior to budget-based decisions. The report's message was strong, and the resulting recommendations will provide future benefits for the Community Development Corporation and assist in the accomplishment of its five-year Strategic Plan."*

## 03 NEW STAFF MEMEBER

- **Stephen Volgyi, Senior Auditor**

We are pleased to announce the addition of Stephen Volgyi to our audit team. He joined the office February 27, 2020.



Source : City of Virginia Beach

## Hillard Heintze

On July 2, 2019, the Virginia Beach City Council unanimously passed a resolution directing the City Auditor to engage an independent consultant to conduct an independent review of the May 31, 2019 tragedy. The scope of the review included: creation of a timeline of events; a review of the perpetrator's employment history and workplace interactions; and a review of relevant city policies, procedures and practices, including without limitation, those related to facility security, prevention of workplace violence, and employee alerting and response to active shooter notifications.

Upon the completion of the review, Hillard Heintze presented their findings and submitted a written report to the City Council on November 13, 2019. The report included recommendations as to best practices that the City should employ.

A full copy of Hillard Heintze's Independent Review and Executive Summary may be found on our website. [www.vbgov.com/cityauditor](http://www.vbgov.com/cityauditor).

# Independent Investigation

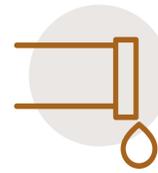


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**UPCOMING FOR  
FY 21**



## Upcoming Audits for FY 21

*Some audits placed on the FY 21 Audit Schedule were based on concerns expressed in response to the citywide survey sent to all members, as well as a survey posted for public input.*



**Surface Water Regulatory Compliance Program**



**Police Body Worn Camera Program**



**Police Property & Evidence**



**ERP Implementation**



**Police Investigation Review Panel (IRP)**

**Audit of the City's Pandemic Response Programs related to CoVID-19**

- City Economic Support (Business) - EDIP Part E Grants
- City Economic Support (Individuals) - City Services
- Public Health Emergency Operations and Leave Policy
- Personal Property Tax Relief
- Real Estate Tax Relief



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**Fraud, Waste &  
Abuse**



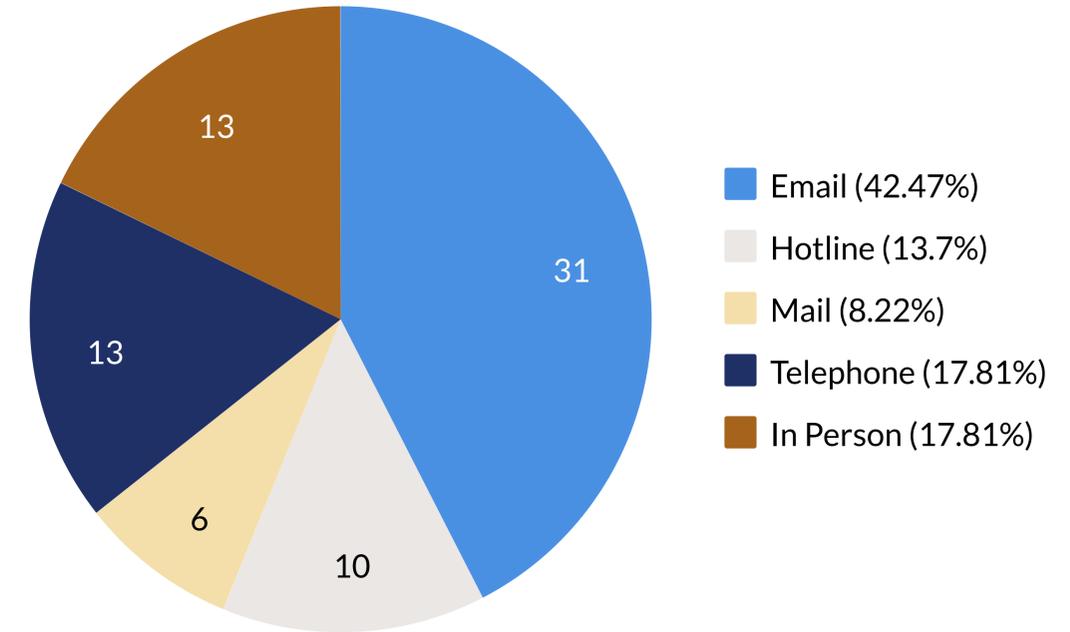
## Forensic Audit Division (FID)

### FORENSIC AUDIT MANAGER'S PERSPECTIVE

During this fiscal year, the City has been faced with a challenge we have never faced before. Yet, we as a City have managed to maneuver through this trying time by executing our goals and objectives. The Forensic Investigation Division (FID) has taken the City's example and pressed on through this trying time. Although, we have been faced with situations of fraud, waste and abuse, we have also met employees that have been determined to execute their duties by providing us with whatever we needed to ensure that the City's interests were maintained. It is our goal to ensure that the City's integrity is upheld. We can't do that without faithful employees and dedicated citizens. So this year, FID salutes our employees and citizens. Please be assured that FID will remain diligent to our goals and objectives.

Thank you! - Sharon Hayes, CFE

### ALLEGATIONS BY REPORTING METHOD:



### TO REPORT ANY FRAUDULENT ACTIVITY :

- **Confidential Hotline:**  
757-468-3330
- **Confidential Email:**  
[ReportVBFraud@vbgov.com](mailto:ReportVBFraud@vbgov.com)

### ALLEGATIONS RECEIVED BY REPORTER TYPE :



CITIZEN

7



FORMER  
EMPLOYEE

1



EMPLOYEE

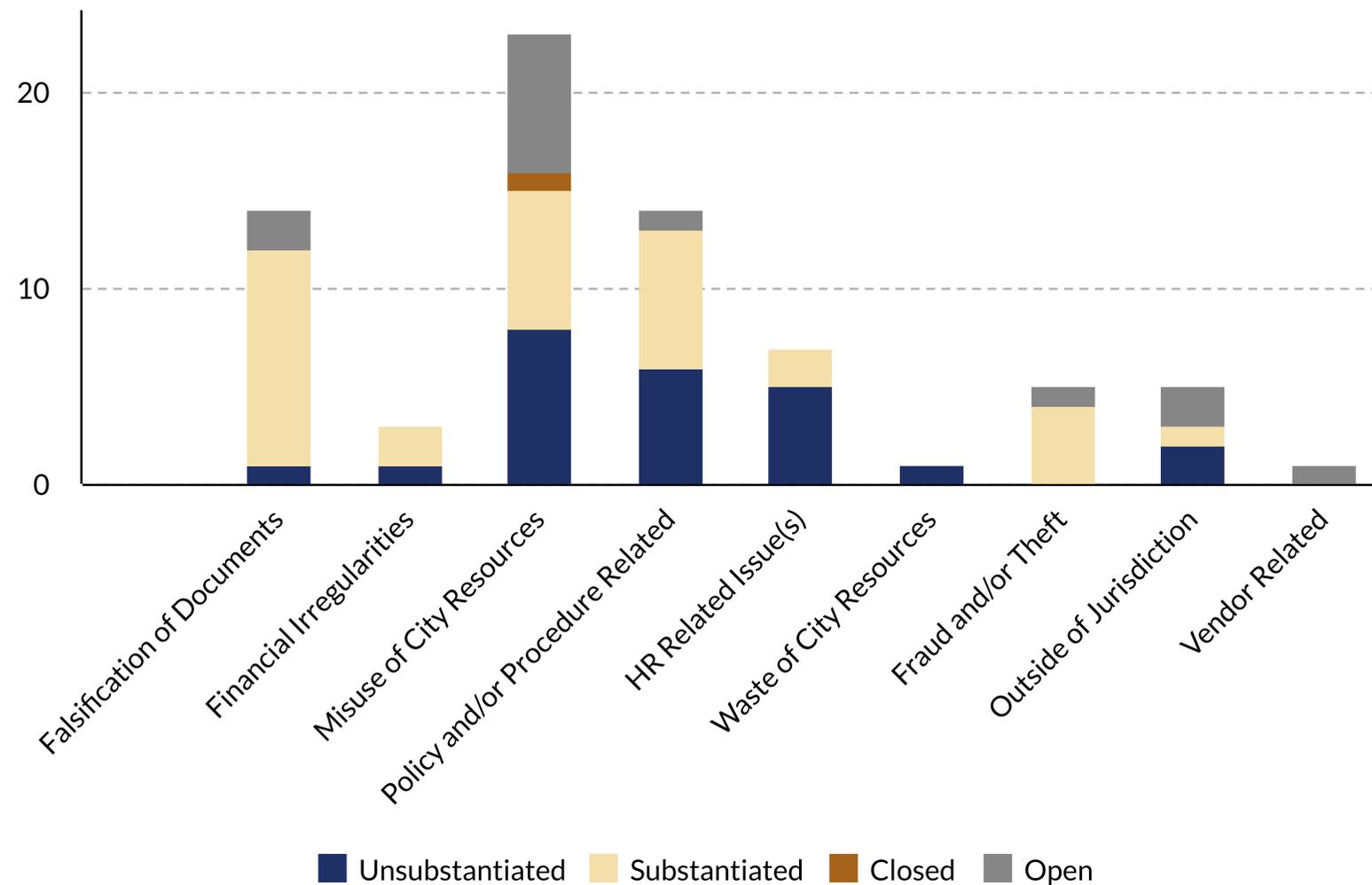
58



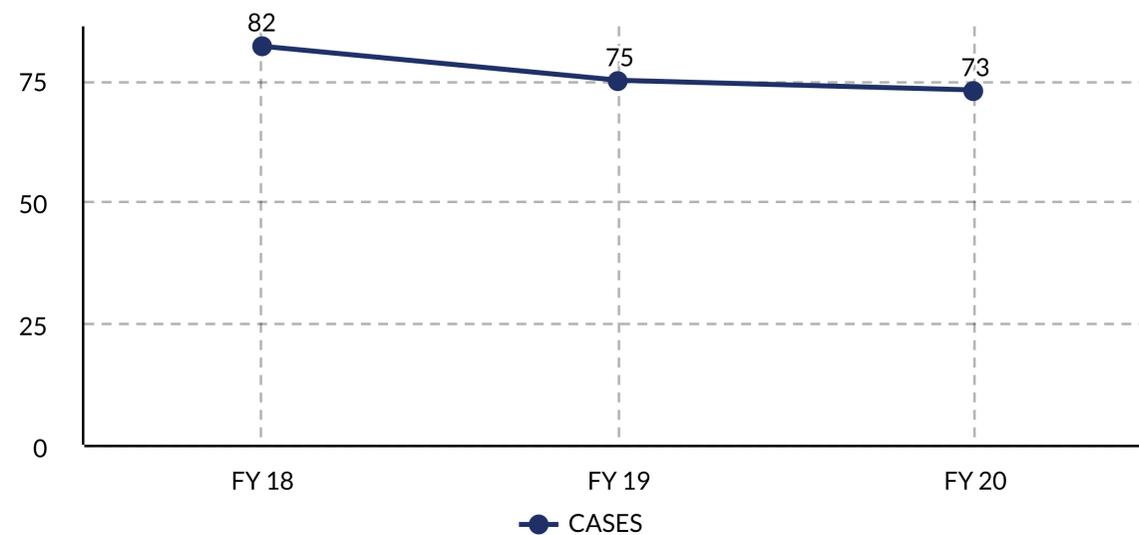
OTHER/UNKNOWN

7

## ALLEGATIONS RECEIVED BY TYPE AND STATUS



## HOW MANY REPORTS DID WE RECEIVE IN FY 20?



## WHAT WAS REPORTED?

CATEGORY	DESCRIPTION	TOTAL
Misuse of City Funds	Employee time theft, conducting personal business on City time, misuse of City vehicles, drug use, etc.	23
Falsification of Documents	Falsification of official documents such as workorders, work logs, client records, etc.	14
Policy &/or Procedure Related	Violations of established policies and procedures such as Conflict of Interest, procurement, leave, vehicle idling, computer use, etc.	14
HR Related Concerns	Hiring practices, discrimination, harassment, retaliation, bullying, etc.	7
Fraud or Theft	Embezzlement, false reporting, theft, etc.	5
Outside of Jurisdiction	Benefits fraud (i.e., SNAP, TANF, Section 8, etc), tax and business license issues, other agencies	5
Financial Irregularities	Petty cash issues, overpayments, misappropriation/allocation of funds, etc.	3
Waste of City Resources	Unnecessary spending, services, efficiency and effectiveness issues, etc.	1
Vendor Related	Contractual issues, improper billing, etc.	1
	Total Allegations for FY 20	73

Out of the 73 allegations received, 14 were referred.



**THANK  
YOU**

OFFICE OF THE CITY AUDITOR  
FY 20 ANNUAL REPORT

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