

Audit Schedule
July 1, 2019 through June 30, 2020



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

**Office of the City Auditor
FY 2020 Audit Schedule**

TABLE OF CONTENTS

Mission	1
Powers and Duties; Scope of Audits	1
Audit Committee.....	2
Project Planning and Selection	2
Audit Resources	3
Allocation of Audit Resources.....	3
Planned Audits	4
APPENDIX I: List of Auditable Entities.....	7

Office of the City Auditor FY 2020 Audit Schedule

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.

Office of the City Auditor

FY 2020 Audit Schedule

Audit Committee

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 2020 Audit Committee are:

Council Member Jim Wood
Council Member Louis Jones
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 2020.

**Office of the City Auditor
FY 2020 Audit Schedule**

Audit Resources

The Office of the City Auditor is comprised of the City Auditor, six professional audit positions and one administrative position. A list of the current members and their respective positions is provided below.

Name	Title
Lyndon Remias, CPA, CRMA, CGAP	City Auditor
Gretchen Hudome, CIA, CRMA	Deputy City Auditor
Sharon Hayes, CFE	Forensic Audit Manager
Tim Bell, CIA, CICA	Senior Auditor
Antonio Gonzalez, CPA, CIA, MBA	Senior Auditor
Daniel Rinehart, CIA	Auditor
Vacant	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 current staffing, there are 14,040 staff hours available (seven (7) professional staff x 2,080 hours) for FY 2020. This brings the total amount of direct hours to 9,412.

The Audit Plan allocates **9,412** hours to direct audit time for audits, attestations, and investigations. See **Table 1** below for determination of direct audit hours:

Table 1. Direct Audit Hours Available

	Available Hours	Direct Time	Direct Hours
City Auditor	2,080	0.50	1,040
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	2,080	0.70	1,456
Staff Auditor (Vacant)¹	1,560	0.70	1,092
Total	14,040		9,412

The remaining 4,628 hours are allocated to indirect time for leave, holidays, continuing professional education, and audit administration.

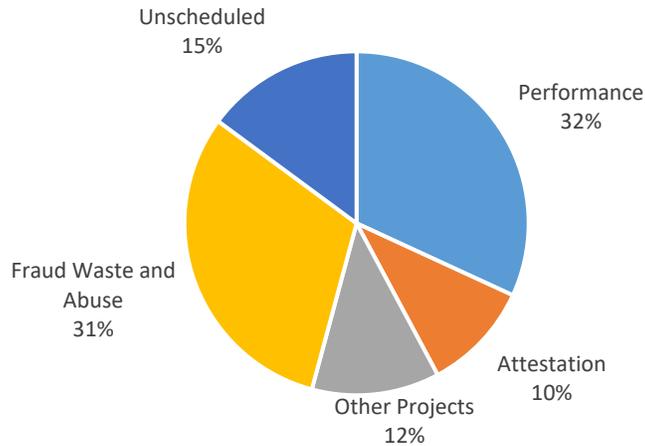
¹ Assumes vacancy filled by end of first quarter.

**Office of the City Auditor
FY 2020 Audit Schedule**

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.

Exhibit 1. Allocation of Audit Resources by Project Type



Planned Audits

The following provides an overview of the allocation of audit resources planned for the fiscal year ending June 30, 2020. 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.

Sandbridge Tax Increment Financing and Sandbridge Special Service District Funds 500 hours
Audit of the Sandbridge Tax Increment Financing (TIF) and Sandbridge Special Service District (SSD) Funds to ensure accountability and proper use of revenue and expenses.
[Finance]

Employee Complaint Processes 500 hours
Audit of employee complaint processes, documentaton and timeliness of response.
[Human Resources]

City Boards and Commissions 500 hours
Audit of compliance with oversight responsibilities and City regulations governing City Council appointed boards and commissions. *[Citywide]*

**Office of the City Auditor
FY 2020 Audit Schedule**

Visitor Information Center 500 hours
Audit to determine operational effectiveness and efficiency of the City’s Visitor Information Center. *[Convention and Visitors Bureau]*

Carry Forward of FY 2019 Audits in Progress 1,000 hours
City Personnel Board Operations and Health Department – Dental Program

Performance Audits **3,000 hours**

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.

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]*

Something in the Water (SITW) Expenses..... 250 hours
Review of the City’s accounting and compilation of direct and indirect expenses related to the Something in the Water Festival. *[Citywide]*

GASB 75 Actuarial Review..... 400 hours
Review the reasonableness of the census data and underlying assumptions utilized by the actuary in computing the City’s GASB 75 healthcare liability. *[City/Schools Benefits Executive Committee]*

Striving for Excellence and Volunteer Resources Reports..... 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 **970 hours**

**Office of the City Auditor
FY 2020 Audit Schedule**

Investigations

Fraud, Waste, and Abuse Prevention and Reporting (Hotline)..... 2,912 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 **2,912 hours**

Other Projects

Healthcare Claims Contingency Audit 40 hours
Coordinate the annual audit of Optima Healthcare Claims by Healthcare Horizons.
[Consolidated Benefits Office]

Information Technology General Controls Review..... 40 hours
Review of IT general and application controls in coordination with the external auditors.
[Information Technology]

ERP Implementation 250 hours
Provide advisory services and assistance as needed with implementation of new ERP scheduled to roll out on July 1, 2020. *[Finance and Information Technology]*

Expenditure Analytics 500 hours
Analytical review of City expenditures to identify possible trends and issues to assist in evaluation of risk and development of future audit plans *[Various]*.

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]

External Audit Contract Administration..... 100 hours
Provide oversight and management of the City’s annual financial statement audit contract.

Other **1,130 hours**

Unscheduled

Unscheduled Direct Service Hours 1,400 hours
Hours set aside to perform audits of unforeseen issues and requests by management and/or City Council.

Unscheduled **1,400 hours**

Overall Total Hours Budgeted **9,412 hours**

List of Auditable Entities

Agriculture

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

Aquarium

- Aquarium
- Aquarium Stores

Budget and Management Services

City Auditor

City Attorney

City Clerk

City Council

City Manager

City Real Estate Assessor

- Administration
- Board of Equalization

City Treasurer

- Investment Management
- Receipts

Commissioner of the Revenue

Commonwealth's Attorney

Communications

Convention and Visitors Bureau

- 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 (Juvenile Probation)
- General District Court
- Juvenile and Domestic Relations Court
- Magistrate's Office

Cultural Affairs

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

Economic Development

- Administration
- Workforce Development

Emergency Communications and Citizen Services

- Administration
- VB 3-1-1 Citizen Services
- VB 9-1-1 Emergency Communications

Emergency Management

Emergency Medical Services

- Administration and Support
- EMS Operations and Training
- Lifeguard Services
- Regulation and Enforcement

Finance

- Accounting and Reporting
- Accounts Payable
- Capital Assets Inventory
- Debt Management
- Financial Services
- Payroll
- Petty Cash/Travel Advances
- Procurement/Travel Cards
- Purchasing
- Risk Management

Fire

- Administration
- Fire Operations
- Fire Personnel and Development
- Fire Prevention Bureau
- 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 Safety and Health Services
- 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

List of Auditable Entities

Information Technology

- Application Support
- Business Center and Mail Services
- Center for GIS
- Data and Information Management
- IT Security
- Strategy and Architecture Systems Support/Infrastructure and Operations
- Technology Services
- Telecommunications

Library

- Administration
- Libraries
- Online Services
- Records Management
- Support Services
- Youth and Family Services

Parks and Recreation

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

Planning and Community Development

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

Police

- Administration
- Animal Control
- Community Engagement
- Operations
- Special Investigations
- Support Division

Public Health

Public Utilities

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

Public Works

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

Sheriff

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

Strategy, Transparency, Innovation & Resiliency Office (STiR)

Volunteer Resources

Voter Registration and Elections

Non-Departmental

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

Other Areas

- Capital Projects
- Contingencies
- Contracts
- DEA Seized Assets
- Debt Service
- Fund Transfers
- Grants