Audit Schedule
July 1, 2015 through June 30, 2016

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456
757.385.5870

“Promoting Accountability and Integrity in City Operations”
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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
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 2016 Audit Committee are:

- Council Member Jim Wood
- Council Member John Uhrin
- JoAnn Augone, CPA, Chairperson
- Sharon Brown, CPA, CIA
- Karen Hill, CPA, CIA, CISA, CCSA

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, similar to the Institute of Internal Auditors (IIA) Risk Assessment Model, which provides an in-depth assessment of audit risk based on our evaluation of indicators in the following business risk areas:

<table>
<thead>
<tr>
<th>Risk Factors</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>1. Complexity of Operations</td>
<td>.10</td>
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<tr>
<td>2. Regulatory Compliance</td>
<td>.10</td>
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<tr>
<td>3. Turnover of Key Personnel</td>
<td>.10</td>
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<tr>
<td>4. Time Expired Since Last Audit</td>
<td>.10</td>
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<tr>
<td>5. Council/Management Concern</td>
<td>.15</td>
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<td>6. Public Image</td>
<td>.10</td>
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<td>7. Rapid Growth</td>
<td>.15</td>
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<tr>
<td>8. Financial Exposure</td>
<td>.20</td>
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</table>

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 interviews, 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 2016.
Office of the City Auditor
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Audit Resources
The Office of the City Auditor is comprised of the City Auditor, four professional audit positions and one support position. A list of the current members and their respective positions is provided below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lyndon Remias, CPA, CIA</td>
<td>City Auditor</td>
</tr>
<tr>
<td>Chris Ford, CPA</td>
<td>Deputy City Auditor</td>
</tr>
<tr>
<td>Gretchen Hudome, CIA, CRMA</td>
<td>Deputy City Auditor</td>
</tr>
<tr>
<td>Sharon Hayes, CFE</td>
<td>Forensic Audit Manager</td>
</tr>
<tr>
<td>Tim Bell, CICA</td>
<td>Senior Auditor</td>
</tr>
<tr>
<td>Jody Clark</td>
<td>Administrative Specialist</td>
</tr>
</tbody>
</table>

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 10,400 total staff hours available (5 staff x 2,080 hours) for FY 2016.

With the addition of a new Auditor II position, we will have an additional 1,456 direct audit hours available (2,080 hours x 70%) annually going forward and approximately 728 direct audit hours (1,456 hours x 50%) for FY 2016. This brings the total amount of direct audit hours to 8,008.

The Audit Plan allocates 8,008 hours (70%) to direct audit time for planned audits, attestations, and investigations. The remaining 3,432 hours (30%) are allocated to indirect time for leave, holidays, continuing professional education, and audit administration.

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 below.

Exhibit 1

Allocation of Hours

- Performance: 49%
- Investigation: 22%
- Attestation: 13%
- Other: 6%
- Unscheduled: 10%
Planned Audits
The following provides an overview of the allocation of audit resources planned for the fiscal year ending June 30, 2016. 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 agency or some portion thereof, such as a specific program or function.

1. Supportive Living Program ............................................................................. 560 hours
   Audit of Supportive Living Program (SLP) to determine whether proper internal controls are in place to ensure compliance with specified regulations. [Human Services]

2. Resort Programs Office ............................................................................. 500 hours
   Audit of the Resort Programs Office to ensure goals and objectives are being measured and accomplished. [Strategic Growth Area]

3. Service Contract Phase 3 ............................................................................... 500 hours
   Audit of selected service contracts to ensure compliance with contract and payment terms. [Various]

4. Workers Compensation Claims ..................................................................... 400 hours
   Audit of the City’s policies, procedures and processes for managing and payment of claims associated with the Workers Compensation program. [Finance]

5. Inventory / Storeroom Management ............................................................. 400 hours
   Audit of the process for purchasing, safeguarding and issuing inventory and supplies at city storerooms. [Public Utilities / Public Works]

6. Public Utilities Billing ..................................................................................... 500 hours
   Audit of Public Utilities account management and billing processes to ensure accurate and timely billing of customer accounts. [Public Utilities]

7. Juvenile Detention Center ............................................................................... 500 hours
   Audit of the Juvenile Detention Center to ensure operating controls are in place to ensure programmatic and financial accountability of operations. [Human Services]

8. Carry Forward of FY15 Audits in Progress ....................................................... 528 hours
   Hours set aside to complete FY15 audits in progress but not completed by June 30, 2015.

Performance Audits 3,888 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.

1. Light Rail ............................................................................................................. 400 hours
   Review of process for managing and tracking expenses related to light rail and ensure all expenses are reasonable and authorized. [Strategic Growth Office / Various]

2. Annual Performance Evaluations ........................................................................ 240 hours
   Review of annual performance evaluation process and data to ensure employees are receiving evaluations on a timely basis. [Human Resources / Various]

3. Procurement Card Transactions .......................................................................... 120 hours
   Review of procurement card purchases within the Convention and Visitors Bureau to ensure compliance with City and departmental policies and procedures. [Convention and Visitors Bureau]

4. Police Property and Evidence Unit ..................................................................... 120 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]

5. Enoch Baptist Church Summer Program .............................................................. 40 hours
   Review of program expenses to ensure expenditures are reasonable and in accordance with the City agreement. [Parks and Recreation/Administration]

6. 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 1,040 hours

Investigations
1. Fraud, Waste, and Abuse Prevention and Reporting (Hotline) ............................ 1,800 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 1,800 hours
Other Projects

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

2. Prescription Drugs Audit ..................................................................................... 100 hours
   Coordinate the audit of prescription drugs claims performed by a contracted auditor.
   [Consolidated Benefits Office]

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

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.

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

Other 480 hours

Unscheduled

1. Unscheduled Direct Service Hours................................................................. 800 hours
   Hours set aside to perform audits of unforeseen issues and requests by management
   and/or City Council.

Unscheduled 800 hours

Overall Total Hours 8,008
## APPENDIX I: List of Auditable Entities

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Emergency Communications and Citizen Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Administration</td>
<td>• Administration</td>
</tr>
<tr>
<td>• Agricultural Reserve Program</td>
<td>• Citizen Services (311)</td>
</tr>
<tr>
<td>• Cooperative Extension Program</td>
<td>• Emergency Communications (911)</td>
</tr>
<tr>
<td>• Farmer’s Market</td>
<td>Emergency Medical Services</td>
</tr>
<tr>
<td>City Auditor</td>
<td>• Administration</td>
</tr>
<tr>
<td>City Attorney</td>
<td>• Operations and Emergency Response System</td>
</tr>
<tr>
<td>City Clerk</td>
<td>• Lifeguard Services</td>
</tr>
<tr>
<td>City Council</td>
<td>• Regulation and Enforcement</td>
</tr>
<tr>
<td>City Manager</td>
<td>• Training</td>
</tr>
<tr>
<td>• Administration</td>
<td>Finance</td>
</tr>
<tr>
<td>• Communications Office</td>
<td>• Accounts Payable</td>
</tr>
<tr>
<td>• Organizational Development Office</td>
<td>• Administration</td>
</tr>
<tr>
<td>• Volunteer Resources</td>
<td>• Capital Assets Inventory</td>
</tr>
<tr>
<td>City Treasurer</td>
<td>• Comptroller</td>
</tr>
<tr>
<td>• Investment Management</td>
<td>• Debt Management</td>
</tr>
<tr>
<td>• Receipts</td>
<td>• Payroll</td>
</tr>
<tr>
<td>Commissioner of the Revenue</td>
<td>• Petty Cash/Travel Advances</td>
</tr>
<tr>
<td>Commonwealth’s Attorney</td>
<td>• Procurement Cards</td>
</tr>
<tr>
<td>Communications and Information Technology</td>
<td>• Purchasing</td>
</tr>
<tr>
<td>• Application Support</td>
<td>• Risk Management</td>
</tr>
<tr>
<td>• Business Center and Mail Services</td>
<td>Fire</td>
</tr>
<tr>
<td>• Center for GIS</td>
<td>• Administration</td>
</tr>
<tr>
<td>• Systems Support</td>
<td>• Emergency Management</td>
</tr>
<tr>
<td>• Subscriptions</td>
<td>• Fire Marshal’s Office</td>
</tr>
<tr>
<td>• Technology Services</td>
<td>• Fire Operations</td>
</tr>
<tr>
<td>• Telecommunications</td>
<td>• Fire Personnel and Development</td>
</tr>
<tr>
<td>Convention and Visitors Bureau</td>
<td>• Fire Programs</td>
</tr>
<tr>
<td>• Administration</td>
<td>General Registrar</td>
</tr>
<tr>
<td>• Convention Promotion and Facility Management</td>
<td>Housing and Neighborhood Preservation</td>
</tr>
<tr>
<td>• Tourism and Sports Marketing Promotion</td>
<td>• Administration</td>
</tr>
<tr>
<td>• Tourism Promotion &amp; Advertising</td>
<td>• Code Enforcement</td>
</tr>
<tr>
<td>Courts</td>
<td>• Housing Development</td>
</tr>
<tr>
<td>• Circuit Court</td>
<td>• Rental Housing</td>
</tr>
<tr>
<td>• Clerk of the Circuit Court</td>
<td>Human Resources</td>
</tr>
<tr>
<td>• Court Services Unit</td>
<td>• Administration</td>
</tr>
<tr>
<td>• General District Court</td>
<td>• Employee Relations</td>
</tr>
<tr>
<td>• Juvenile &amp; Domestic Relations Court</td>
<td>• Human Rights Commission</td>
</tr>
<tr>
<td>• Magistrate</td>
<td>• HR/Police Services</td>
</tr>
<tr>
<td>Cultural Affairs</td>
<td>• Learning and Development</td>
</tr>
<tr>
<td>Economic Development</td>
<td>• Member Communications</td>
</tr>
<tr>
<td>• Administration</td>
<td>• Occupational Health and Safety</td>
</tr>
<tr>
<td>• Central Business District-South TIF</td>
<td>• Staffing and Compensation</td>
</tr>
<tr>
<td>• Town Center Special Service District</td>
<td></td>
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<tr>
<td>• Grow Smart</td>
<td></td>
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<table>
<thead>
<tr>
<th>Office of the City Auditor</th>
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</thead>
<tbody>
<tr>
<td>FY 2016 Audit Schedule</td>
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</tbody>
</table>

### Human Services
- Administration
- Developmental Services
- Juvenile Detention Center
- Mental Health and Substance Abuse Services
- Social Services
- Quality Assurance

### Libraries
- Administration
- Early Literacy Outreach (Bookmobile)
- Libraries
- Online Services
- Records Management
- Special Services
- Wahab Public Law Library

### Management Services
- Historic Resources
- Museum Stores
- Virginia Aquarium & Marine Science Center

### Museums
- Administration and Business Systems
- Landscape Management
- Planning, Design and Development
- Programming and Operations

### Parks and Recreation
- Administration and Business Systems
- Landscape Management
- Planning, Design and Development
- Programming and Operations

### Planning
- Administration
- Building Permits and Inspections
- Chesapeake Bay Preservation Area Board
- Comprehensive Planning
- Current Planning and Zoning Administration
- Development Services
- Environment and Sustainability Office
- Planning Commission
- Wetlands Board

### Police
- Administration
- Animal Control
- Crime Prevention
- Investigations
- Services and Support
- Special Operations
- Uniform Patrol

### Public Health

### Public Utilities
- Administration
- Business Operations
- Engineering and Capital Construction
- Operations and Maintenance

### Public Works
- Administration
- Building Maintenance
- Capital Construction and Replacement
- Engineering
- Facilities Management
- Fleet Management
- Infrastructure Maintenance
- Operations
- Real Estate
- Storm Water Utility Enterprise Fund
- Waste Management

### Real Estate Assessor
- Administration
- Board of Equalization

### Sheriff
- Administration
- Central Booking
- Correctional Operations
- Court Support
- Inmate Services
- Workforce Services
- Work Release Program

### Strategic Growth Area
- Administration
- Mass Transit
- Parking Enterprise Fund
- Resort Programs and Special Events

### Non-Departmental
- Benefits Administration
- Citywide Leases
- Regional Participation and Community Organization Grants
- Employee Special Benefits
- Independent Financial Services
- Revenue Reimbursements
- Vehicle Replacements
- Virginia Living River Trust

### Other
- Capital Projects
- Contingencies
- Contracts
- DEA Seized Assets
- Fund Transfers
- Grants