



CITY OF RICHMOND
AUDIT COMMITTEE
HYBRID
MEETING

CITY HALL
2ND FLOOR LARGE CONFERENCE ROOM
TUESDAY, JULY 16, 2024
2:00 PM

AGENDA



City of Richmond
Audit Committee Meeting
Tuesday, July 16, 2024, @2:00 p.m.
City Hall – 2nd Floor Large Conference Room
AGENDA

HYBRID meeting:

This is an in-person meeting for Audit Committee Members. It is also requested that key staff from the Administration responding to the audits, be available in person.

For those that will join virtually, see the instructions below:

- Join on your computer or mobile app [Click here to join the meeting](#)
- You may also listen to the meeting audio from your phone by dialing *67-804-316-9457 and when prompted, enter conference ID 156 095 830#.

There will be no opportunities for public comment at this meeting.

1. Meeting Call to Order – Roll Call
2. Welcome – New Audit Staff
3. Approval of Minutes
 - April 10, 2024
4. External Audit Update - *Sean Walker, CLA*
5. Audit Office Initiatives and Overall Progress – *Riad Ali*
 - Staffing Update
 - Completed the Follow-Up Review on the Active Vendor Deactivation Process
 - Completed the APA Comparative Cost Analysis Project
 - Worked with City Departments to Close 11 Recommendations
 - Completed the Annual Risk Assessment and Developed the FY 2025 Audit Plan
 - Completed the Cybersecurity Vulnerability Assessment
6. Audit Reports
 - **2024-09** Follow-up Review – Active Vendor Deactivation Process – *Bret Lewis*
 - **2025-01** APA Comparative Cost Report Analysis – *Eunice Carter*
 - **2025-02** Quarterly Open Recommendations Follow-up – *Leigh Ann Castro*
7. Inspector General Update - *James Osuna*
8. Old Business
 - Delinquent Personal Property Taxes Discussion – *Sheila White*
9. New Business
 - FY 2024 Audit Plan Status and FY 2025 Audit Plan - *Riad Ali*
10. Closed Session
 - **2024-10** Cybersecurity Assessment – *Paul Ashe*
11. Adjourn

MINUTES

AUDIT COMMITTEE MEETING MINUTES
April 10, 2024, at 2:00 PM
City Hall, 2nd Floor Large Conference room
HYBRID MEETING

In Attendance:

(*Virtual)

Audit Committee Members:

Joseph Kearfott, Chair
W. Lee Chaney, III
Donald Cowles
Daniel Howell
The Honorable Kristin Nye
The Honorable Ellen Robertson
* Samuel Bemiss

City Auditor's Office:

Riad Ali, City Auditor
Yolanda McCoy, Deputy City Auditor
Bret Lewis, Deputy City Auditor
Zachary Brown, Senior Auditor
Leigh Ann Castro, Senior Auditor
Chassidy Comer, Senior Auditor
Jennifer Harvell, Senior Auditor
Toni Noel, Senior Auditor
Selma Thomas, Auditor
Rochelle Carter, Management Analyst

Office of the Inspector General:

James Osuna – City Inspector General
* Johnson, Craig S. - OIG
* Chodorov, Michael D. - OIG

City Administration/Council & Staff:

Sabrina Joy-Hogg, DCAO Admin & Finance
Robert Steidel, DCAO of Operations
Sheila White – Finance
Jeff Gray – CAO's Office
Rene Almaraz, Procurement Services
Caitlin Weston – City Attorney's Office
Timmy Siverd – City Council Liaison
* Alexander, Tyrome D. - HR
* Beatty, Allison R. - CAO
* Carter, Melvin D. - Fire
* Doggett, Bernadine W. - CWB
* Fetterman, Jonathan E. - DECPR
* Firestine, Scott R. - RPL
* Frelke, Christopher E. - DPR
* Johnson, Gail R. - DPW
* Kochanski, Sue C. - DPS

External Auditors:

Sean Walker - CliftonLarsonAllen

Citizen Attendees:

Roger L. Boeve
Ramon M. Brinkman

Introduction/Roll Call – Joseph Kearfott, Chair

Mr. Kearfott called the meeting to order at 2:04 p.m. Roll call was taken of the Committee members and in-person attendees.

Mr. Kearfott introduced and welcomed a new Audit Committee member, the Honorable Ellen Robertson. He also announced the return of Chassidy Comer, a Senior Auditor in the Auditor's Office.

🗳️ **Approval of Minutes – December 12, 2023** - a motion to approve the minutes as written:

Yeas 7 Nays 0

🗳️ **External Audit Update – Mr. Sean Walker, CLA**

Mr. Walker presented an update on the Federal single audit and the 2023 ACFR. Mr. Walker reported that they selected six (6) federal programs to audit and found two (2) repeat findings

that are both significant deficiencies: Misuse of Miscellaneous Vendors in the system and timely Cash Reconciliations.

Conversations ensued regarding the root problem of the repeat findings for usage of miscellaneous vendors in the system. Ms. White stated that the finding should be removed because Finance is using it appropriately and all the reasons are valid uses of miscellaneous vendors. Mr. Walker stated that the Administration is working to mitigate this issue and a corrective action plan has been established in Finance and Procurement Services for management oversight of the usage. Mr. Ali noted that his office is considering auditing internal controls over the use of miscellaneous vendors to the FY 2025 Audit Plan.

📌 Audit Office Initiatives and Overall Progress – Mr. Riad Ali

Mr. Ali reported the following items:

- Staffing update: The Office recently rehired Chassidy Comer, Senior Auditor. However, there are still two (2) positions that have been vacant for a long time. We are aggressively recruiting at this time with the hopes of having one (1) position filled by the next audit committee meeting, and the last one (1) filled by the end of FY 24.
- Special thank you to Deputy City Auditor Yolanda McCoy for leading the Single Audit assistance in our office and completing late testing that was requested by CLA.
- New initiatives: We are moving towards a continuous process of working with the Administration to implement and close audit recommendations. We will then give quarterly updates to the Audit Committee. Also, special thanks to the directors, April Bingham (DPU), Bobby Vincent (DPW), Sheila White (Finance), and Tyrome Alexander (DHR) for working with the Auditor's Office and closing a total of eight (8) recommendations this quarter.
- We completed the preliminary annual risk assessment. The risk assessment is a labor-intensive process in preparation for the new Audit Plan. The risk assessment is not finalized until the budget is adopted. The Audit Committee will receive a copy of the FY 2025 Audit Plan by the next audit committee meeting.
- We completed/issued two (2) audit reports this quarter. The Continuous audit report identified \$83k in recoverable funds, and the City has recovered some of those funds to date. The Non-Audit Service Meals Tax Notifications report was requested by a Council member and completed this quarter.

📌 Audit Reports

- **[2024-08 Citywide Continuous Auditing](#)** – Mr. Bret Lewis/Ms. Jennifer Harvell

Mr. Lewis thanked Ms. Harvell, the participating Audit staff, and all responding City departments. Mr. Lewis presented the report.

A conversation ensued regarding the yearly data analytics on the process of the Continuous audits, and the Auditor's data input in the audit software, in which a script is run and will identify the information needed.

Conversation ensued regarding the overtime in the Fire Department and the analysis that compared this year to last year. In the analysis, the Fire Department went down from 43

employees that were over the overtime threshold to 19 employees, which is greater than a 50% reduction. The Sheriff's Office overtime analysis was discussed, and an audit committee member asked the Auditor's Office to share the findings with the Sheriff's Office.

- **2024-07 Non-Audit Services Meals Tax Delinquency Notifications** –
Ms. Yolanda McCoy / Ms. Jennifer Harvell

Ms. McCoy and Ms. Harvell presented the report. No recommendations were issued. The Auditor's Office will audit the Meals Tax and the Personal Property Tax programs after RVAPay is implemented, as requested by the City Council, City Administration, and the Director of Finance.

Conversation ensued regarding the partial payment letter notifications. Finance stopped including the account balances in the letters around the middle of June 2023.

According to Ms. White, the balances were not included in the letters starting in June 2023 because it was causing an increase in calls and causing taxpayer confusion. Ms. White stated the account balances were reflective of a moment in time, and by the time the taxpayers reached Finance, their balance would have changed.

Mr. Kearfott asked if taxpayers knew they had a balance. Ms. White responded that taxpayers may not have known they had a balance.

Ms. Joy-Hogg stated that the balance listed on the partial payment letters was not necessarily correct and the letters only went to taxpayers who made a filing. Some taxpayers may not have filed. Further, Ms. Joy-Hogg explained that the balance in the system may not be accurate and indicated that changes to the balance were causing problems. After speaking with taxpayers, reviewing accounts, and applying credits to the accounts, taxpayers might not have had a balance.

Ms. White further stated taxpayers who received the partial payment letter would have known they had a balance because the letter tells them that their payment did not cover the amount that was due. She reiterated that Finance did not put the statement balance in the partial payment letter because it might not have been accurate. Finance wanted to have full conversations with taxpayers so that the payment allocation team could reconcile the account and provide accurate information. Ms. White further stated sending taxpayers a balance that may be inaccurate creates a bad customer service experience.

Councilwoman Nye stated that she would like Finance to provide updated figures on the delinquent meals tax accounts to the Finance Committee. Ms. Joy-Hogg stated that pulling these reports together is very time-consuming. Finance needs to concentrate on the RVAPay conversion, cleaning up accounts, and working with business owners at this time. Mr. Ali said he would discuss with his team to conduct a trend analysis of what may be needed and useful to Councilwoman Nye.

- **Closed Recommendations** – *Ms. Leigh Ann Castro*

Ms. Castro presented the status of the closed recommendations and reported that the Chief Administrative Offices (CAO), Department of Public Utilities (DPU), Department of Public Works (DPW), Human Resources (HR), and Finance closed a total of eight (8) recommendations this quarter.

The Audit Committee would like to know if the recommendations are high, medium, or low priority in the next follow-up presentation.

Investigations – Mr. James Osuna, Inspector General

Mr. Osuna reviewed the Office of the Inspector General (OIG) case status as follows:

- 11 Open Cases
- 1 Closed Cases Substantiated – *Individuals were sent to Federal prison and 1 person was sentenced to house arrest.*
- 5 Closed Cases Unsubstantiated
- 2 Referred to Other Agency
- 2 New Case Added
- 1 Open Referred Case to Federal Agency

Old Business

- Delinquent Personal Property Taxes Discussion – *Sheila White, Director of Finance*

Ms. White presented a chart that was created using the data from the Monthly Financial Synopsis which illustrated the cyclical nature of the Delinquent Personal Property Account. Ms. White stated the FY 2022 data shows the impact of the pandemic on payment patterns and the impact of the deferral of the due date from June 5 until August 5.

Ms. White further explained that to answer the question as to why delinquencies remain in the same range, you have to look at the total delinquent accounts versus just looking at the dollar value of delinquencies. The data should show fewer and fewer delinquent accounts over time. Ms. White stated that she did not have that data on hand and would provide it at the next audit committee meeting.

- **FY 24 Audit Plan Status – Mr. Riad Ali, City Auditor**

Mr. Ali presented the following FY 24 audit plan status as of April 10, 2024:

| | |
|--|------------------------|
| APA Comparative Cost Analysis | Report Issued |
| Finance Bank Reconciliations - Disbursement Account | Report Issued |
| Cybersecurity Network Vulnerability Assessment-FY 23 | Report Issued |
| American Rescue Plan | Report Issued |
| Personal Property Tax Assessment & Collections | Report Issued |
| External Audit Support - FY 23 | Completed |
| Annual Follow up | Report Issued |
| Continuous Auditing | Report Issued |
| Non-Audit Services - Delinquent Notifications* | Report Issued |
| Streetlights Utility Maintenance | In Process - Fieldwork |
| Procurement PCARDS | In Process - Fieldwork |
| Budget Funding Non-Departmental | In Process - Fieldwork |
| Warehousing and Inventory Management | In Process - Fieldwork |
| RRS - Timeliness and Accuracy of Year End 1099 | In Process - Planning |
| Cybersecurity Network Vulnerability Assessment-FY 24 | In Process - Awarded |
| Affordable Housing Trust Fund | Rescheduled to Next FY |
| Finance - Bank Reconciliations – Concentration Account | Rescheduled to Next FY |
| Special Projects | Ongoing |
| DPW - Fleet Fuel Usage | Not Started |
| DPU - Natural Gas Utility | Not Started |
| Risk Management | Not Started |
| Security Contract - City Wide | Not Started |

Mr. Ali explained that the Audit Plan is based on the office being fully staffed with no major disruptions, however, the office has not been fully staffed this year, and it wasn't fully staffed last year or the year before. We are working towards being fully staffed and are making very good progress in completing and working through the plan.

New Business

Councilmember Nye stated that they are in budget season and the Council is considering Mr. Ali's budget request. The Mayor has proposed a budget that did not fully fund the Auditor's Office; however, she is working on an amendment to make it whole, and hopefully, the other council members will support it. The request for additional FTEs will allow his department to support all the work that is expected for the next fiscal year.

Adjourn

The meeting was adjourned at 3:47 p.m.

Prepared by:

Rochelle Carter
City of Richmond - City Auditor's Office

[April 10, 2024, Recording](#)

PRESENTATIONS

FOLLOW-UP - ACTIVE VENDOR DEACTIVATION PROCESS

Presented by: City Auditor's Office
July 16, 2024

1

OBJECTIVES

- On April 4, 2024, we issued the 2024-08 Continuous Audit Report.

| Date of Audit Test | Number of Active Vendors Without Payment/PO in the Prior 18 Month Period | Percent of Total Vendors |
|--------------------|--|--------------------------|
| June 2019 | 6,593 | 35% |
| October 2020 | 1,570 | 8% |
| December 2021 | 4,438 | 22% |
| December 2023 | 4,188 | 19% |

- Analyze active vendors as of May 31, 2024, against payment activity history to verify deactivation of inactive vendors.
- Analyze deactivated vendors for payment activity in the last 18 months.

2

BACKGROUND

- The vendor master file contains vital information about vendors and is utilized to issue purchase orders to vendors and pay invoices. As vendors are added over time, the vendor master file can often grow in size.
- Procurement Services Policy Number 49 –
 - “...an annual vendor clean-up process that includes, the inactivation of vendors that have had no payment, purchase order, requisition, or receiving activity for a period of 18 months...” should be completed.
- The department combines two different customized reports from the RAPIDS system with the goal of identifying vendors who have not received a payment in the last 18 months in order to deactivate them.
- Some vendors are never deactivated.
 - Examples: federal, state, and local government agencies.

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METHODOLOGY

- Met with Procurement Services staff to discuss their process and the results.
- Reviewed reports listing all vendors in the vendor master file.
- Reviewed payment reports that outlined payments made to vendors over approximately the last 7.5 years.
- Reviewed purchase order reports.
- Compared active vendors in the vendor master file against the payment and purchase order reports, as well as the vendor creation date.

4

4

RESULTS

- As of June 3, 2024, the vendor master file contained 7,465 unique active vendors.
- Testing showed:

| Payment Period | Number of Vendors | Percent of Current Active Vendors |
|---|-------------------|-----------------------------------|
| No Payment Activity Over the Last 18 Months | 2,183 | 29% |
| No Payment Activity Over the Last 4.5 Years | 1,277 | 17% |
| No Payment Activity Over the Last 7.5 Years | 459 | 6% |

-In the table, Each payment period is a subset of the last period. As such, a vendor could be included in multiple payment periods

5

5

RESULTS

- In meeting with Procurement Services, it was determined the reports they ran were incomplete leading to vendors remaining active without payment activity.
- Based on feedback received by Procurement Services staff, we compared the 2,057 vendors they deactivated against payment data over the last 18 months.
 - A total of **64 (3%)** deactivated vendors had received a payment in that time frame.

6

6

RECOMMENDATIONS

7

- The Procurement Services Senior Manager of Operations review and update the procedures related to vendor deactivation and ensure accurate reports are produced for the deactivation process.

Management Response - Concur

- The Procurement Services Senior Manager of Operations complete the review of vendor provided by the City Auditor's Office and determine if:
 - the 64 inactive vendors should be activated, and
 - the 2,183 active vendors should be deactivated.

Management Response – Concur and Completed

7



QUESTIONS?

8



Source: www.apa.virginia.gov

APA-Comparative Cost Report Analysis

July 16, 2024

1

Who is the APA and What is this Report?

Auditor of Public Accounts- APA


- Legislative External Auditor for state agencies, colleges/universities, and municipal courts
- General Assembly eyes & ears
- Monitor and report how taxpayers' money is spent

The APA Comparative Cost Report

- Virginia Code 15.2-2510- Requires all Virginia localities to annually report financial data to the APA
- APA analyze the submitted data and issue a comparative report

The City Auditor's Role

- Evaluate & summarize the comparative data
- Compare/benchmark to similar localities in Virginia
- Share data with City Leader to provide high-level reference for their use



Source: www.apa.virginia.gov

2

Data Disclaimer

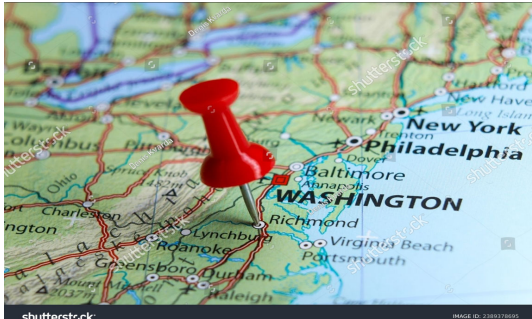
As noted by the APA the “report provides a uniform presentation of fiscal information; however, we caution users not to base conclusions solely on this report’s data.” Therefore, this information should not be used solely as an indicator of efficiency or performance without further analysis of the scope of services amongst those entities being ranked.



Source: www.apa.virginia.gov

3

Background



- ▶ Each year localities with populations over 3,500 are required to submit to the State Auditor of Public Accounts (APA) data on local government operations and enterprise activities.
- ▶ This data provides expenses and revenue for a wide array of service areas of local governments.
- ▶ We used this data to analyze Richmond’s costs against other localities we considered similar in the State to include: Norfolk, Newport News, Hampton, Roanoke, Alexandria and Arlington County as these particular localities provide relative benchmarks due to similar services provided by larger more urban localities.

| Locality | Population Estimates (2023) | Land Area (Square Miles)(2020) | Population Density (2023) | Unemployment Rate (%) (2023) | Average Daily Membership in Public Schools (2022-2023) |
|-----------------|-----------------------------|--------------------------------|---------------------------|------------------------------|--|
| Roanoke | 99,634 | 43 | 2,343 | 3% | 13,072 |
| Hampton | 136,387 | 51 | 2,650 | 4% | 19,088 |
| Alexandria | 158,128 | 15 | 10,584 | 2% | 15,482 |
| Newport News | 183,504 | 69 | 2,660 | 3% | 25,574 |
| Richmond | 226,967 | 60 | 3,787 | 4% | 20,365 |
| Norfolk | 237,770 | 53 | 4,463 | 3% | 25,619 |
| Arlington | 241,283 | 26 | 9,280 | 2% | 26,585 |

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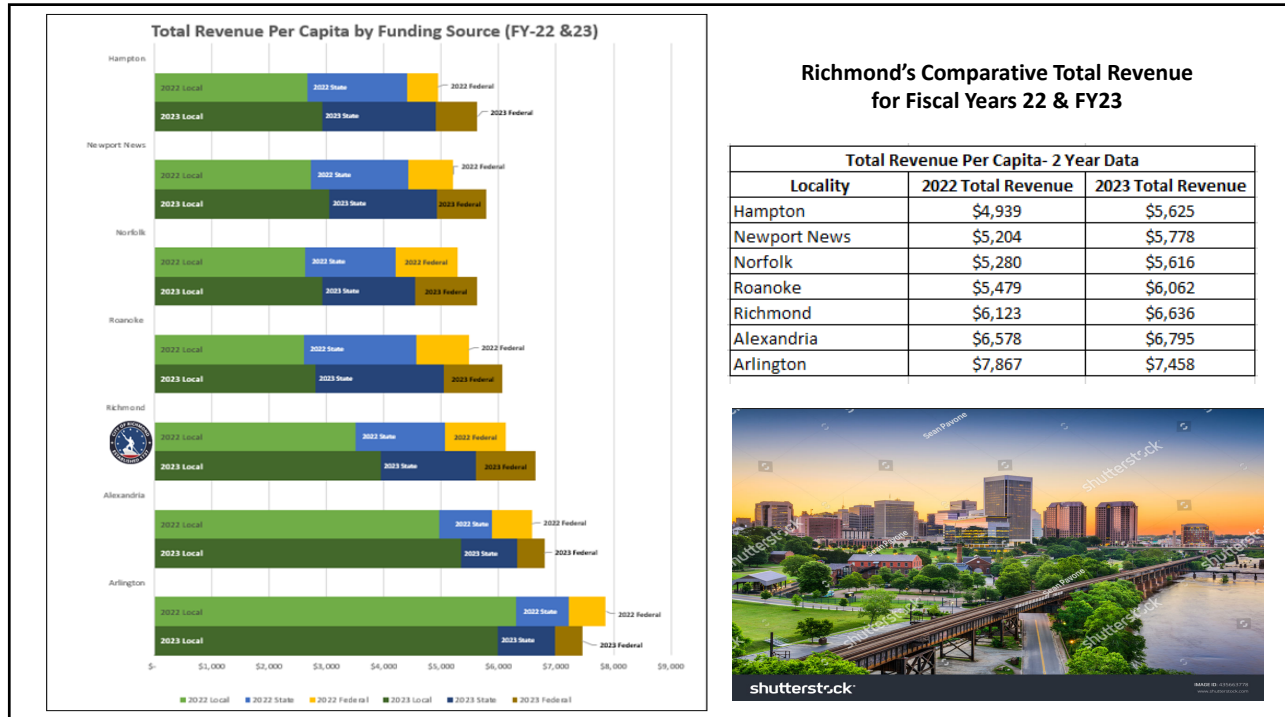
| CATEGORY | FY22 | FY23 |
|---|----------------|----------------|
| REVENUE AND EXPENDITURE DATA, PER CAPITA | | |
| 1. TOTAL REVENUE | \$6,123 | \$6,636 |
| a. LOCAL REVENUE | \$3,514 | \$3,941 |
| b. STATE REVENUE | \$1,557 | \$1,663 |
| c. FEDERAL REVENUE | \$1,053 | \$1,032 |
| 2. GOVERNMENT OPERATING COST | \$5,509 | \$6,040 |
| a. GENERAL GOVERNMENT ADMINISTRATION COST | \$234 | \$250 |
| b. JUDICIAL ADMINISTRATION COST | \$90 | \$92 |
| c. PUBLIC SAFETY COST | \$1,121 | \$1,299 |
| d. PUBLIC WORKS COST | \$587 | \$683 |
| e. HEALTH & HUMAN SERVICES COST | \$654 | \$811 |
| f. EDUCATION COST | \$2,133 | \$2,126 |
| g. PARKS, RECREATION, & CULTURAL COST | \$211 | \$271 |
| h. COMMUNITY DEVELOPMENT COST | \$479 | \$507 |
| 3. BALANCE OF NET DEBT | \$10,881 | \$11,163 |
| a. EDUCATION COST | \$2,403 | \$2,563 |
| b. STREETS/BRIDGES COST | \$439 | \$463 |
| c. OTHER GEN.GOV'T COST | \$3,730 | \$3,940 |
| d. ENTERPRISE ACTIVITES COST | \$4,254 | \$4,136 |
| e. FUNDS RESTRICTED COST | \$55 | \$62 |
| DEMOGRAPHIC AND TAX DATA: | | |
| 4. POPULATION | 226,623 | 226,967 |
| 5. UNEMPLOYMENT RATE | 3% | 4% |
| 6. AVERAGE DAILY MEMBERSHIP IN PUBLIC SCHOOLS | 20,008 | 20,365 |
| 7. TOTAL REAL ESTATE TAXABLE VALUATION | 28,017,000,000 | 31,758,008,000 |
| 8. **PERCENT IN POVERTY | 20 | 20 |
| 9. EDUCATION COST PER STUDENT (FOR INFORMATION PURPOSES ONLY) | \$23,925 | \$23,697 |

Richmond's Comparative Data for Fiscal Years 22 & 23

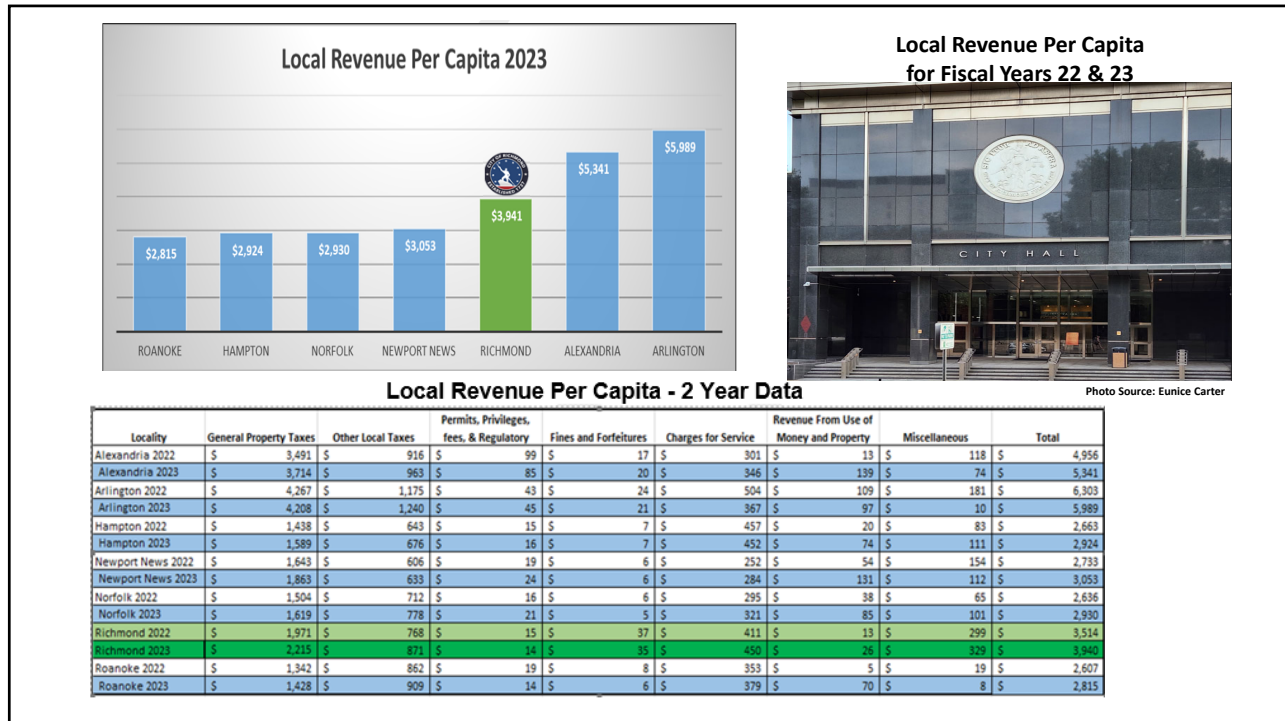


** Based on the available 2018-2022 United States Census Data.

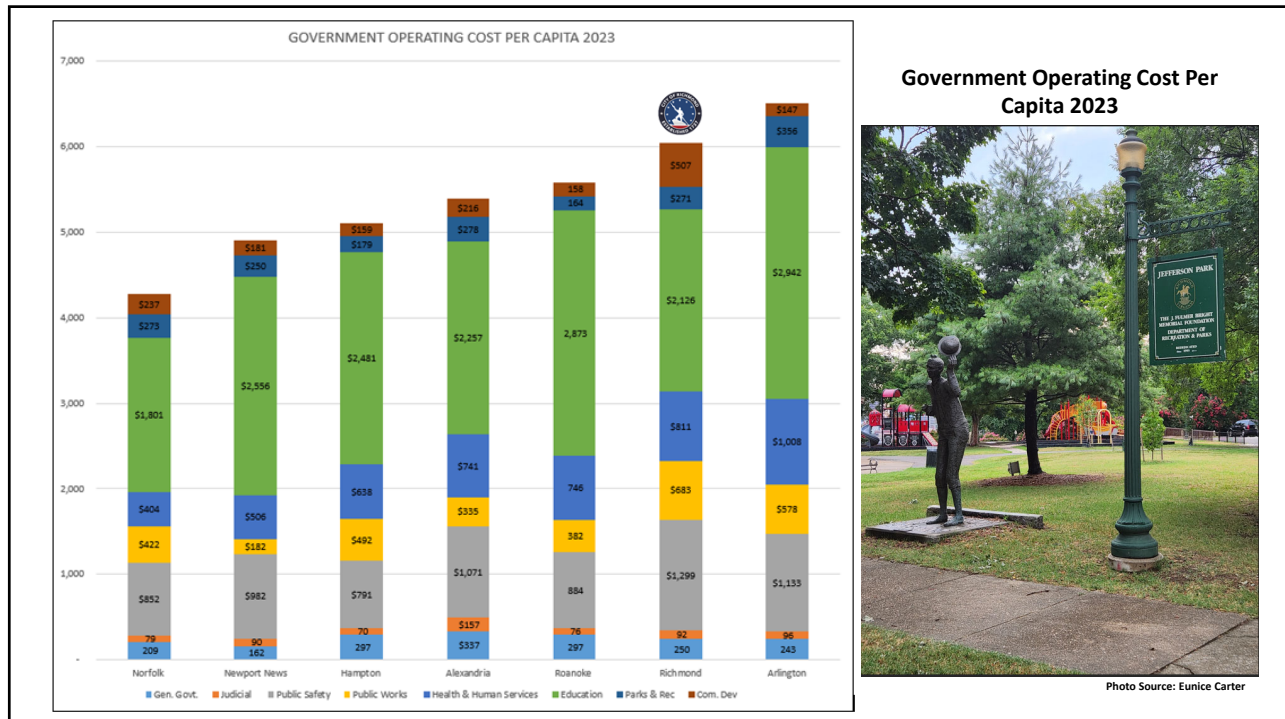
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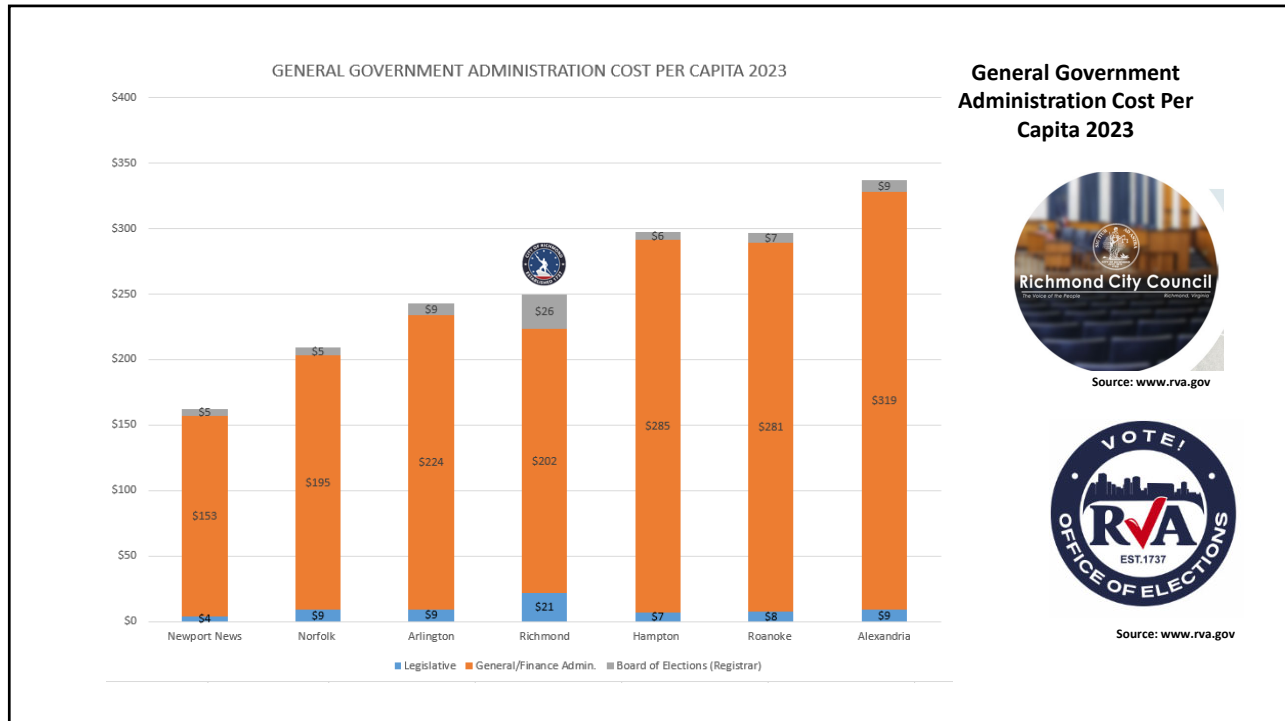
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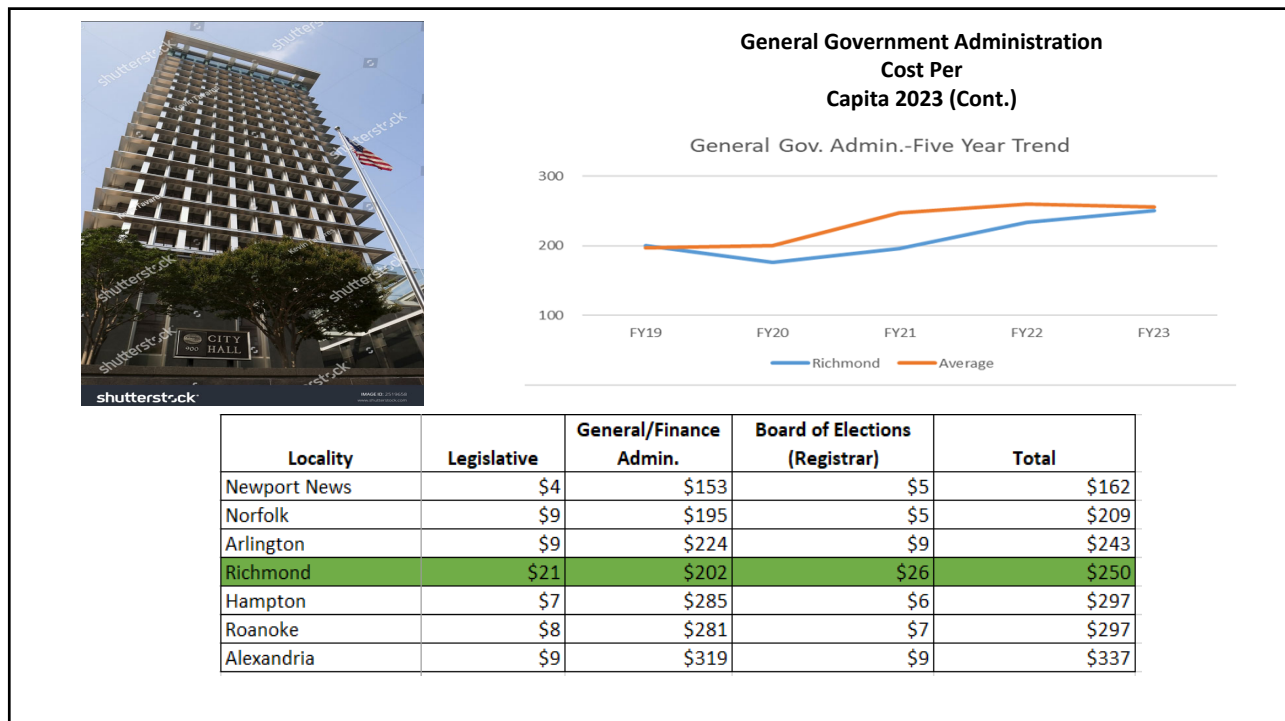
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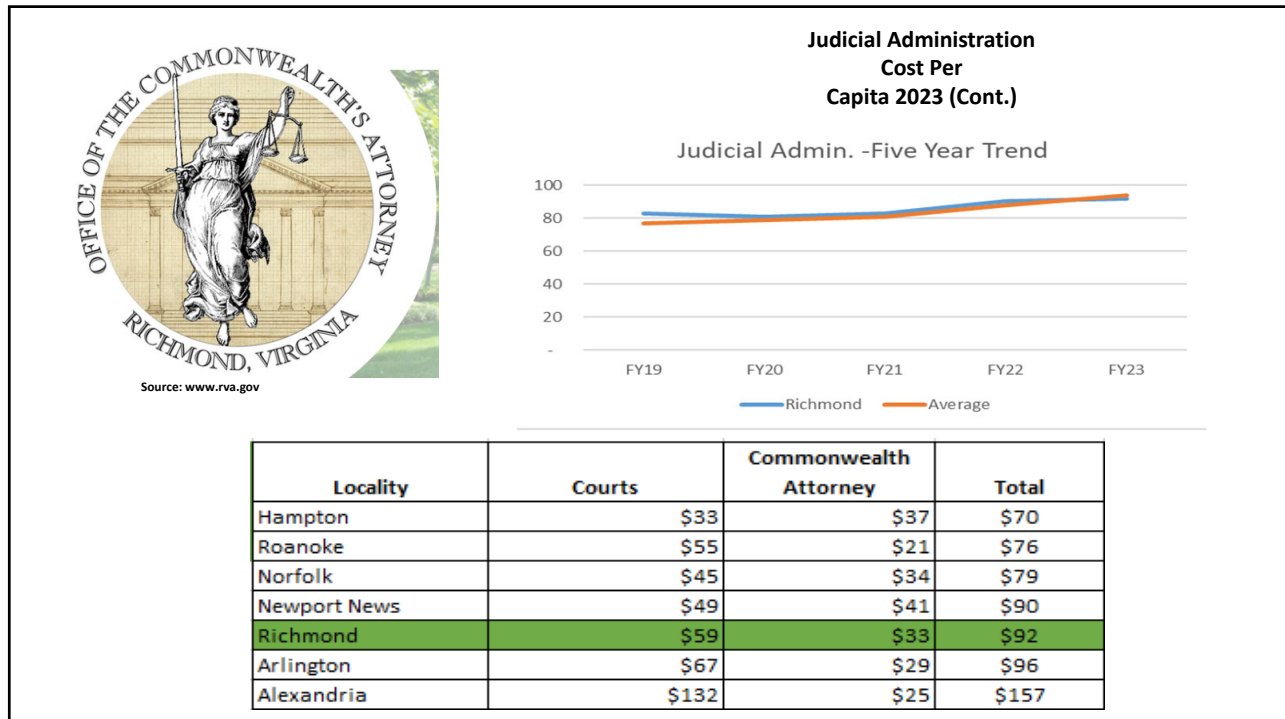
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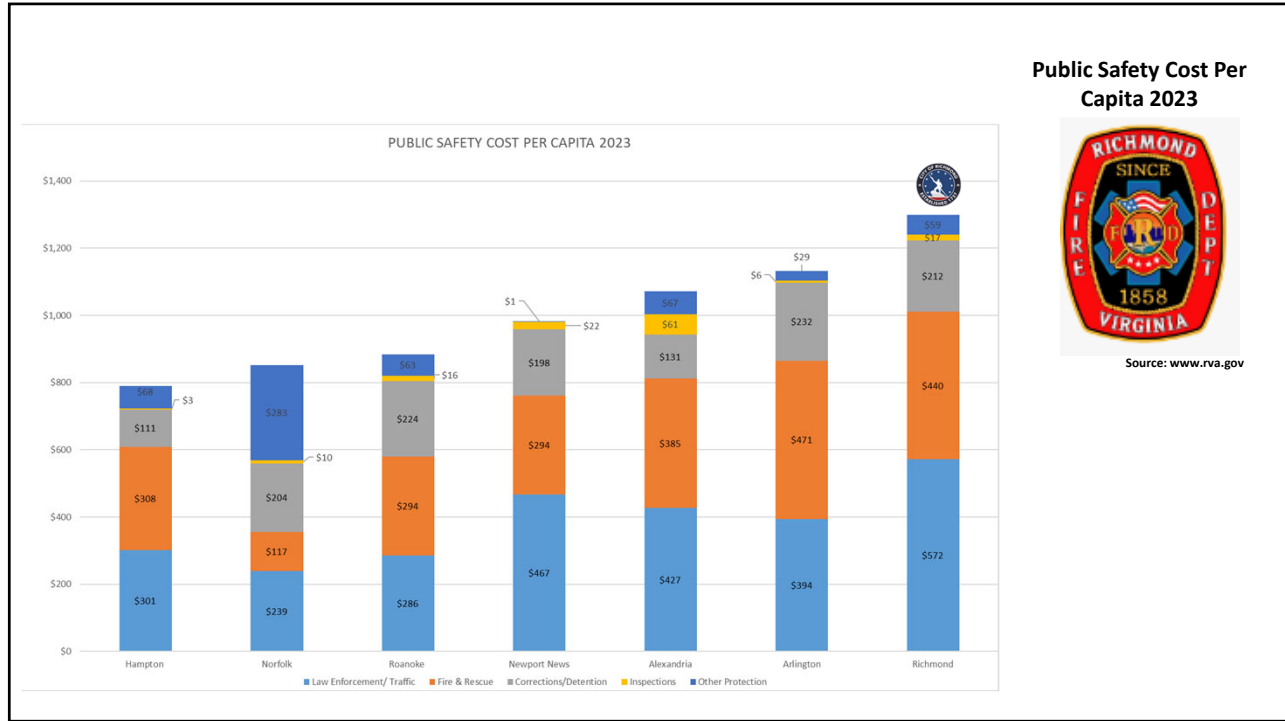
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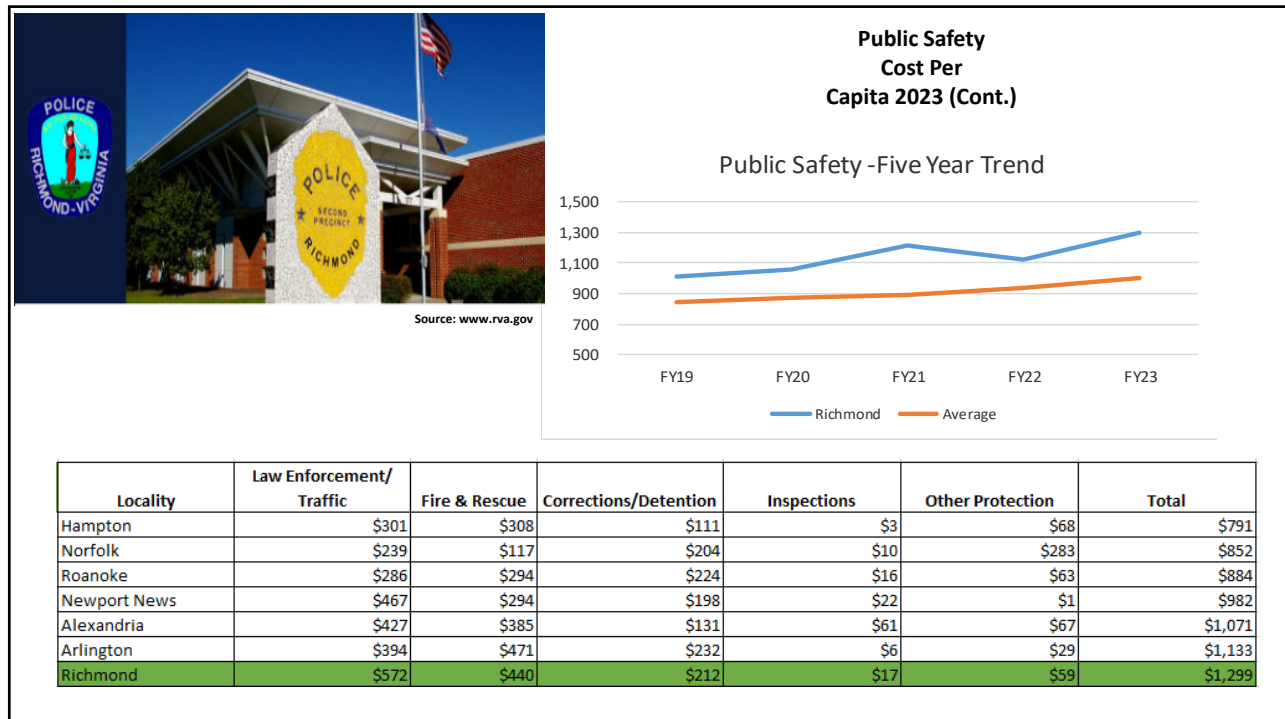
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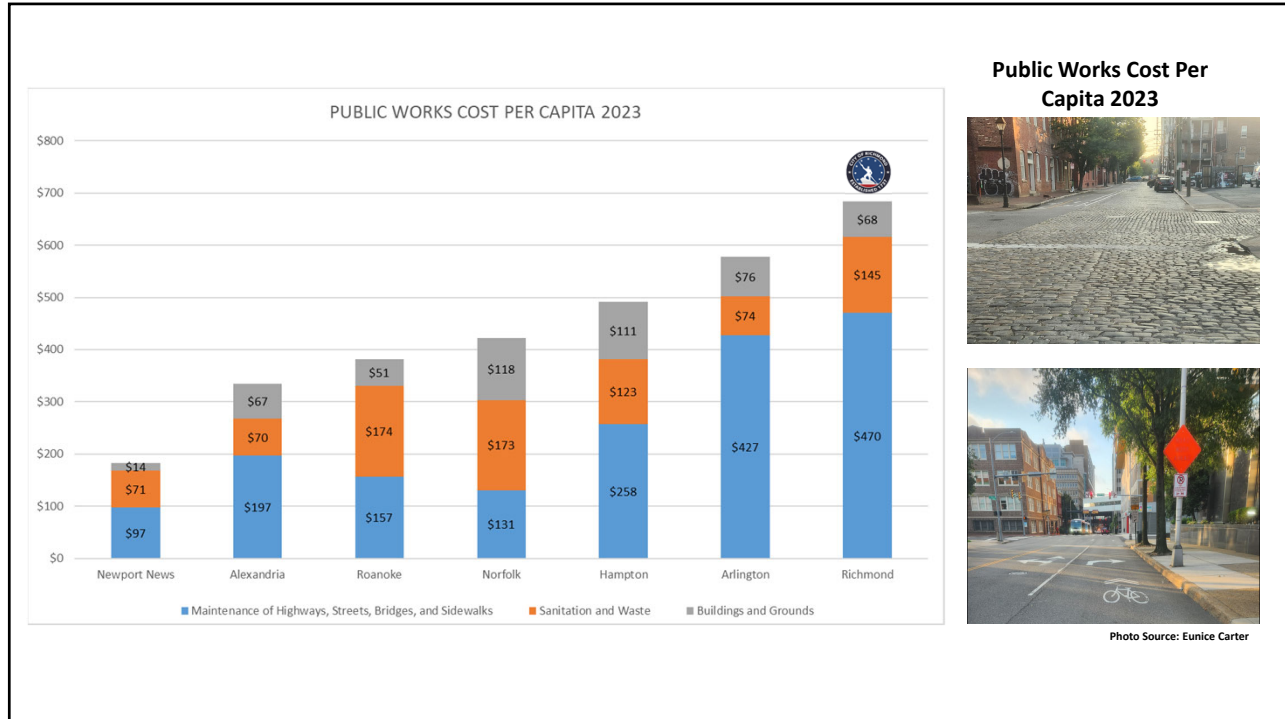
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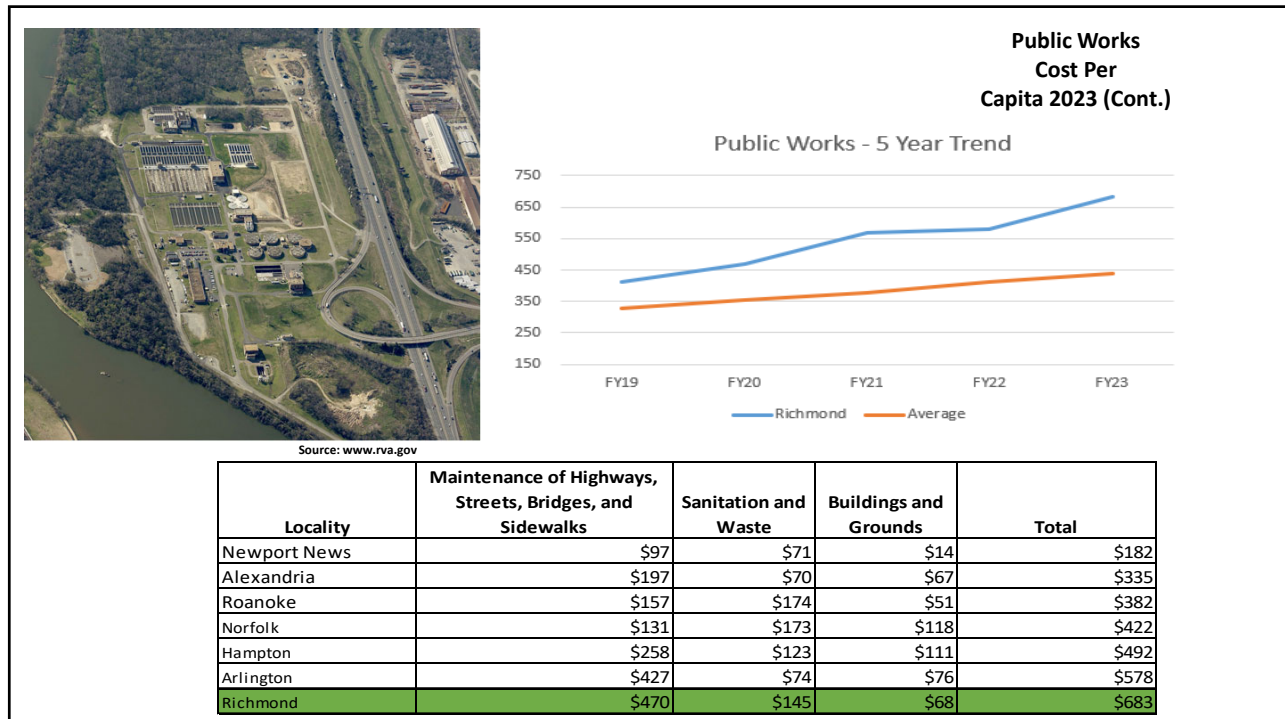
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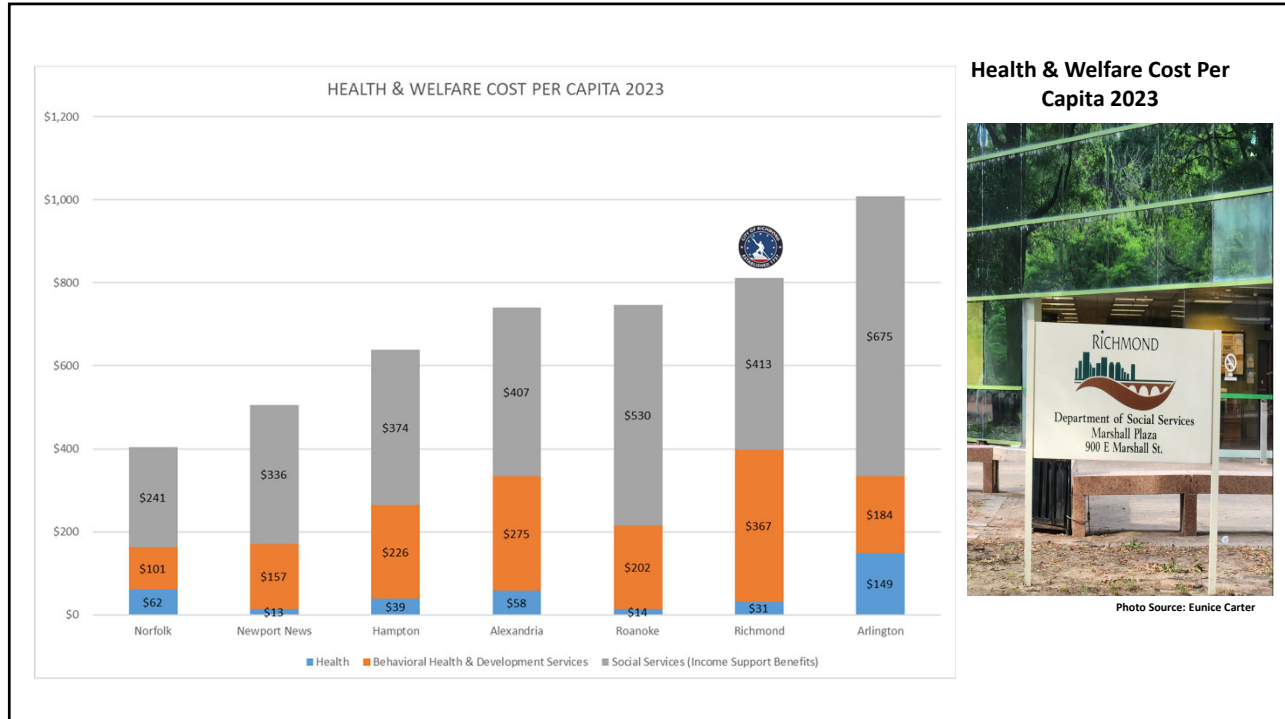
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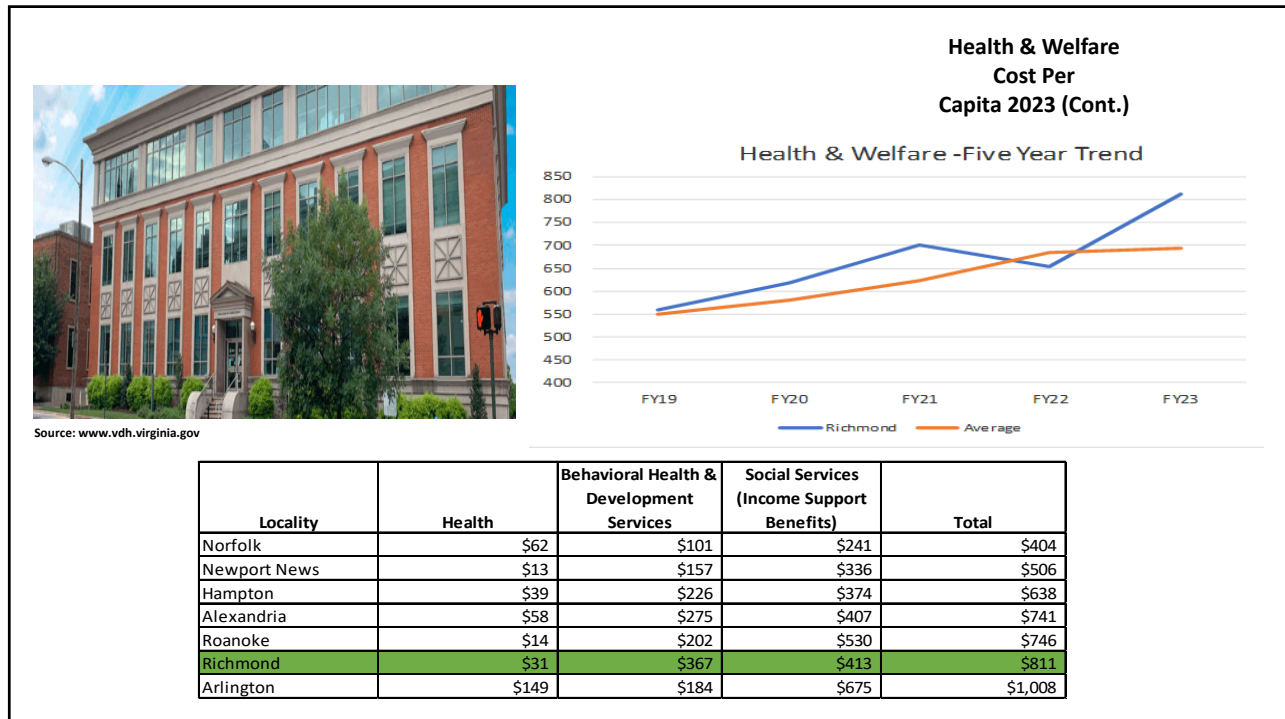
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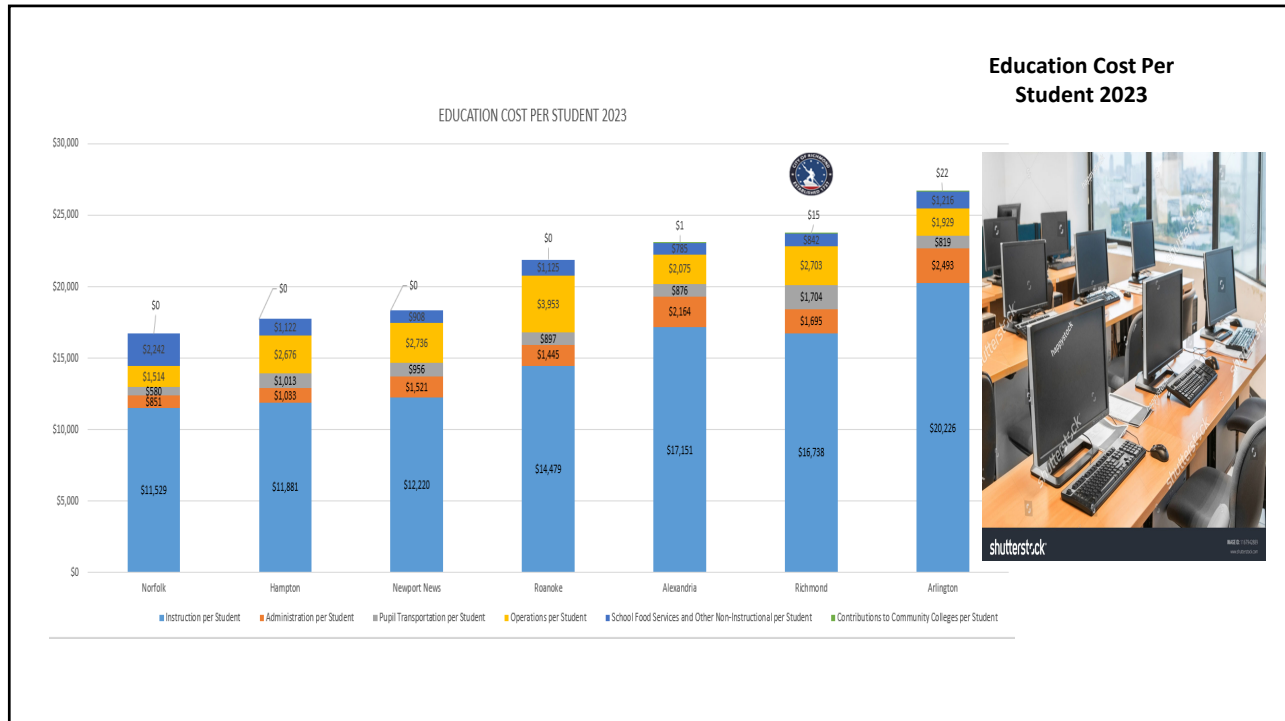
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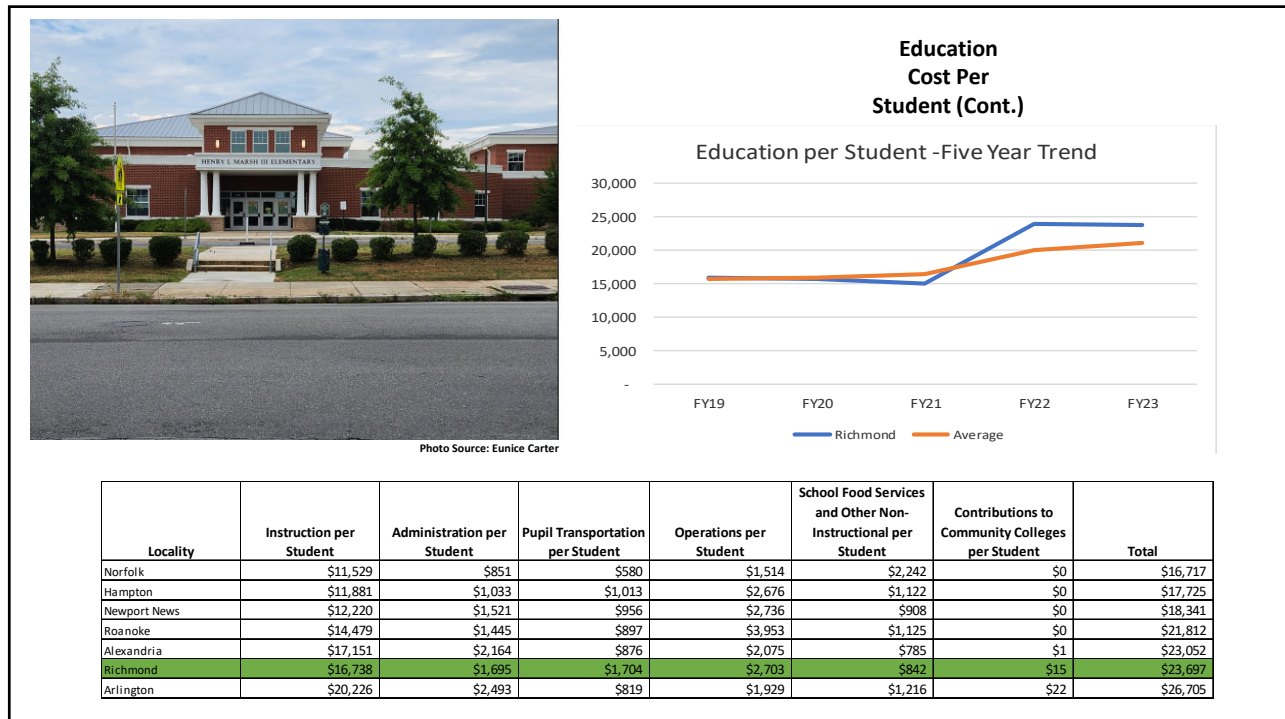
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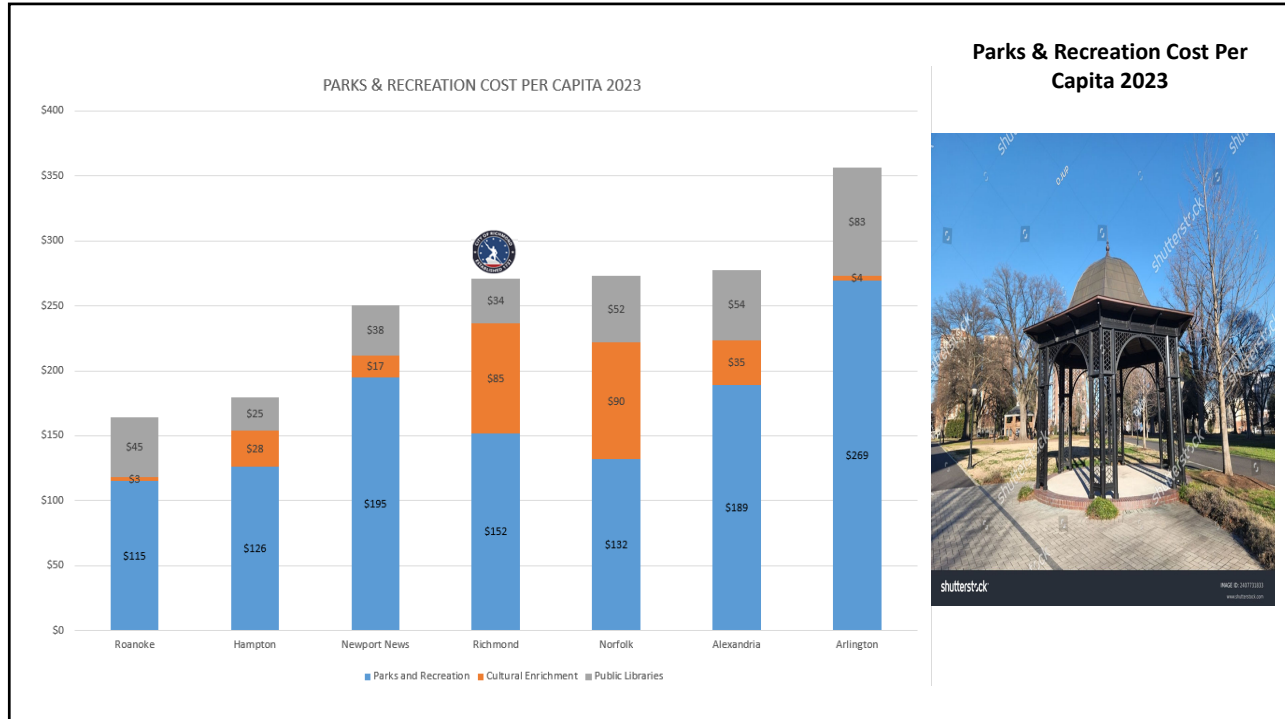
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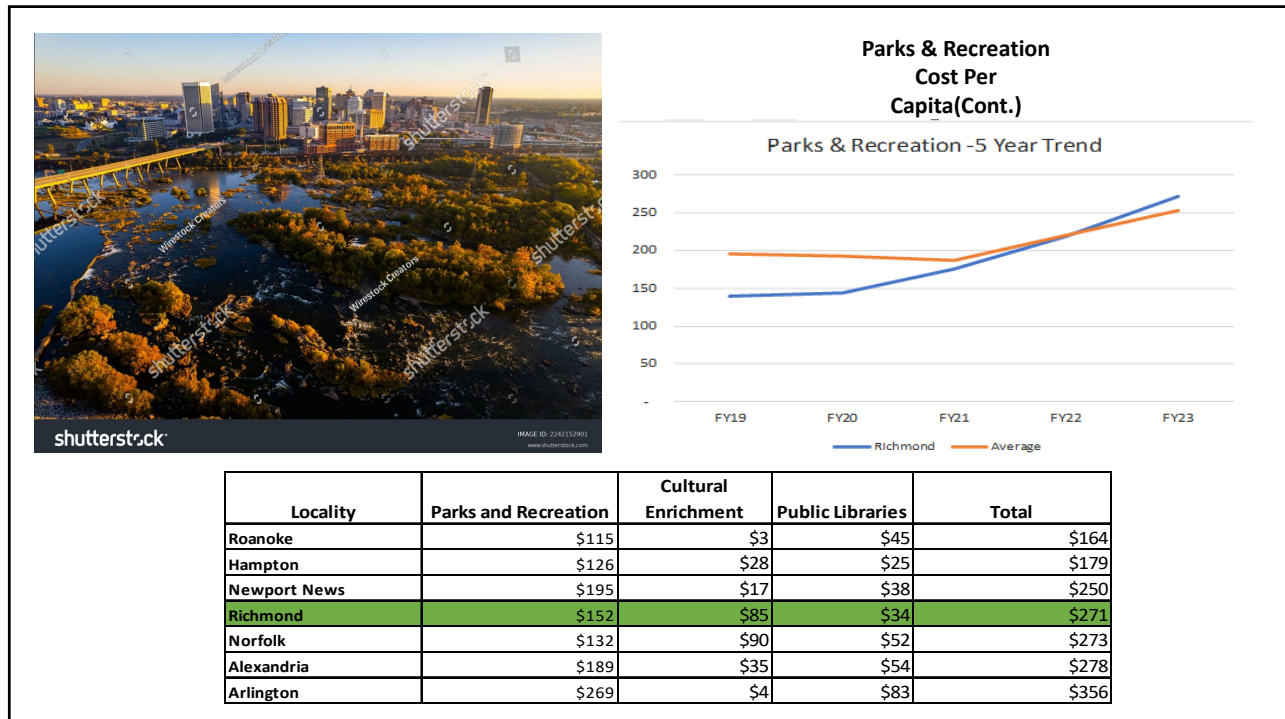
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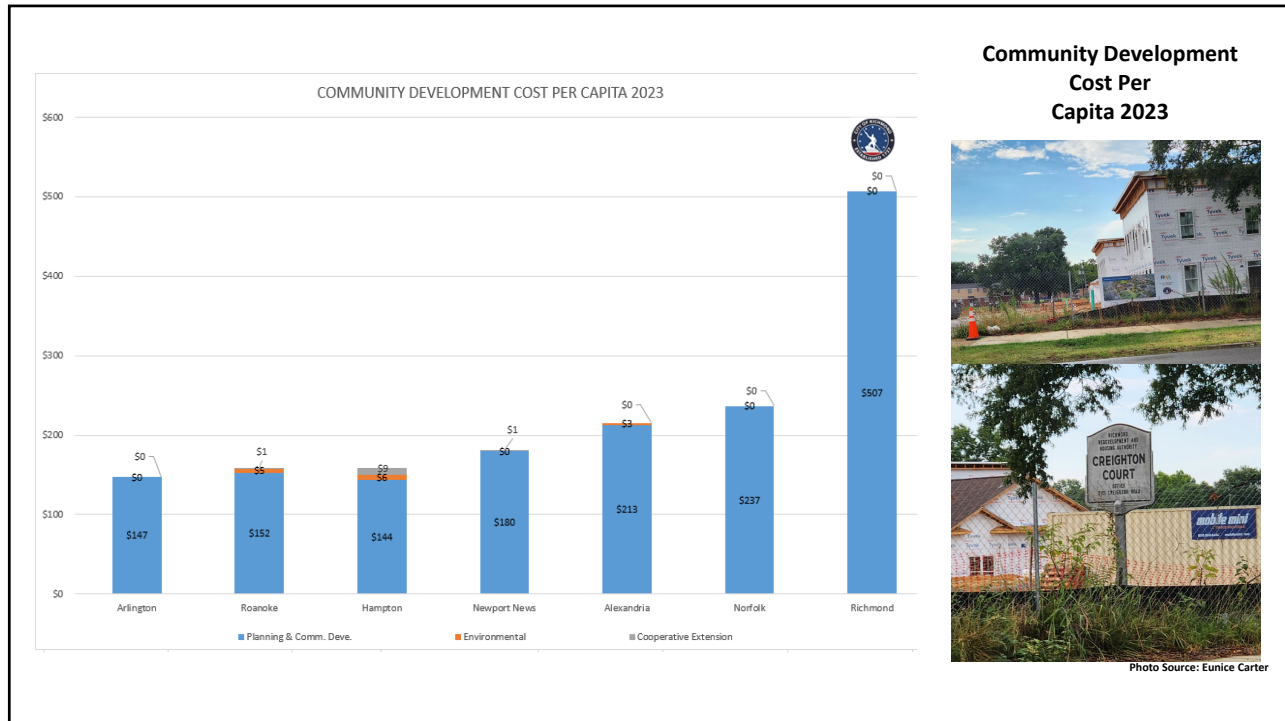
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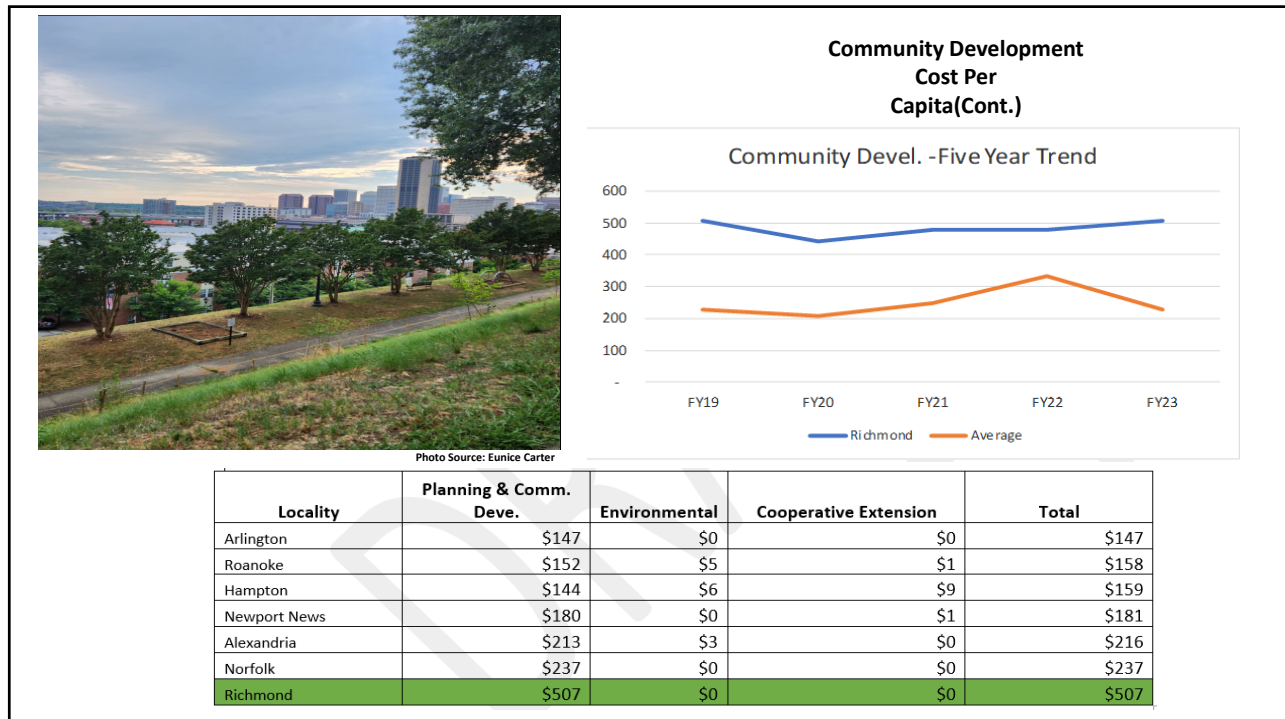
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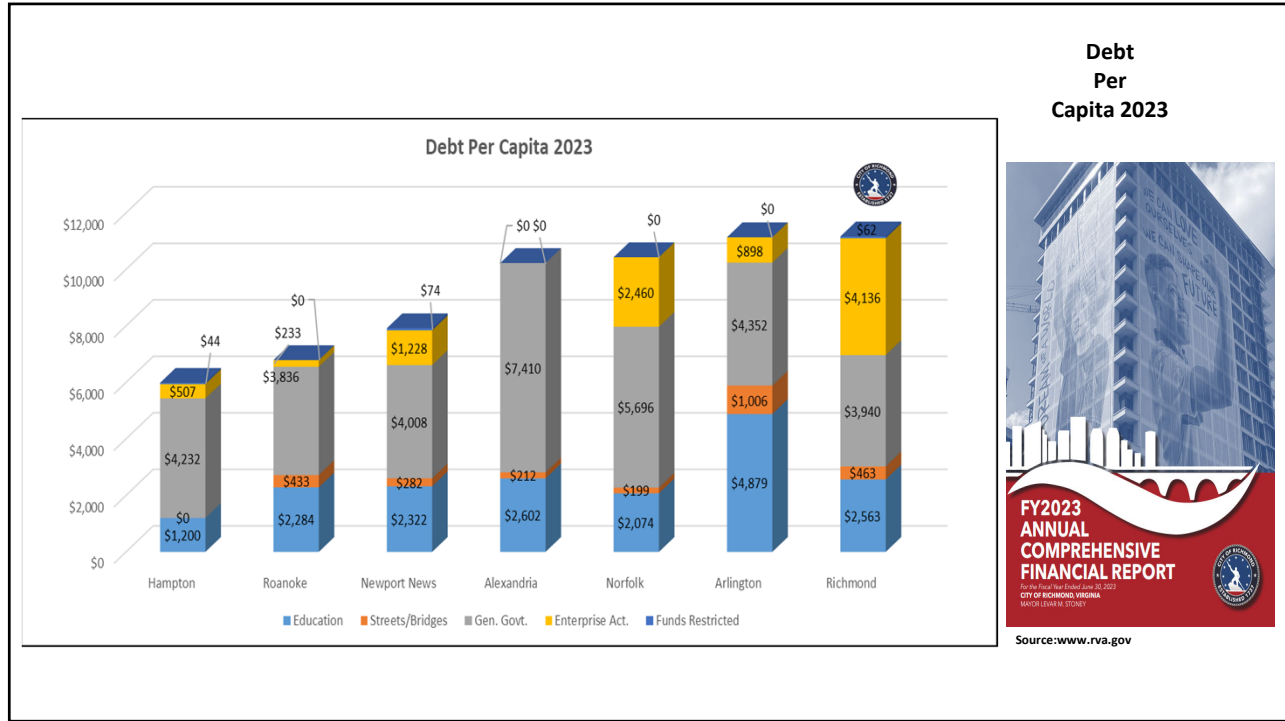
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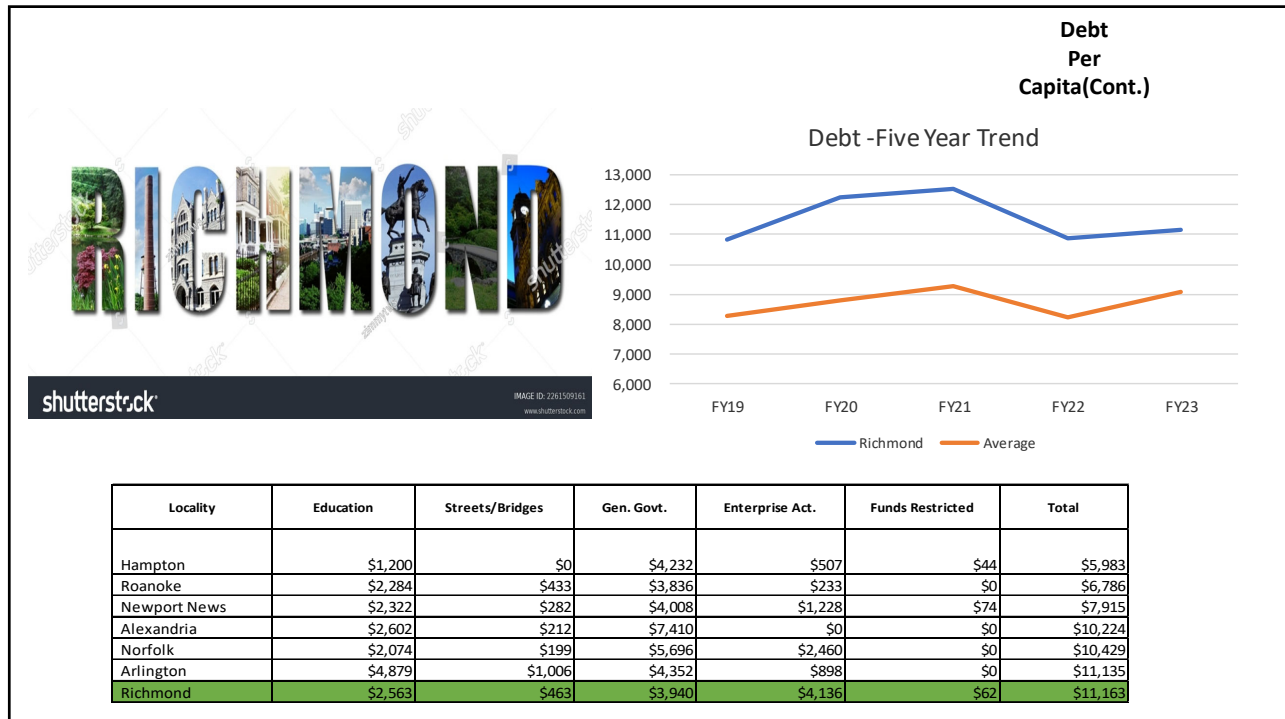
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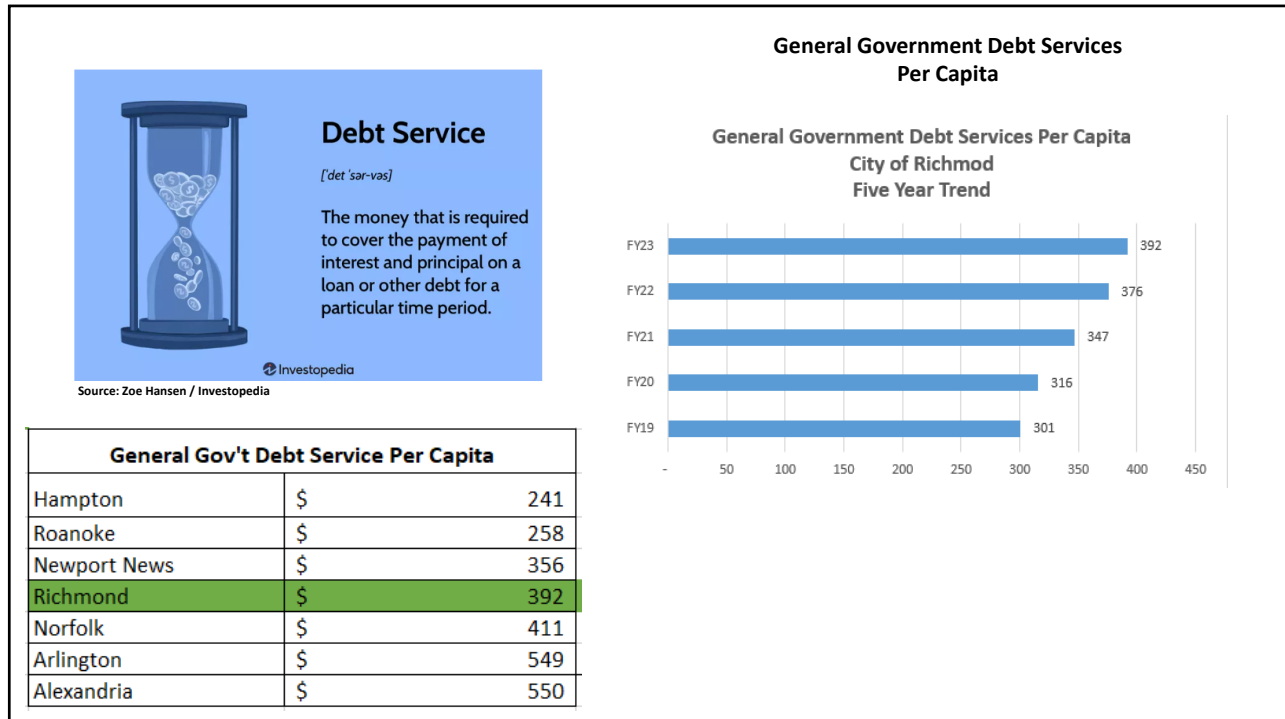
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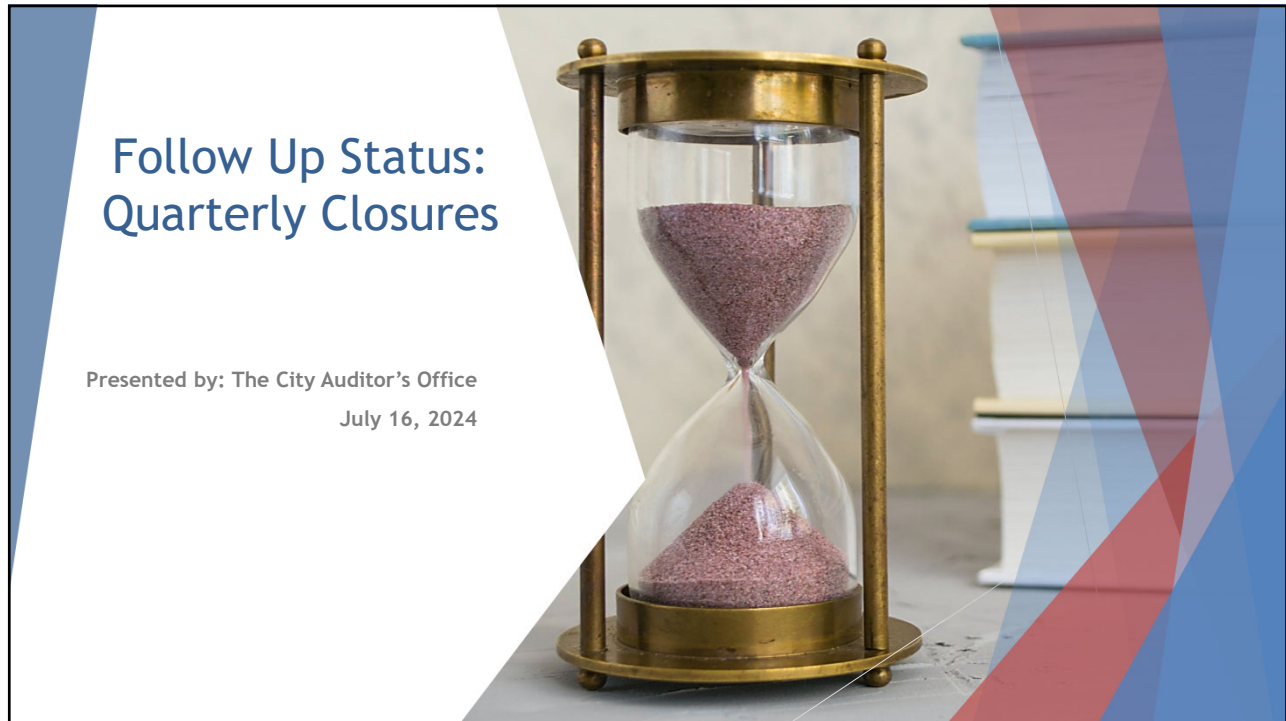
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Questions

Thank You!

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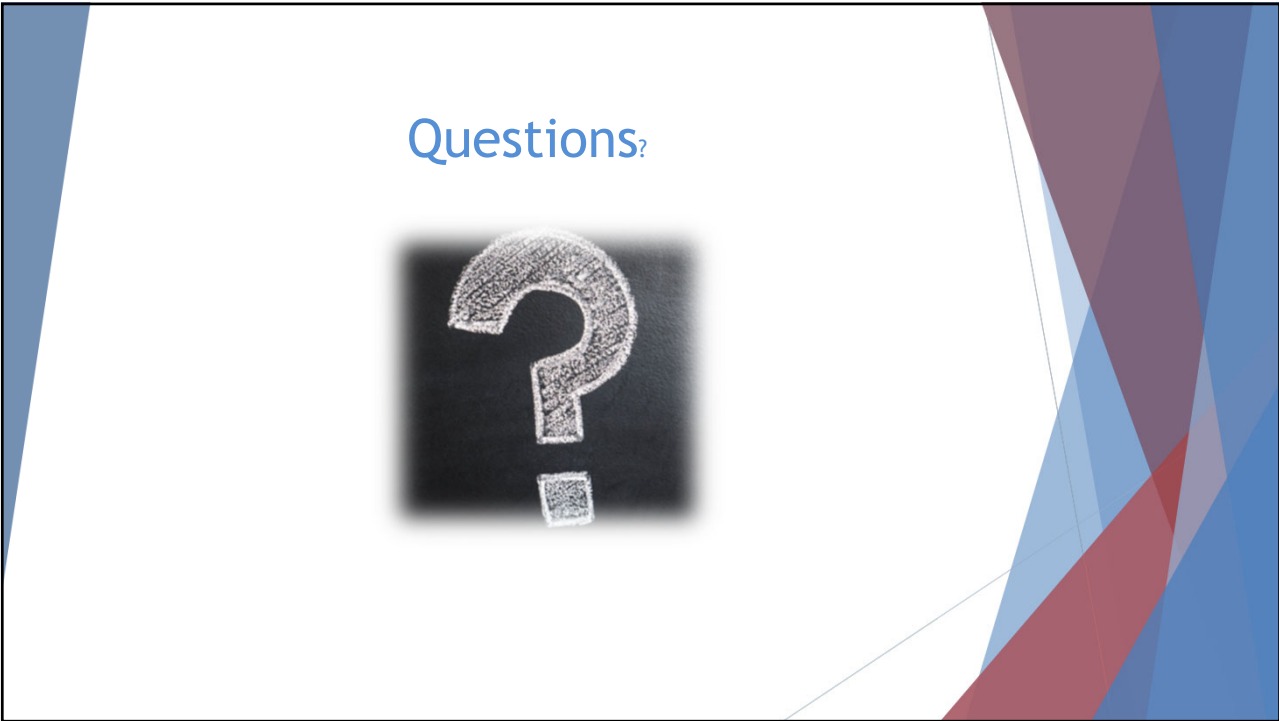
11 Recommendations Closed 1 Recommendation Removed

- ▶ Department of Public Works
- ▶ Department of Public Utilities
- ▶ CAO/Human Resources
- ▶ Procurement Services
- ▶ 4 Low Priority
- ▶ 7 Medium Priority

Recovered Costs

DPU reported \$21,875.23 in recovered duplicate payments previously identified in various audits.

2



3

OFFICE OF THE
INSPECTOR GENERAL

REPORT



James A. Osuna
Inspector General

CASE STATUS

| | |
|----|--------------------------------------|
| 11 | OPEN CASES |
| 0 | CLOSED CASE SUBSTANTIATED |
| 4 | CLOSED CASE UNSUBSTANTIATED |
| 4 | NEW CASE ADDED |
| 1 | OPEN REFERRED CASE TO FEDERAL AGENCY |

Office of the Inspector General

Presented to the Audit Committee
July 16, 2024

1



James A. Osuna
Inspector General

QUESTIONS



Office of the Inspector General

Presented to the Audit Committee
July 16 2024

2

OLD BUSINESS

- Delinquent Personal Property Taxes Discussion – *Sheila White*



NEW BUSINESS

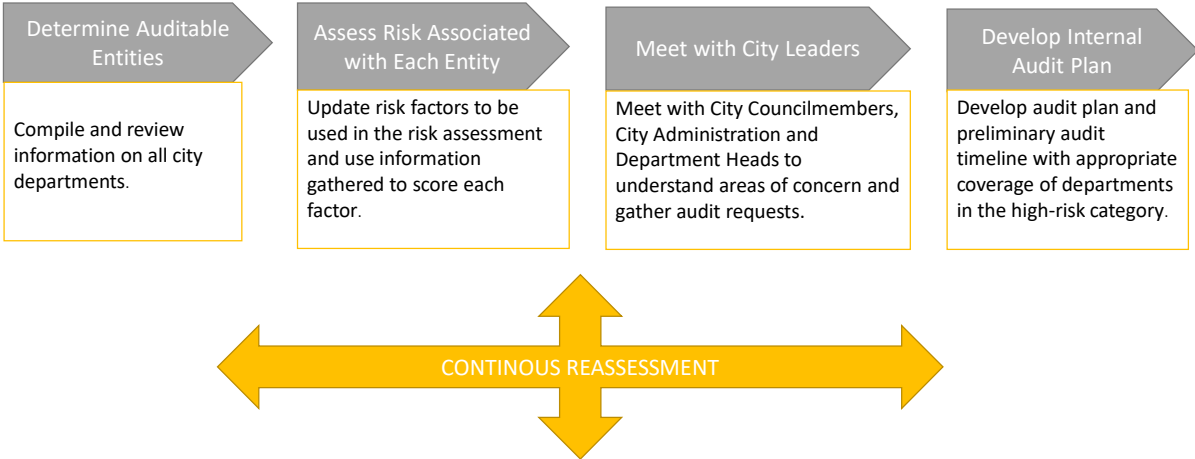
FY 2025 Annual Risk Assessment and Audit Plan Overview



1

Annual Risk Assessment and Audit Plan Development Overview

Annual risk assessment is a systematic process used by audit departments to evaluate, identify, and prioritize potential audits based on the level of risk in the organization. It helps audit departments ensure its limited resources are used efficiently and effectively.

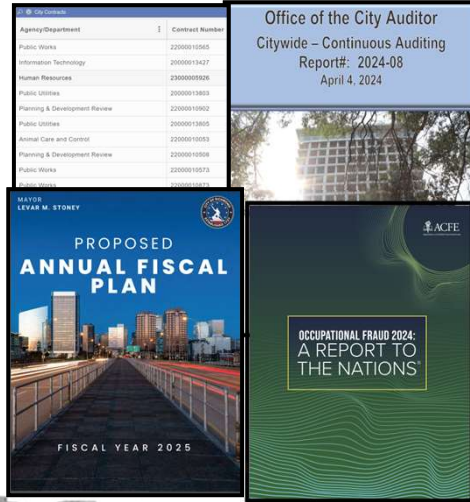


2

Determine Auditable Entities

Compile and review information on all city departments.

- Department Budgets
- Revenue Reports
- Check Payment and P-card Reports
- Active Contract Reports
- Turnover and Vacancy Reports
- Prior Audit and Investigation Reports
- Open Recommendation Reports
- Association of Fraud Examiners (ACFE) Report to the Nations



3

Assess Risk Associated with Each Entity

Update risk factors to be used in the risk assessment and use information gathered to score each factor and group departments into high, medium, or low risk categories.

Financial Exposure, including

- Budgeted Expenditures
- Amount and Volume of Transactions
- Revenue Generated

Control Environment, including

- Average Vacancy Rate
- Turnover Rate
- History of Audit Findings
- Open Recommendations Beyond One Year

Complexity of Operations, including

- Number of Staff
- Number of Active Contracts
- Operational Impact on other City Departments
- Regulatory/Legal Risk
- Information Systems
- Inherent Fraud Risk

Effect on the Public, including

- Public Dependency on Services
- Public Impact/Perception

Time Since the Last Audit

| Risk Rating | Numerical Rating |
|-------------|------------------|
| Negligible | 2 |
| Low | 4 |
| Medium | 6 |
| High | 8 |
| Severe | 10 |

Approximately 50% of the audit plan is focused on departments in the high-risk category.

4

Meet with City Leaders

Meet with City Councilmembers, City Administration and Department Heads to understand areas of concern and gather audit requests.

Meetings and conversations generally cover:

- Processes in the city they would like assessed.
- Contracts in the city they would like reviewed.
- Data they would like analyzed with audit expertise.
- Follow-up Audits they would like to have our office performed.



Three out of the seven (43%) audits currently in progress were initiated based off City Council or Administration requests.

Five out of the nine (55%) new audits on the plan were requested by City Council or Administration.



5

Develop Internal Audit Plan

Develop audit plan and preliminary audit timeline with appropriate coverage of departments in the high-risk category.

In development of the plan, we consider numerous factors, including:


- Estimated available audit hours of staff members.
- Risk Categories of each department.
- Audit requests made by City Council, City Administration, and Department Heads.
- Results of our annual Continuous Audit.
- Preliminary estimate of the number of hours the audit will take in the upcoming fiscal year.

This year we have identified supplemental audits that may be performed if time is available or if any of the audits need to be removed or rescheduled to the following fiscal year.

This year we have made follow-up audits and contract audits a bigger priority.



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Audits in Progress as of July 1, 2024

Audit Plan

| Project | Preliminary Objectives | Projected Hours |
|------------------------------------|--|-----------------|
| Street Light Maintenance | Evaluate the expenditures, efficiency, effectiveness, and maintenance of streetlights. | 300 |
| Warehousing & Inventory Management | Evaluate the warehouse inventory management controls and efficiency regarding duplication/ordering for the main warehouses operated by the City. | 300 |
| Budget Department and Funding | Evaluate the non-department budget process for compliance and monitoring for return on investments of funding allocated. | 300 |
| Purchasing Cards | Test expenditures for compliance with policy and internal controls within this program. | 600 |
| Richmond Retirement System | Evaluate the timeliness and accuracy of year-end 1099 processing. | 500 |
| DPW – Fleet Fuel Usage | Evaluate the internal controls, monitoring, and efficiency of fuel usage for the City's fleet. | 600 |
| Contract Audit – Top Guard | Evaluate compliance with deliverables and the terms and conditions of the contract. | 1000 |

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Audits Planned to be Initiated During Fiscal Year 2025

Audit Plan

| Project | Preliminary Objectives | FY 2025 Projected Hours | FY 2026 Projected Hours | Total Projected Hours |
|--|--|-------------------------|-------------------------|-----------------------|
| Affordable Housing Trust Fund Expenditures | Evaluate the program expenditures and supporting documentation for compliance with program objectives and overall program efficiency and effectiveness. | 400 | 400 | 800 |
| American Rescue Plan Act (ARPA) Expenditures | Evaluate internal controls over ARPA expenditures and ensure subrecipient expenditures are in compliance with agreements. | 800 | 0 | 800 |
| Finance Meals Tax – Follow-up | Evaluate the process and controls in place for collection of meals tax revenue as well as the process and progress of reviewing delinquent accounts. | 500 | 500 | 1000 |
| Continuous Auditing and Risk Assessment | Analytical review of City expenditures to identify possible trends and issues, and to assist in risk assessment for the development of future audit plans. | 800 | 0 | 800 |
| Fire and Emergency Services - Payroll | Evaluate the controls in place over the payroll process and the accuracy of payroll payments and leave accruals. | 500 | 500 | 1000 |
| Miscellaneous Vendors | Assess the controls in place over the City's use of the miscellaneous vendor attribute and determine if payments made were properly supported and appropriate. | 700 | 0 | 700 |
| Overtime Compliance | Evaluate compliance with the City's new overtime policy | 500 | 0 | 500 |
| Human Resources Salary | Review current practices and controls in place related to requests for salary adjustments for City staff and constitutional offices. | 600 | 0 | 600 |
| Contract Audit - AECOM Technical Services | Evaluate compliance with the terms and conditions of the contract and determine if the contract was awarded in compliance with city policies and best procurement practices. | 600 | 900 | 1500 |

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Audit Plan

Special Projects
Planned to be
Initiated During
Fiscal Year
2025

| Project | Preliminary Objectives | Projected Hours |
|--|--|-----------------|
| APA Comparative Cost Analysis | Provide a high-level analysis of like-kind local governments in Virginia to provide comparative cost structure information for a range of service areas. | 200 |
| Cybersecurity & Network Vulnerability Assessment | Hire a consultant to assess and test the City's Cybersecurity practices and network vulnerability. | 100 |
| Follow up – Recommendations | Quarterly follow up with City departments to assess the number of audit recommendations that are implemented. | 300 |
| External Audit Assistance | Provide oversight, management, and audit support of the City's annual financial statement audit contract. | 300 |
| Other Special Projects | Audits and other reviews completed at the request of City Council, City Administration or at the discretion of the City Auditor. | 500 |

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Audit Plan

Supplemental
Potential
Projects

| Project | Preliminary Objectives | Projected Hours |
|--|---|-----------------|
| Finance Bank Reconciliations | Evaluate the internal controls over the bank reconciliation process for the concentration account. | 600 |
| Personal Property Tax Assessment and Collections – Follow up | Evaluate the process and controls in place for assessing, billing, and collecting personal property taxes. | 1000 |
| DPU – Natural Gas Utility | Benchmark the gas leakage percentage against similar gas systems and evaluate the return-on-investment model for gas system expansion and calculations for new service connections to determine if it adds economic value for the City and impacts existing ratepayers. | 1000 |
| Contract Change Order/Modification Management and Administration | Evaluate controls related to the justification, approval, and pricing of change orders/modifications. | 1000 |
| Contract Audit – Temporary Employee Contracts | Evaluate compliance with the terms and conditions of the contract and determine if the contract was awarded in compliance with City policies and best procurement practices. | 1000 |
| Real Estate Assessments | Evaluate controls in place to ensure real estate taxes are properly assessed in compliance with applicable laws. | 1000 |

10



11

CLOSED SESSION

2024-10

CYBERSECURITY ASSESSMENT