



CITY OF RICHMOND

# Office of the City Auditor (OCA)

*An Independent Office of the Richmond City Council*

## Annual Report Fiscal Year 2025

**Riad Ali, CPA, CIGA**  
City Auditor



## Office of the City Auditor (OCA)

# OFFICE OVERVIEW AND MISSION

The Office of the City Auditor (OCA) was established under the City of Richmond Charter. The City Auditor, appointed by City Council, leads the office and has the authority to appoint staff and carry out audit responsibilities. The Charter provides the Auditor with broad access to City records, accounts, and systems necessary to perform audits, subject to applicable law.

To promote transparency and strengthen oversight, an Audit Committee was established to assist City Council in monitoring the City's audit function. The Committee meets periodically to review audit reports, discuss internal control concerns, and provide input on audit planning and priorities.

The OCA's mission is to promote open and accountable government through independent audit services. Its vision is to be a trusted partner in advancing transparency, accountability, and efficiency in local government by delivering impactful audits that improve operations and build public trust.


In line with this mission, the OCA conducts independent, objective audits of City departments, offices, and agencies in accordance with Generally Accepted Government Auditing Standards (GAGAS). The office makes recommendations to address risks, strengthen internal controls, and improve operations. When implemented, these recommendations result in significant improvements and cost savings across City functions.

### Contact us:

 Read our [past reports](#) on our website

 View a prior [audit committee recording](#)

 Email us: [askcityauditor@rva.gov](mailto:askcityauditor@rva.gov)

 Call us: 804-646-5616

 Visit us: 900 E Broad St, Suite 806, Richmond, VA 23219



## ACCOMPLISHMENTS

### Reports

The OCA issues various types of reports to keep City Council, the Audit Committee, the Mayor, and the public informed of our work. Our **audit reports** are comprehensive evaluations of City operations, focused on identifying control weaknesses, improving efficiency, and reducing risks of waste, fraud, and abuse. These reports include detailed findings supported by evidence and offer targeted recommendations for improvement. In addition to audit reports, we issue the following:

- **Special Project Reports** – These are limited-scope reviews or advisory engagements, often initiated at the request of leadership, focused on specific issues or operational questions.
- **Quarterly Follow-Up Reports** – These track the City's progress in implementing prior audit recommendations. They help ensure that corrective actions are taken and sustained over time.
- **Confidential IT Reports** – These reports assess the security and effectiveness of the City's IT systems. Due to their sensitive nature, they are not publicly released but are shared with appropriate officials to support risk mitigation.

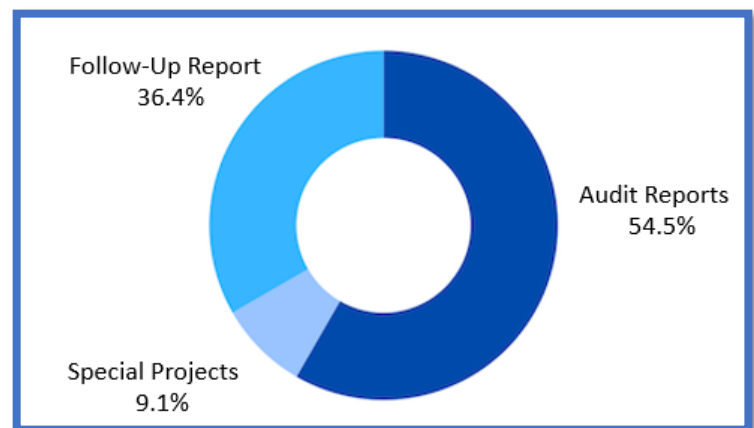
We issued a total of 11 reports in FY 2025, as shown below.

**11** reports issued in FY 2025

**6** audit reports

**4** recommendation follow-up reports

**1** special project report

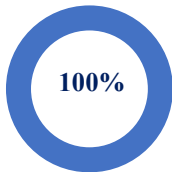




## Office of the City Auditor (OCA)

### Recommendations

Recommendations  
Fully or Partially  
Accepted (%)



The OCA goes beyond identifying issues. We develop practical, forward-looking recommendations to help City leadership improve operations and safeguard public resources. These recommendations are aimed at enhancing the efficiency and effectiveness in City operations and to safeguard and recover taxpayer dollars.

In FY 2025, **72 recommendations were issued** — City Administration agreed to implement 68 and partially agreed to 4.

Recommendations are made to address the root causes of the issues identified in our audits. Common themes of these recommendations included actions to address inadequate management oversight, noncompliance with or absence of policy, segregation of duties weaknesses, and insufficient contract management. Each recommendation is assigned a priority level based on the significance of the underlying issue and the associated risk, categorized as follows:

**45 Issued**  
High Priority

The recommendation addresses critical issues that are occurring that pose significant risks to the organization, including significant internal control weaknesses, non-compliance with laws and regulations, financial losses, fraud, and costly or detrimental operational inefficiencies.

**19 Issued**  
Medium  
Priority

The recommendation addresses moderate issues that could escalate into larger problems if left unaddressed. While they may not pose an immediate risk, they could lead to significant financial losses or costly operational inefficiencies over time. There is potential to strengthen or improve internal controls.

**8 Issued**  
Low Priority

The recommendation improves overall efficiency, accuracy, or performance in City operations.

### Audit Committee Meetings

Per City Code, an Audit Committee was established to assist City Council in its responsibilities for the financial management of the City. The Audit Committee consists of seven members appointed by City Council. Two of the seven members are members of City Council, and five members are appointed from the business community of the City.



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With regards to the OCA, the Audit Committee's responsibilities include but are not limited to overseeing audit functions and reviewing and approving the annual work plan of the OCA. In FY 2025, the Audit Committee held three meetings to perform their code assigned duties.

### Audit Committee Meetings FY 25



## Impact and Audit Results

In Fiscal Year 2025, the OCA's audits identified financial exceptions totaling approximately \$10.8 million, including violations of policy, insufficient documentation or unclear policy guidance, inaccurate and unaccounted for inventory, improper payments, overbillings on contracts, and inefficient use of resources. Of this total, over \$6 million was referred to the OIG for further review.

Importantly, the OCA's work has led to measurable improvements in City operations. In FY 2025, City departments implemented 59 recommendations and reported recovering approximately \$228,000 in costs.

The following section summarizes the overall conclusions of the OCA's audit and special project reports issued in FY 2025. Click on audit title to view full report.

### [Audit of the Department of Public Utilities \(DPU\) Main Warehouse](#) *Total Number of Recommendations: 13*

**3 recommendations  
have been implemented  
from this audit.**

The DPU Main Warehouse has a perpetual inventory system to track the inventory and physical access controls that include gates, locked doors, and a camera surveillance system. However, opportunities for improvement exist as industry standards and inventory management best practices have not been fully implemented. The OCA found inadequate internal controls, oversight, and inventory monitoring that resulted in inaccurate and unreliable inventory data and misstatement of financial statement amounts. Industry standards and best practices need to be fully implemented to ensure accountability throughout the inventory management processes. The current environment exposes the City to significant risk for error, fraud, and waste that could go undetected.

We note that the DPU Senior Director is fully committed to resolving the problems we identified in this report. In March 2024, DPU hired a Program and Operations Supervisor and is in the process of correcting the deficiencies noted and implementing industry best practices. According to management responses and the provided documentation, improvements have already been



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made, including the drafting of standard operating procedures and the creation of work standards that outline employees' roles and responsibilities.

### **Audit of the DPU Wastewater Treatment Plant (WWTP) Warehouse** *Total Number of Recommendations: 18*

In our assessment of internal controls, we found that the WWTP Warehouse uses a perpetual inventory system to track inventory, with items secured by gates, locked doors, an alarm system, and camera surveillance.

**5 recommendations  
have been  
implemented from  
this audit.**

However, opportunities for improvement exist, as industry standards and best practices in inventory management have not been fully implemented. This has resulted in inadequate oversight and monitoring of inventory, purchases, supplies, and materials, leading to unaccounted-for inventory, inaccurate and unreliable data, inventory overstocking, and circumvention of the City's procurement and payment processes.

Fully implementing industry standards and best practices and adherence to the City's procurement process will ensure accountability throughout the inventory management system. The current environment exposes the City to significant risks of error, fraud, and waste, which could go undetected.

### **Audit of a Streetlight Maintenance Division Contract** *Total Number of Recommendations: 7*

Our assessment of internal controls found that the contract was not properly administered or managed by City staff to ensure services were rendered in accordance with the contract and to verify the accuracy of the billed labor hours and equipment. Additional bid lines were added to the contract and a few of these items did not contain adequate details for the OCA to objectively determine what should be billed to the City. The OCA found numerous invoices billed to the City where the use of the added line items appeared to be inconsistent, unsupported, and lacking reasonable justification.

Consequently, resources were mismanaged, and the OCA identified at least \$1.2 million in potentially unallowable charges, overbilling, and questionable billings. More detailed bid line items and billing requirements may have mitigated a few of the issues identified by the OCA. More importantly, these issues could have been prevented with proper contract management and oversight by City staff.

The results of this audit were referred to the City of Richmond Office of the Inspector General for any further actions they deem necessary.

**The City ended its  
contract with the  
vendor.**

**3 recommendations  
have been implemented  
from this audit.**



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### Audit of Non-Departmental Charitable Organizations Application and Oversight Process

*Total Number of Recommendations: 9*

The City's process to award and monitor non-departmental charitable organization grants was inconsistent. It lacked centralized policies, and each department used its own approach without documented procedures. This led to differences in the application review process as criteria established in the application guidelines were not adhered to. Ultimately, applicants who did not appear to meet the criteria were recommended for City funds while applicants who appeared to meet the criteria were not recommended for funding or had their funding request reduced.

**City Administration committed to introducing a new grant awarding process to ensure transparency, impact, and fiscal accountability.**

Further, the City's monitoring process is inadequate to determine whether the City is receiving a return on its investments. Instead of verifying documentation and validating outputs, grant managers generally relied on grantees' self-reported information, trusting that the work was completed as reported. Non-departmental grants should be awarded and monitored with the same rigor as federal or state grants, as these funds represent taxpayers' money intended to provide important services.

Similar findings regarding decentralized grant management, a lack of oversight and monitoring, a lack of measurable performance metrics, maintaining documentation, and insufficient training were all noted in several prior audits. Several recommendations remain open related to these topics. Without adequate staffing, training, monitoring, and oversight, the City is exposed to significant risks, including fraudulent use of grant funds. The current environment creates vulnerabilities that could allow fraud to go undetected, undermining public trust and the effectiveness of these programs.

### Audit of the Richmond Retirement System (RRS) 1099-R Process

*Total Number of Recommendations: 9*

During calendar year 2023, the RRS updated its process for uploading supplemental payments to ensure they were input as taxable, correcting the issue from the prior year. In addition, RRS's processes for calculating retiree benefits, including original benefit selections, subsequent adjustments, and supplemental bonuses, were found to be accurate for the retirees reviewed by the OCA. The 1099-R forms reviewed reflected payments made during the year and were consistent with the original benefit selections. Although the OCA did not identify deficiencies in these processes, due to their complexity and the volume of retirees, other issues may exist in this process that were not detected during the audit.





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Conversely, the OCA found that RRS failed to prevent, detect, and recover improper payments to deceased retirees. As a result, \$554,661.50 in overpayments were made over 9 years, with \$415,660.76 unrecovered. The OCA identified deficiencies in the management of deceased retirees, including incomplete death audit reports, failure to follow collection procedures, inadequate management oversight, outdated policies, and delays in notifying the Board of Trustees of overpayment issues.

RRS management treated these issues seriously and has reported taking corrective actions to address them, including transitioning to an improved death audit process, updating collection procedures, enhancing tracking and oversight, and informing the Board of Trustees of the issue. Additionally, the agency has implemented weekly reviews and restructured its collection approval process to ensure better financial controls. However, these actions alone do not guarantee long-term effectiveness without ongoing monitoring and enforcement.

**RRS has implemented a new system to identify deceased retirees more accurately and timely.**

To minimize future improper payments, RRS must ensure continued compliance with updated policies, strengthen oversight mechanisms, and conduct regular internal reviews. Without sustained accountability, the risk of similar issues reoccurring remains, undermining public trust and financial integrity within the retirement system.

Given the volume and age of improper payments, as well as the control weaknesses described in this report, there is an increased risk that fraud occurred. Therefore, the OCA recommends that RRS review all accounts with outstanding balances, including those identified in this report and others, to determine whether any should be referred to the Office of the Inspector General (OIG). Additionally, the OCA has referred this report to the OIG for any further actions or monitoring they deem necessary. Finally, the OCA has made its staff available to RRS to support any additional analysis or review of this issue or any other issues identified.

### **Audit of the Purchasing Card (P-Card) Program**

***Total Number of Recommendations: 16***

The Office of the City Auditor (OCA) identified significant weaknesses in the City's internal control framework for the use of P-Cards, including small purchases. Our review revealed at least \$5 million in questionable transactions across multiple City departments and vendors, which were referred to the Office of the Inspector General (OIG) for further review.

While the report provided limited detail on the specific transactions referred to the OIG, it outlined the internal control deficiencies that allowed such





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transactions to occur. It also offered comprehensive recommendations designed to strengthen controls and reduce the risk of future questionable expenditures.

Overall, the OCA found that the City's P-Card program and usage lacked effective internal controls to ensure the proper use of public funds. The City's transaction approval structure did not consistently function as an effective safeguard to ensure taxpayers' dollars were spent appropriately. In some cases, the approvers reviewed transactions made by their supervisors or by cardholders outside their departments, reducing effective oversight. In others, they were assigned to approve purchases across a high number of cardholders, limiting capacity for effective review. Additionally, a single DPS employee conducted final approvals for over 40,000 transactions during the audit period, further weakening the review process due to volume and workload. Cardholders also contributed to control breakdowns. Many submitted transactions with missing or insufficient documentation and made purchases that did not align with policy.

Unclear policies, inadequate training, and inconsistent enforcement contributed to the audit observations. The City's high \$50,000 single-quote threshold reduced competition. Procurement policies lacked clarity, were inconsistently enforced, and did not always define allowable or prohibited expenses. Training for cardholders and approvers was infrequent and lacked role-based guidance. The extensive use of third-party payment platforms (e.g., Square, PayPal, Venmo) further limited vendor identification and increased the risk of unsupported and/or inappropriate spending.

While the City has taken initial corrective steps, including a full program reset, additional reforms are needed. These should include modernizing and enforcing policies, implementing risk-based oversight, improving system settings, and tailoring training by user role. The City should also expand its use of data analytics to identify outliers, require timely documentation, and define consequences for repeated noncompliance.

### Special Project – APA Comparative Cost Report

The OCA conducted a high-level review of the FY 2023 Comparative Report of Local Government Revenues and Expenditures, published by the Virginia Auditor of Public Accounts. The review focused on Richmond's reported data in relation to other Virginia localities with populations over 100,000. While the APA report provided standardized financial information, the review noted that service levels and delivery structures varied across localities and should be considered when interpreting the data.

**The Department of Procurement Services began a ground-up overhaul of the program intended to produce a replacement that is firmly rooted in industry best practices, and which focuses on fiscal accountability and maintaining public trust.**



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The report presented comparative per capita expenditure and revenue data across major service areas. Richmond reported the highest total per capita costs in public safety among the peer group, as well as the highest in public works, particularly for road and infrastructure maintenance. Per capita costs for health and welfare were also among the highest, while per capita education spending was among the lowest. However, on a per-student basis, Richmond's education costs ranked near the top.

### Quarterly Follow-up on Open Recommendations

In FY 2025, the OCA issued four quarterly reports as part of its ongoing follow-up process on open recommendations. By working collaboratively with departments throughout the year, the OCA confirmed the closure of 59 recommendations. Of these, 13 were high priority, 28 were medium priority, and 18 were low priority.

This continuous follow-up process promotes accountability, helps maintain momentum on corrective actions, and ensures that progress on high-priority issues are monitored throughout the year.

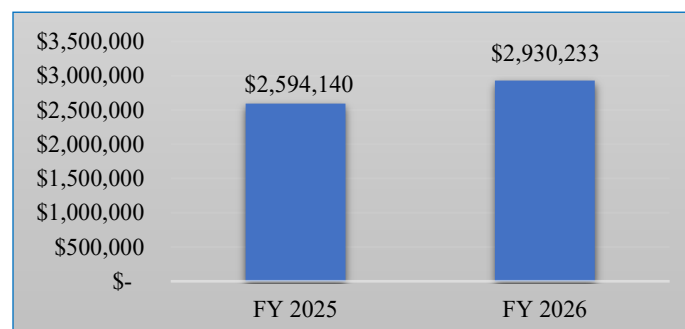
**The Department of Public Utilities closed 21 recommendations in FY 2025.**

## BUDGET AND PROFESSIONAL DEVELOPMENT

### OCA Budget

The OCA is committed to operating in a fiscally responsible manner. As shown in **Figure 1**, the OCA's adopted budget for FY 2025 was \$2,594,140. For the recent budget adopted in FY 2026, the OCA's budget increased to \$2,930,233. This increase was driven by personnel expenditures, primarily due to increased costs to employee benefits, such as retirement system contributions.

**Figure 1**  
**OCA Budget**  
**FY 2025 vs FY 2026**

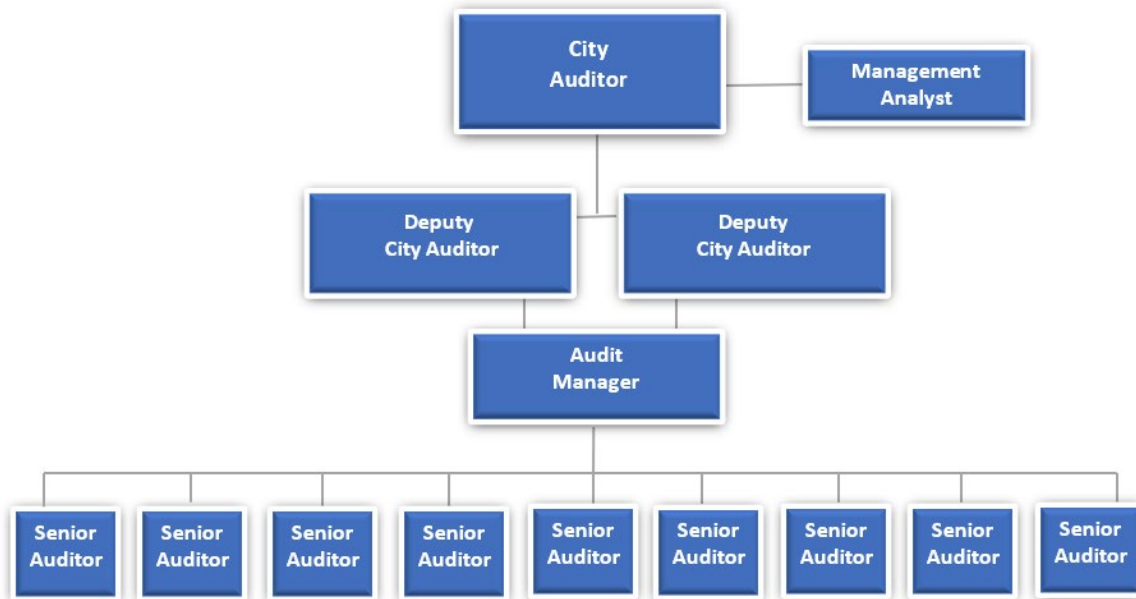




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The adopted FY 2026 OCA budget represents approximately 0.28% of the City's General Fund. The FY 2026 budget is allocated as follows: 81% to personnel expenses and 19% to operating costs. The office was authorized 14 full-time positions.

**OCA Organizational Chart**  
**As of July 1, 2025**



### Professional Development

The most valuable asset of the OCA is its people. The OCA has built a diverse, highly qualified team committed to advancing our mission through excellence and integrity. Staff members bring specialized expertise in areas including accounting, auditing, taxation, information technology, procurement, data analysis, and fraud detection.

In addition to the City Auditor, the office's positions include deputy directors, an audit manager, senior auditors, and an administrative professional. Each role contributes distinct skills that support effective and independent oversight.

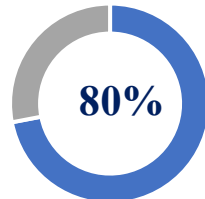


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OCA team members are committed to continuous professional development and maintain a wide range of respected certifications and advanced degrees. Currently, these include:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Inspector General Auditor (CIGA)
- Certified Fraud Examiner (CFE)
- Certified Government Auditing Professional (CGAP)
- Certification in Risk Management Assurance (CRMA)
- Virginia Contracting Associate Officer (VCA)
- Master's Degrees

% of Staff with a Certification



[Click to read our team member's biographies.](#)

The OCA prioritizes continuous learning to uphold auditing standards, enhance technical capabilities, and maintain professional credentials in alignment with Generally Accepted Government Auditing Standards (GAGAS). In Fiscal Year 2025, OCA staff earned approximately 483 hours of continuing professional education (CPE) credit.

New staff members receive comprehensive onboarding covering:

- The office's mission and audit standards,
- City policies and code,
- The audit manual,
- Information systems and software tools, and
- Ethical expectations and conduct.

The OCA also holds monthly staff meetings that include both formal and informal training sessions. In FY 2025, these sessions addressed topics such as advanced data analysis and fraud identification methods.

## OTHER ACCOMPLISHMENTS AND IMPROVEMENTS

### Strategic Improvements at the OCA

In FY 2025, the OCA introduced several changes that reflect our shift toward conducting more in-depth audits that focus on identifying and addressing root causes. As described below, these efforts included significant updates to both our planning and reporting processes to ensure that our work is more targeted, useful, and accessible, as well as a strategic shift in our follow-up process.



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- ✚ Our planning process now includes a more rigorous risk assessment of each audit area. This involves both qualitative and quantitative evaluation, with greater reliance on data analysis to help us focus limited resources on areas with the highest potential risk and value. These improvements help ensure that the audits we initiate are aligned with the City's most pressing needs.
- ✚ We have also made significant improvements to the structure and presentation of our audit reports. Recent reports are designed to be more accessible and impactful, with clearer organization, enhanced visuals, and plain-language summaries that highlight key findings and support quicker understanding by decision-makers and the public.
- ✚ Another key improvement in the reporting process is how we develop recommendations. Each recommendation is written to directly address the root causes of the issues identified in the audit. Recommendations are assigned a defined priority level to communicate urgency and include specific and practical steps that departments can take to implement the recommendation.
- ✚ Our most significant new initiative in FY 2025 was the launch of a quarterly follow-up process for open audit recommendations. Previously, our office followed up on recommendations once per year. Under the new approach, we issue quarterly follow-up reports that track progress and help ensure that open recommendations remain active priorities. This change has improved accountability while also fostering ongoing communication with departments about outstanding high-priority issues.

### Peer Review

In February 2025, the Office of the City Auditor successfully passed its most recent peer review. Conducted every three years by members of the Association of Local Government Auditors (ALGA), this external review ensures our compliance with Generally Accepted Government Auditing Standards (GAGAS). In essence, it functions as an “audit of the auditor,” reinforcing our commitment to independent, high-quality work.

This year's peer review was performed by the County Auditor of Harford County, Maryland, and a Lead Senior Auditor from the City of Tampa, Florida. The review team commended the OCA for several strengths, including:

- A well-documented planning process supported by standardized templates that promote clear communication.
- Robust continuing education opportunities available to staff.
- Strong internal communication practices, including weekly team meetings, “lessons learned” sessions, and structured project updates.



## Office of the City Auditor (OCA)

The OCA is proud to maintain full compliance with GAGAS and remains committed to upholding the highest standards in the auditing profession.

### ALGA Certificate of Compliance with GAGAS



## OCA Outreach and Community Support

While the core mission of the OCA is to promote accountability, transparency, and improvement in City operations through independent audits, we also recognize the importance of engaging with the community and representing the City of Richmond and the audit profession with professionalism and integrity. In FY 2025, the OCA's efforts consisted of the following:

### Management of an Ask City Auditor Inbox

The Office of the City Auditor (OCA) manages the Ask City Auditor inbox ([AskCityAuditor@RVA.gov](mailto:AskCityAuditor@RVA.gov)) to provide residents with a direct channel for engaging with our office. Residents may submit questions about City operations, recent audit reports, or the work of the OCA. They may also suggest audit topics or report concerns for potential review. Inquiries unrelated to the OCA's work are promptly forwarded to the appropriate City department for response or resolution.



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### **Presentations at District Meetings**

Throughout the year, the OCA visited various City Council districts to deliver public presentations on the OCA's mission and operations. These sessions explained how the audit process supports a transparent and accountable government, how OCA recommendations drive improvements, and how quarterly follow-up reports track progress of OCA recommendations. Attendees also received information on how to contact the OCA and where to access public reports online.

### **OCA Volunteer Activity**

OCA staff contributed their time to a variety of City-sponsored events and community initiatives throughout the FY. Activities included:

- Distributing emergency water during the winter snowstorm event.
- Representing the City in the Ukrop's Monument Avenue 10K.
- Participating in the Salvation Army's Angel Tree holiday program.
- Serving as election poll workers to support the voting process.

### **Professional Leadership and Involvement**

The OCA remains actively engaged in the auditing profession in the Greater Richmond Region and across the Commonwealth of Virginia, contributing to the advancement of government auditing standards and practices. In FY 2025, OCA staff held key leadership roles in several professional associations, including:

- President, Vice President, and Committee Member of the Virginia Local Government Auditors Association (VLGAA)
- Board Member of the Central Virginia Chapter of the Institute of Internal Auditors (IIA)
- Treasurer of the Virginia Chapter of ISACA (Information Systems Audit and Control Association)

Additionally, an OCA Deputy Director and Senior Auditor were featured speakers at the VLGAA Spring Conference, where they delivered a session on identifying red flags in invoice reviews and shared practical recommendations to enhance audit impact.

These professional contributions enhance the development of OCA staff, foster collaboration with peer organizations, and help position the City of Richmond as a leader in public sector audit excellence across the state.