



**2013 ANNUAL REPORT**  
**AUDITOR OF PUBLIC ACCOUNTS**



# Commonwealth of Virginia

## *Auditor of Public Accounts*

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December 10, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon III  
Chairman, Joint Legislative Audit  
and Review Commission

I am pleased to submit the **2013 Annual Report of the Auditor of Public Accounts**. Through the audits we perform and the other activities our staff engage in, we strive to provide unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds. This Annual Report is meant to provide you with an overview of some of the more significant activities and results of audits from the past year. All of our reports are available on our agency website at [www.apa.virginia.gov](http://www.apa.virginia.gov). In addition, Commonwealth Data Point and guidance for local governments and their auditors can also be accessed on our website.

During 2013, our organization of 112 auditors and support staff:

- Issued 8 state wide special reports;
- Issued 91 reports for audits of state agencies and institutions, issuing findings for 33;
- Reviewed 207 General, Juvenile and Domestic Relations, and Combined District Courts, issuing findings for 53;
- Reviewed 63 Circuit Courts, issuing findings for 20;
- Reviewed 95 General Receivers and Magistrates, issuing findings for 8; and
- Reviewed 137 Constitutional Officers, issuing findings for 22.

I want to thank my staff for their hard work and dedication. I especially appreciate their support during this year of transition and look forward to continuing our work together in the coming year.

AUDITOR OF PUBLIC ACCOUNTS

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## Our Audit Activities

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The Auditor of Public Accounts (the Office) performs a variety of audits each year including financial, federal, and performance. We spend the majority of our time performing audits mandated by the Code of Virginia, federal regulations, and bond or accreditation requirements. Their results are used by various entities to evaluate the Commonwealth's fiscal management. To the extent our resources allow, we also perform special projects and other agency reviews covering a wide array of topics.

Our reports on these audits and other reviews include recommendations for improving internal controls and addressing non-compliance with state and federal regulations, provide information on pending changes in accounting standards, and provide updates on major system development projects. Our special project topics in 2013 included funding of the judicial system, the collection of court fines and costs, the feasibility of using CPA firms to carry out the duties the Office currently performs, as well as, allegations of fraud and abuse in the areas of procurement and employee compensation.

The following features the results of some of these audits completed during fiscal year 2013. Appendix C contains a complete list of all audits we issued during the fiscal year.

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### Reporting on Mandatory Audits

Most of our mandated audits are financial statement audits, including the audits of the Commonwealth's Comprehensive Annual Financial Report (CAFR) and Higher Education Institutions. Our mandated audits also include the Single Audit of federal funds expended by the Commonwealth. We summarize our observations and findings for the more significant mandatory audits below.

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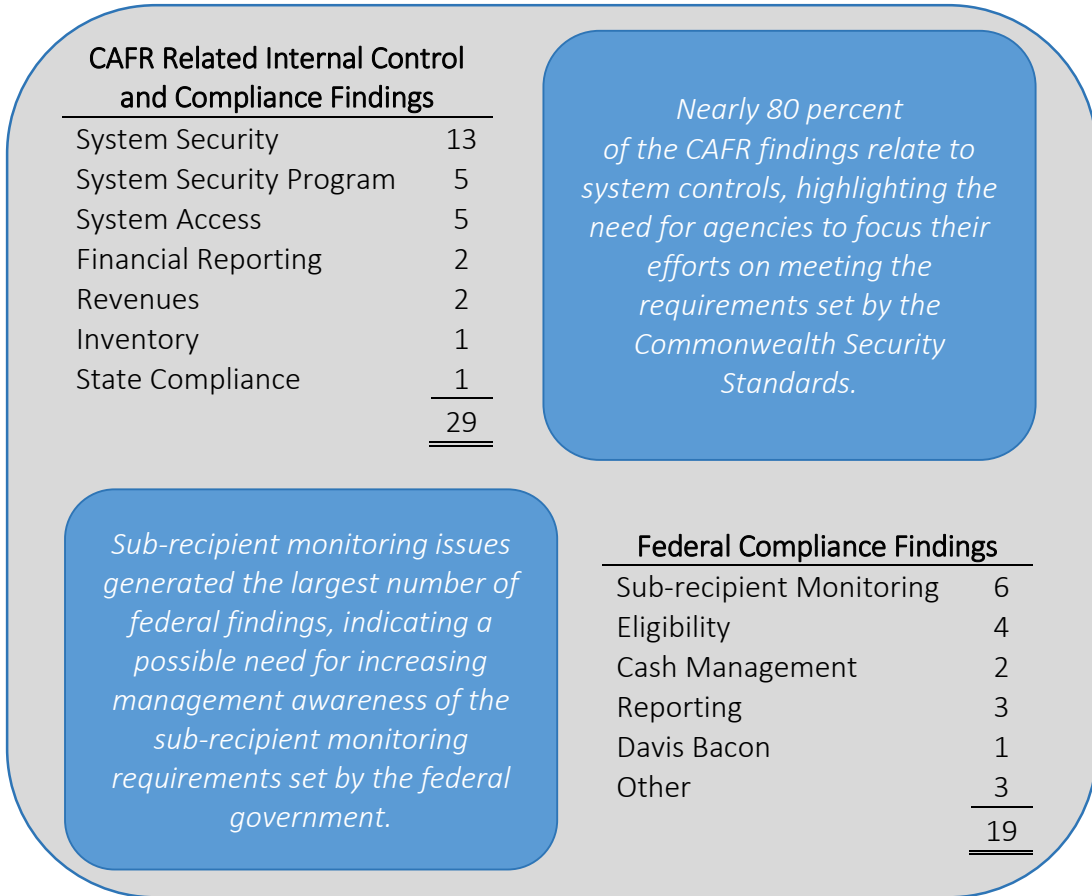
### CAFR and Single Audit

The Commonwealth's CAFR is an audit of the statewide financial statements used by bond rating agencies and others to assess the fiscal health of the Commonwealth. The Code of Virginia mandates the completion of the audit by December 15<sup>th</sup> each year. As part of the CAFR audit performed this past year, we audited financial activity at 21 different agencies to obtain coverage over \$43 billion in revenues, which consisted primarily of tax and grant revenues, and \$41 billion in expenses. Through this work, we also gained coverage of over \$37 billion in primary government assets, consisting primarily of capital assets and cash and investments; \$57 billion in pension and other employee benefit trust fund assets; as well as \$18 billion in primary government liabilities.

During our audits of the CAFR material agencies, we also perform work to support the Single Audit of federal funds. The Single Audit report serves to communicate not only findings related to federal compliance testing for these and other agencies, but also internal control and compliance matters related to the CAFR audit. As a result, we complete this work in time to issue the Single Audit report within 60 days of the completion of the CAFR, which is approximately 45 days ahead of the current federally mandated March 31 Single Audit report deadline.

The federal compliance testing portion of the Single Audit is performed to fulfill the audit requirement to which the Commonwealth commits when it accepts federal funds. The audit includes all state entities (agencies, authorities, boards, and commissions, etc.) that are part of the Commonwealth. For fiscal year 2012, \$13.5 billion in federal expenditures were subject to audit under the Single Audit. As part of this, we audited 28 federal programs administered by the Commonwealth. The Single Audit report contained 29 findings related to the internal controls over the Commonwealth’s CAFR and 19 findings related to federal compliance.

### Statewide Single Audit Findings for the year ended June 30, 2012



Based on the concerns observed in this year’s Single Audit, we have an expanded special review underway to better assess agency awareness of and internal controls over sub-recipient monitoring. The results of this review are scheduled to be released in the Spring of 2014.

## Higher Education Institution Audit Results

During the past year, we completed 17 financial statement audits related to the Commonwealth's higher education institutions, including the Virginia Community College System. While we issued unqualified opinions on the financial statements of each of these institutions, we included internal control and compliance recommendations in nine of the audit reports. Those recommendations addressed a variety of issues as summarized in the following table.

Control and/or Compliance Area	Number of Recommendations Addressing Area
Student Financial Aid	12
Employee Termination Procedures <i>(including system access for terminated employees)</i>	7
Financial Reporting Process	5
System Access Review <i>(including segregation of duties)</i>	4
Administration of eVA <i>(the Commonwealth's electronic procurement system)</i>	2
Database Security	2
Capital Asset Inventory	1
Compliance with Title III Endowment Investment Restrictions	1
Federal Programs and Research	1
Foundation Relationship and Disclosure	1
Payroll	1

We also performed reaccreditation reviews at two community colleges and additional procedures at 11 higher education institutions over their National Collegiate Athletics' Association activities.

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## Providing Information to the General Assembly

Beyond making recommendations for improving internal controls and addressing noncompliance, we look for other opportunities to add value to the Commonwealth. Our reports on the results of audits will often include additional information that we believe will be useful to General Assembly members in the performance of their duties and responsibilities. Several such informational observations from some of this year's reports are included below, including highlights of pending accounting standards changes, updates on major system development initiatives, and evaluations of significant revenue collection activities.

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### Agencies under the Secretary of Finance

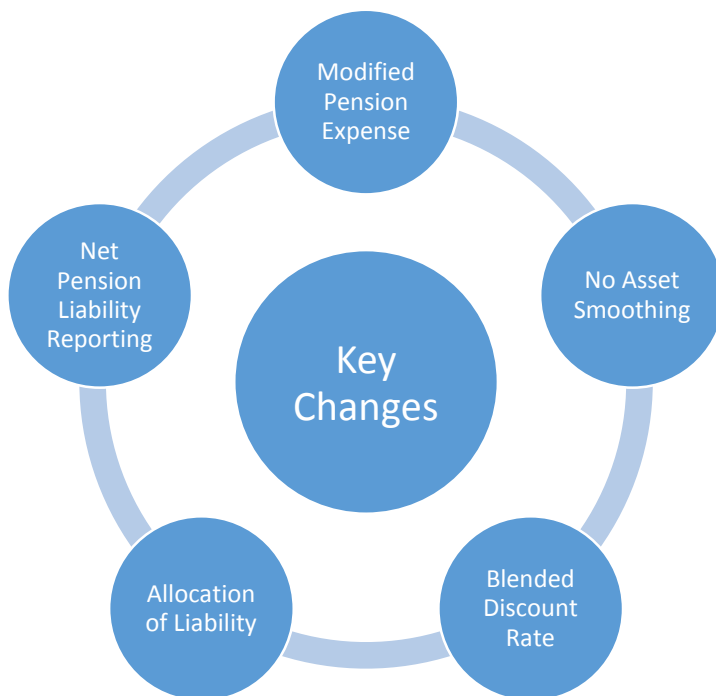
While this report summarized our fiscal year 2012 audit results for the five agencies under the Secretary of Finance, pending changes in pension accounting standards and the Commonwealth's system modernization projects emerged as key areas that will impact the Commonwealth's financial statements and processes over the next few years. We used this report as an opportunity to highlight these areas.

#### New Accounting Standards will Increase Pension Liability and Expenses

In June 2012, the Governmental Accounting Standards Board (GASB) issued two new standards for accounting and reporting pension activity for state and local governments. GASB Statement No. 67 covers accounting and reporting by pension plans, and GASB Statement No. 68 covers accounting and reporting of pension activity by employers. The Virginia Retirement System must implement Statement No. 67 for its fiscal year 2014 financial reporting, while the Commonwealth and its various localities must implement Statement No. 68 for their fiscal year 2015 financial reporting.

GASB issued these standards to increase transparency, consistency, and comparability of pension information across state and local governments and to improve the usefulness of the reported pension information for decision-making. These standards do not address how governments approach pension funding, rather they focus on reporting the impact of pension funding decisions.

The new standards have a conceptual shift in the reporting of liabilities and expenses from a funding approach to an earnings approach. Currently, the Commonwealth only reports a liability to the extent it did not fully fund the annually



required contribution as determined by its actuary. Under the new standards, the Commonwealth will report a pension liability as employees earn their benefits by providing services. The Commonwealth will be allowed to offset the pension liability by the assets it has accumulated to fund the benefits to arrive at the net pension liability in its financial statements.

The Commonwealth's pension expense under Statement No. 68 will be based on the change in total pension liability from year to year. The Commonwealth will recognize some of the expense immediately and defer part of the expense to later years. Currently, the GASB expense, which is based on the annual required contribution, is also the standard for responsible funding. The Virginia Retirement System Board has recently adopted a new policy for funding pension plan costs which is consistent with guidance developed by a national Pension Funding Task Force.

*The new standard will result in a large increase in the Commonwealth's net pension liability and expense in its financial statements.*

Under the existing standards, the Virginia Retirement System was allowed to smooth fluctuations in the market value of its investments over a five-year period. As an additional impact of the new standard, governments must report changes in the market value of their pension investments immediately. This will increase the volatility of the accounting expense and reported liability since investment earnings are a factor governments must use in determining the annual pension expense.

*If the government has adopted a funding strategy to fully fund the net pension liability, they are allowed to continue to use the long-term expected rate of return during the period that assets are accumulated to reach the fully funded status.*

Further, current standards required a discount rate equal to the long-term expected rate of return on the pension plan's investments. Under the new standards, if the pension plan's investments are not sufficient to cover all of the projected benefit payments, the Virginia Retirement System will be required to use a blended rate consisting of the long-term expected rate of return and the municipal borrowing rate for the portion not covered.

Finally, government employers participating in cost-sharing multiple-employer plans, such as the Commonwealth's Teachers plan, must recognize their proportionate share of the collective amounts for the plan as a whole. Currently, the main impact of this change will be an increase in the net pension liability the Commonwealth's localities report in their financial statements.

*As a result, the Commonwealth's localities will now be required to report a large net pension liability in their individually published financial statements for teachers covered under the cost-sharing multiple-employer plan administered by the Virginia Retirement System.*

The Virginia Retirement System has provided information to the localities estimating the extent of this increase, and will provide the amounts to be recorded for fiscal year 2015 and beyond. Our Office will be involved with auditing the reliability of this information for the localities and their auditors.



Last fall, our Office presented a summary of these upcoming changes to the Virginia Association of Counties and the House Appropriations and Senate Finance Committees. The Department of Accounts and the Virginia Retirement System are working together to coordinate the Commonwealth's implementation of these new standards. Our Office also plans to work with the Virginia Retirement System staff to provide training for localities and Colleges and Universities for the implementation of the new standards.

## Commonwealth Modernization of Accounting and Budgeting Systems Continues

*The Cardinal System is a key project for the Commonwealth since the current accounting systems are outdated both in terms of the technology and available functionality.*

The Commonwealth has continued to make progress on its Cardinal system, which will replace the Commonwealth's financial system (CARS) with a modern, enterprise-wide financial system (base financial system). Due to their age and lack of integration, the Commonwealth's current systems either do not contain the information, or cannot easily exchange information, to support current state and federal initiatives related to government transparency and timelier financial reporting.

Cardinal's first implementation phase occurred in December 2011 with the implementation of the Department of Transportation's (Transportation) financial system. Phase two of the implementation occurred in October of 2012 with the Department of Accounts (Accounts) implementing the base modules of Cardinal. The base modules consist of general ledger, accounts payable, and a portion of the accounts receivable module. Phase three, which involves an incremental roll out of the base modules to all state agencies, will occur over the next two years with Cardinal becoming the official system of record for the Commonwealth beginning in fiscal year 2016.

The base modules will provide the foundation for a modern financial system for the Commonwealth with the ability to add other modules and expand functionality in future phases. The project team is already preparing for these future phases, and the Commonwealth is currently in the process of procuring a vendor to perform a study to determine whether to purchase a separate procurement system or integrate its existing system with Cardinal.

The project development and implementation budget is \$58 million for phases one and two and was funded by Transportation and a working capital advance of approximately \$7.3 million. As of November 2012, project expenses totaled approximately \$54 million. The project development and implementation budget is \$57 million for phase three and will be funded by a working capital advance. Transportation is funding all operating costs through fiscal year 2013. Charges to agencies in the form of an internal service fund rate will fund operating costs and repayment of the working capital advance starting in fiscal year 2014 as described below.

In September 2012, the State Comptroller certified to the Auditor of Public Accounts his compliance with Item 260B.2. of Chapter 3, 2012 Special Session I Acts of Assembly, which required that, prior to accessing the working capital advance to fund the statewide roll-out of Cardinal, the State Comptroller should certify that

- standards for vendor accounting information have been developed, incorporated into the design of Cardinal, and
- Cardinal and other agency and institutions' financial systems have internal controls procedures incorporating industry best practices for a standard vendor database to minimize improper payments to vendors.

As part of Cardinal's development and implementation process, the Departments of Accounts, Transportation, and General Services and the Virginia Information Technologies Agency (VITA) worked together to develop and incorporate vendor data standards. In January 2013, the Cardinal project team adopted chart of accounts data standards, which incorporate the existing CARS chart of accounts. The team will review and modify the chart of accounts data standards once phase three is implemented and all state agencies are using Cardinal.

Planning and Budget and the Enterprise Applications Divisions at VITA have implemented the Performance Budgeting System. This system addresses several functional areas including budget development (operating and capital), six-year financial planning, budget execution, and strategic planning. While the system is still undergoing some minor enhancements, the system entered the project close out phase in September 2012.

*The Performance Budgeting System entered the project close out phase in September 2012.*

Funding for this \$14.2 million project came from a working capital advance administered by VITA. Originally, the Appropriation Act directed the repayments of the advance from enhanced collections, cost recoveries, inter-agency collaborative projects, and other initiatives. However, no repayments from these sources were realized. As a result, an alternative funding methodology was developed to fund both the Performance Budgeting System and Cardinal.

*Accounts developed a funding methodology to support system maintenance and operation costs for both the Cardinal and Performance Budgeting systems, and in October 2012 the Joint Legislative Audit and Review Commission approved the rates.*

Item 260 of Chapter 3, 2012 Special Session I Acts of Assembly, provides the authority for a new internal service fund that Accounts will manage and authorizes the Secretary of Finance to establish a fee charged to agencies to support enterprise system administration.

The rate for the Cardinal system will be \$1.05 per transaction for agencies. Transportation is using additional modules not being used by any other agency and, therefore, will be charged a separate additional rate of 36.2 percent of budgeted annual operating costs of the system. The rate will be collected through quarterly payments beginning in fiscal year 2014. Fiscal year 2015 and subsequent years' rates will be adjusted based on profit/loss in the fund. Rates will increase in fiscal year 2016 to account for the repayment of the working capital advance.

Rates for the Performance Budgeting system will be based on an agency's appropriations and collected through quarterly payments. The rate will be \$99.24 per one million dollars in appropriations retroactively effective for fiscal year 2013 and will decrease to \$95.98 per one million dollars in appropriations for fiscal year 2014 due to an increase in statewide appropriations. The rate includes the repayment of the working capital advance over a ten year period.

## Virginia Employment Commission

In addition to summarizing our fiscal year 2012 audit results, we also provided an update on several important system development initiatives this year, which will replace multiple outdated systems and significantly change the agency's current business processes.

### Unemployment Insurance Modernization (UI Mod) Project

The Unemployment Insurance Modernization Project (UI Mod) will replace multiple existing mainframe-based software systems with a web-based platform, changing the way employers interact with the Employment Commission. UI Mod will support payment of benefits to unemployed workers, collection of taxes from employers, and the accumulation of wage data. The total budget for UI Mod is \$58.5 million with \$49.1 million coming from Reed Act funds and the remaining \$9.4 million coming from the Employment Commission's penalty and interest fund. The Employment Commission has spent approximately \$18.6 million as of October 2012.

The first phase, Imaging and Workflow, went into production successfully and under budget in December of 2011. However, the Employment Commission and HCLA (the vendors for the UI Mod project) have extended the implementation dates of both the Tax and Benefit phases from December 2012 and May 2013 to May 2013 and August 2013, respectively.

Although the project continues to move forward steadily, UI Mod continues to encounter hurdles, such as resource availability and vendor staff attrition, including the resignation of the HCLA Project Manager. In addition, HCLA and the Employment Commission have already contractually adjusted the project schedule, therefore extending the implementation dates one time. HCLA has indicated the desire to adjust the schedule again.

### Financial Management System

The Financial Management System Project is a modern, integrated financial management system that will replace an outdated mainframe batch system and databases. In May of 2012, the Employment Commission signed a contract with Strategic Information Solutions for the implementation of the Financial Management System's Oracle application. Total project costs are approximately \$4.9 million, with funding coming primarily from Reed Act funds. The Employment Commission plans to implement the new system in October 2013.

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## Focusing the Spotlight

Special Studies are designed to highlight key areas of risk to the Commonwealth as identified by the Office, driven by specific requests of the legislature or resulting from allegations of impropriety. The following summaries offer examples of such special studies performed during fiscal year 2013.

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### Commonwealth of Virginia Court Operations

The Commonwealth's funding of its Court System is an antiquated and complicated maze of state and local tax revenues and fines and costs with little connection to service delivery. The lack of funding transparency makes determining overall accountability nearly impossible. Further, the division of responsibility for expenses between the Commonwealth and localities comes more from historical tradition than from funding sources or accountability.

The charts below show total collections and operating expenses for Circuit and District Courts during fiscal year 2011.

#### Commonwealth Perspective 2011

State collections	\$ 562,926,381
Clerk's fees	50,420,032
Commissions	12,696,115
Less excess fees	<u>(8,884,618)</u>
Net state collections	<u>617,157,910</u>
Less total state expenses	<u>(268,219,892)</u>
<b>Commonwealth Revenue</b>	<b>\$ 348,938,018</b>

#### Locality Perspective 2011

Total local and town collections	\$ 275,909,066
Plus excess fees	<u>8,884,618</u>
Net local collections	<u>284,793,684</u>
Less total local expenses	<u>(203,942,578)</u>
<b>Locality Revenue</b>	<b>\$ 80,851,106</b>

In the fiscal year 2011, the Virginia Court System netted the Commonwealth approximately \$348.9 million and its localities approximately \$80.8 million, which is an increase of six percent for the Commonwealth and a decrease of four percent for localities from fiscal year 2010. This report provides a comprehensive overview of the fiscal operations of the Commonwealth's Circuit and District Courts. We compiled this information from various sources to show both the Courts' collections and their general operating expenses.

Collections for both Circuit and District Courts have decreased significantly since 2007. While Circuit and District Court fines, fees, and costs have increased slightly over time, it was not enough to offset the large decrease in recordation taxes. Expenses in the court system have remained relatively stable from 2007 to 2011 due to funding cuts relating to the District Courts, as well as judge vacancies.

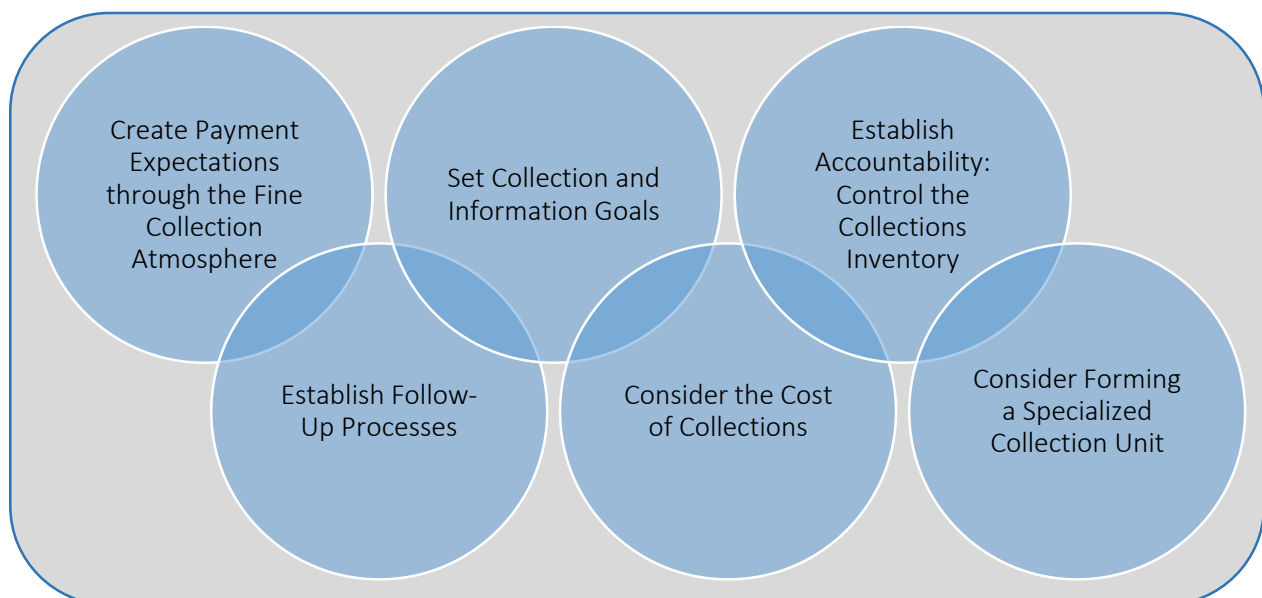
During our compilation of this report, as well as during our *Local Ordinances and the Funding of Courts* report preparation, we noticed several observations that the General Assembly may wish to address. The Commonwealth needs to address these observations and develop a holistic approach to the funding of its Court System. These observations are discussed in greater detail in the report and also discussed in detail in our *Local Ordinances and the Funding of Courts* report.

We followed up this report with a review of the effectiveness of the Commonwealth’s Court Collection process.

## Commonwealth Courts Collections Review

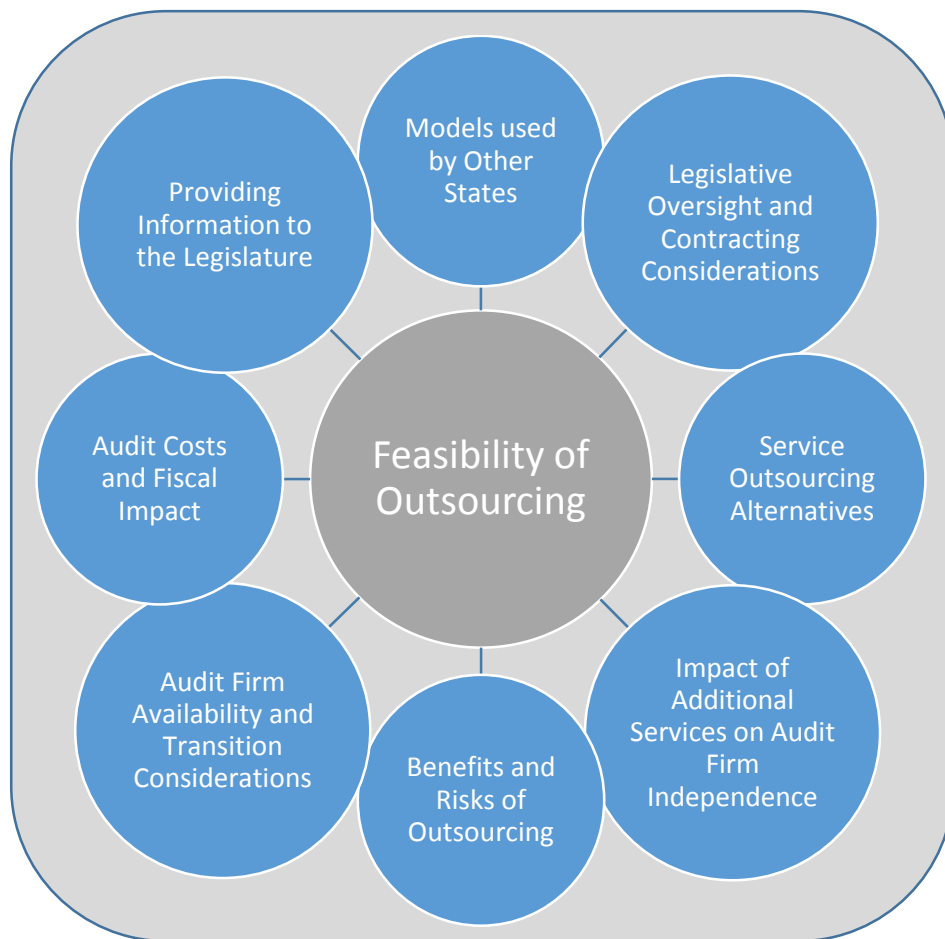
Over the past five years, the Commonwealth of Virginia has failed to collect a significant portion of Circuit and District Court fines and costs as they relate to state and local criminal and traffic cases. On average, the Commonwealth has assessed \$357 million and collected \$185 million, leaving an average of \$170 million uncollected each year.

To improve collections beyond current amounts, the General Assembly, the Supreme Court, Commonwealth’s Attorneys, and other parties involved need to consider addressing significant public policy issues surrounding the collections process. In order to assist with addressing these changes, our Commonwealth Courts Collections Review evaluated the Commonwealth’s procedures against nationally recognized best practices for the collection of court fines and costs and recommended changes to the Commonwealth’s current collection practices. Our specific recommendations were grouped into the best practice areas reflected below and expanded upon within the report.



## Study on the Feasibility of Using CPA Firms

In the 2012 Session of the General Assembly, House Bill 341 proposed that the Office procure the services of auditing firms to carry out the duties the Office currently performs. The Chairman of the General Government Subcommittee of the House Appropriations Committee requested, with the concurrence of the Bill's patron, that the Office review certain issues surrounding the feasibility of moving forward with the proposal, consult with public stakeholders, and report back to the General Government Subcommittee prior to the beginning of the 2013 session of the General Assembly. In this report, we provided an overview of the existing model, as well as the work the Office currently performs, information on the extent of outsourcing in other states, and responses to the issues in the request letter as reflected below.



Throughout the report, we provided *decision considerations* and related *decision points* for the General Assembly to address when evaluating the different options associated with audit outsourcing. The General Assembly's initial decisions regarding the degree of legislative oversight and the nature and extent of services will impact which *decision points* it must address.

Prior to addressing the *decision points* outlined in this report, we noted that the General Assembly should consider determining what its overall objective is for using auditing firms instead of the Office to perform audits. Having the objective in mind would help to provide a context for considering the various *decision points*, as some may not be relevant, depending on the objective. Due to interdependencies between the various *decisions points*, we noted the General Assembly should not attempt to address them singularly; but should consider each in relation to the other *decision points*.

## State Corporation Commission

In response to allegations received through the Fraud, Waste, and Abuse Hotline and an anonymous letter received by the Office, we adapted our review of the State Corporation Commission for fiscal year 2012 to incorporate additional work in the areas of procurement, compensation, and other various expenses. The additional work included interviews with management and employees, review of documents, and analysis of data.

We did not find any evidence to substantiate the allegations of fraud or abuse. However, we did note concerns with internal controls and compliance over personnel and procurement activities as a result of our investigation. A listing of our findings in these areas as well as from our financial audit are included below.

- *Follow Procurement Rules and Best Practices*
- *Properly Approve Human Resource Actions*
- *Improve Internal Controls over Procurement Approval Workflow*
- *Implement Consistent Procedures over Clerks Office Revenue Deposited for other Divisions*
- *Transfer Unclaimed Refunds to Unclaimed Property Division*
- *Improve Database Security*
- *Adhere to Policies and Procedures for Assigned Vehicles*

In addition to the above, we performed a review after the initial Hotline call and issued a letter dated February 29, 2012, that addresses the specific allegations made to the Fraud, Waste, and Abuse Hotline, noting that the allegations were unfounded.

## Our Other Activities

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In addition to our auditing activities, we perform a variety of other functions throughout the year to assist in improving accountability and financial management in the Commonwealth. Some of these involve assisting the Commonwealth's local governments, including providing guidelines to the auditors of local government financial statements and reviewing the quality of their work. We also annually prepare a Comparative Report of Local Government, which is a compilation of financial information provided by each locality in the Commonwealth.

Further we maintain and respond to inquiries related to Commonwealth Data Point, the Commonwealth's transparency website, and provide information and data to General Assembly members and staff. We also provide information to various state, local, and other professional organizations to ensure they are aware of changing accounting standards and federal regulations, various activities of our Office, and results of our projects. Participating with these organizations also serves as a great way to gather information to help us to continue to improve our audits. We continuously follow the activities of various standard setting and regulatory bodies and provide feedback on proposed changes to help protect the interests of the Commonwealth and its localities.

Below are highlights of some of the other ways our Office added value during the year.

### Supporting Local Government

#### Auditing Guidelines and Quality Control Reviews

While our Office does not audit the financial statements of the Commonwealth's local governments, we do establish guidelines, or specifications, that the firms must follow when auditing local governments. The specifications assist state agencies in making sure that the auditing firms understand and include audit test work of state grants and contracts as well as detail how auditors should perform audit work unique to Virginia local governments.

The Office is not responsible for procuring the auditing firm or overseeing their work during the process. However, annually, the Office selects a sample of the firms and conducts a post issuance quality control review to ensure the firms' work complies with auditing standards and encompasses all of the requirements of the federal government, if the local government receives federal funds, and the Office's specifications. This review is in addition to the peer reviews that audit firms must periodically undergo. We communicate the results of our reviews to the firm, the applicable locality whose audit is selected for review, and the Virginia Board of Accountancy.

Firms can receive a rating of pass, pass with deficiencies, or fail. Firms that receive a rating of fail are scheduled for a repeat review in the following year. In 2013, the Office completed reviews of audits for seven CPA firms and issued five reports with a rating of pass and two reports with a rating of fail. On the following page is a summary of the deficiencies we noted in the reviews of the firms that received fail ratings.



Area of Deficiency	# of Firms Cited
Inadequate Documentation of Work Performed	2
Non-compliance with APA Audit Specifications	2
Non-compliance with OMB Circular A-133 Requirements for the Audit of Federal Awards	2
Inadequate Documentation of Audit Sampling	1
Failure to Adhere to Professional Auditing Standards	1

## Governor’s Task Force for Local Government Mandate Review

The Code of Virginia requires the Office to prepare an annual Comparative Report of Local Government, which is a compilation of financial information provided by each locality in the Commonwealth. Users of the Comparative Report include legislators, local government officials, the Commission on Local Government for its fiscal stress index, local government organizations such as the Virginia Municipal League and the Virginia Association of Counties, and academia. The Comparative Report was first prepared during the 1930s; however, it wasn’t until 1981 with the introduction of the Uniform Financial Reporting Manual that the data became uniform and comparable.

*The objective of the Comparative Report is to present uniform financial data on Virginia counties, cities, and towns in an understandable and useful manner.*

Some localities made suggestions to the Governor’s Task Force for Local Government Mandate Review (Task Force) requesting relief from the burden of providing the information for the Comparative Report. We were asked to address this suggestion at a Task Force meeting in July 2012.

*The Comparative Report is the only reliable and consistent source of information about local governments.*

At the meeting we provided background surrounding the Comparative Report, discussed why locality comprehensive annual financial reports are not viable alternative sources of information for the Comparative Report, and discussed opportunities to improve the process. The Task Force asked our Office to proceed with exploring potential improvements to the process and report back to them with our results.

Over the next six months, the Office gathered information to determine what changes we could implement to improve the process and reduce the burden on local governments. We conducted a survey to determine the uses of the Comparative Report; the most and least beneficial information; and the processes used by localities to prepare the information provided to our Office. In addition, we assembled an advisory group of users and preparers of the Comparative Report to determine possible process improvements, whether current data is beneficial to users including exploring potential eliminations and

additions, and whether certain elements are available to users from other sources. Finally, we facilitated two meetings with the advisory group to discuss the survey results and explore possible changes to the process.

The advisory group recommended removing some information from the Comparative Report that provided the least benefit to the users or was available from other sources. We anticipate these changes will result in a 30 percent reduction in the preparation time for the information the localities submit to our Office for the Comparative Report, while still providing data relevant for local government analysis.

Our Office also made changes to our website to provide additional information including locality annual financial reports, underlying data provided by localities but not included in the Comparative Report, and financial data on regional/joint activities.

We gave an update on our activities and changes implemented to the Task Force in March 2013. The Task Force was complimentary of the changes and believed we had sufficiently addressed the concerns raised by the localities.

## Sharing Knowledge

We present information on a variety of topics to various groups throughout the year including General Assembly members, local government officials and organizations, higher education groups, and other professional organizations. The tables below highlight the groups to which we presented information and the topics covered during the year.

<b>General Assembly Members</b>	
House Appropriations Committee	<ul style="list-style-type: none"> <li>Presented information on the impact of new GASB pension accounting and reporting standards</li> </ul>
Senate Finance Committee	<ul style="list-style-type: none"> <li>Presented information on the impact of new Governmental Accounting Standards Board (GASB) pension accounting and reporting standards</li> <li>Presented information on State Employee Health Insurance Fund</li> </ul>
Senate Finance General Government Subcommittee	<ul style="list-style-type: none"> <li>Presented information on Court Accounts Receivable Study</li> </ul>

### State Government

Fiscal Officers of College and Universities State Supported

- Presented information to finance and business officers of Virginia state-supported colleges and universities regarding common audit findings, auditing and accounting standards, and the APA upcoming work plan

College and University Auditors of Virginia

- Presented information to internal auditors for Virginia colleges and universities regarding common audit findings, auditing standards, and the APA upcoming work plan

Administrative Services Conference

- Presented information to Virginia community colleges regarding common audit findings, our audit process, and the APA upcoming work plan

SCHEV\* General Professional Advisory Committee

- Presented information on the impact of the new GASB pension accounting standards on financial reporting for the Commonwealth's colleges and universities

*\*State Council of Higher Education for Virginia*

### Local Government

Virginia Association of Counties

- Presented information on the impact of new GASB pension accounting and reporting standards

Virginia Government Finance Officers Association

- Presented information on the impact of new GASB pension accounting and reporting standards
- Provided overview of Comparative Report Advisory Group activities
- Discussed quality control review process of firms auditing localities and common review findings

Virginia Sheriff's Institute Spring Conference

- Discussed APA requirements for Sheriff's and CPA Firms
- Provided an overview of the focus of APA audits of Sheriff's activities
- Provided a summary of common audit findings

### Other Professional Organizations

Association of Government Accountants (AGA) – Mid-Atlantic Professional Development Conference	<ul style="list-style-type: none"> <li>• Provided government auditors and accountants with an overview of the free tools that are available to them through AGA’s website</li> </ul>
AGA – Richmond Chapter Winter Conference	<ul style="list-style-type: none"> <li>• Provided government auditors and accountants with an overview of the Office of Management and Budget’s proposed changes to grants management</li> </ul>
National State Auditor’s Association	<ul style="list-style-type: none"> <li>• Presented information on mobile device security and control focusing on the “bring your own device” trend</li> </ul>
Virginia Society of Certified Public Accountants - State and Local Government Day	<ul style="list-style-type: none"> <li>• Presented information on the fraud reporting process and on recent frauds in state and local governments</li> </ul>

## Monitoring Standards and Regulations

During the year, our Office reviewed several documents issued for comment by the various standard setting bodies that govern the auditing standards we follow in performing our audits and the accounting standards that Virginia state and local governments must follow when reporting their financial activity. We also reviewed documents issued by federal oversight entities that establish regulations we must follow when auditing federal awards and state and local governments must follow when expending federal awards.

Being a part of this process allows us to stay informed of upcoming changes so that we can provide technical advice to the General Assembly, state agencies and institutions, and local governments in the Commonwealth. In addition, by providing feedback to the standard setting and regulatory bodies on proposed changes, we help protect the interests of the Commonwealth in circumstances where we do not agree with the proposed changes. The table on the following page summarizes the documents that we reviewed and to whom we provided responses during the year.

*We follow the activities of various standard setting and regulatory bodies and provide feedback on proposed changes to help protect the interests of the Commonwealth.*

Standard Setting Entity	Document Reviewed
AICPA	Proposed Statement of Auditing Standards: Omnibus Statement of Auditing Standards - 2012
AICPA	Proposed Statement of Auditing Standards: Using the Work of Internal Auditors
GASB	Proposed Statement: Accounting and Financial Reporting for Non-exchange Financial Guarantee Transactions
FAF	GASB Scope of Authority: Proposed Changes to Agenda-Setting Process
OMB	Proposed Rule: Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements (including the Single Audit Act)
OMB	Proposed Changes: SF-SAC Data Collection Form
OMB	2013 Draft OMB Circular A-133 Compliance Supplement*

*\*Response submitted through NASACT*

AICPA	American Institute of Certified Public Accountants
FAF	Financial Accounting Foundation
GASB	Government Accounting Standards Board
NASACT	National Association of State Auditors, Comptrollers, and Treasurers
OMB	Office of Management and Budget

In addition to responding to formal documents proposed, we represent the Commonwealth of Virginia at the Single Audit Roundtable meetings in Washington D.C. At this twice-a-year event, Federal officials, a representative from the National State Auditors Association, representatives from all the major accounting firms, and representatives from a few states' audit organizations exchange ideas, problems, solutions, and best practices for performing Single Audits of federal programs.

## Investigating Fraud

During the course of the year, in accordance with Section 30-138 of the Code of Virginia, we receive reports of circumstances indicating a reasonable possibility of fraudulent transactions. This Office conducts an initial review of all reports and, based on the nature and circumstances of each report, determines how best to proceed. The majority of reports and related situations result in this Office, the Office of the State Inspector General, and the State Police coordinating our activities with agency, institution and locality officials, primarily internal auditors, and local law enforcement. The tables on the following page outline the volume of activity during fiscal years 2011 through 2013.

### Fraud Reviews

	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Outstanding cases at beginning of fiscal year	30	35	33
New reports	31	37	44
Closed reports	<u>25</u>	<u>42</u>	<u>42</u>
Active cases at end of fiscal year	<u>36</u>	<u>30</u>	<u>35</u>

The following table provides a breakdown of the new reports received during the fiscal years 2011 through 2013 by type of entity.

### New Reports

Entity	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Courts	2	1	2
Local Governments	5	9	4
Institutions of Higher Education	9	10	17
State Agencies	<u>15</u>	<u>17</u>	<u>21</u>
Total	<u>31</u>	<u>37</u>	<u>44</u>

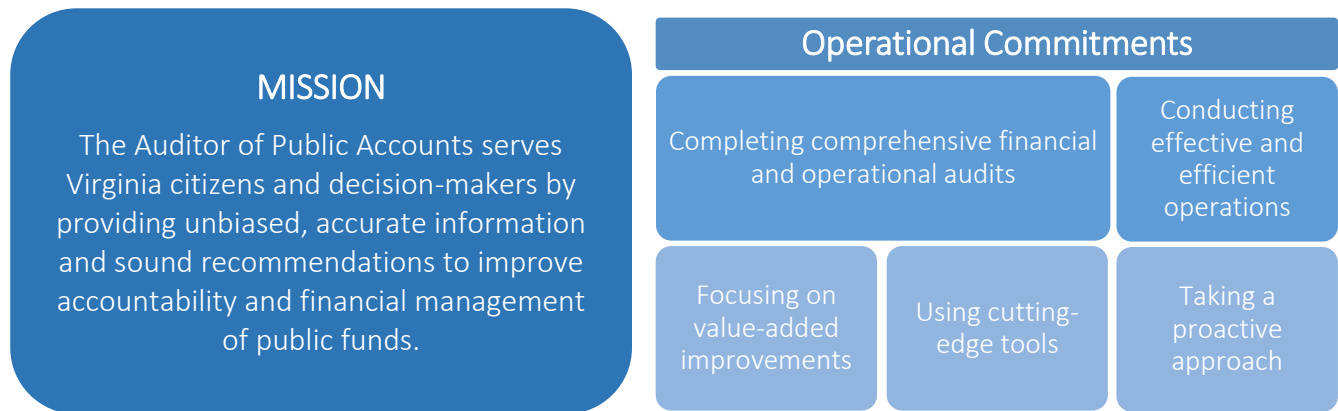
During the year, we were able to resolve and close a number of reports. The breakdown of their resolution follows by fiscal year.

### Closed Reports

Disposition	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
No Conviction	11	7	13
Conviction	6	4	2
Conviction and Recovery	4	12	15
Administrative Action	3	10	5
Administrative Action and Recovery	<u>1</u>	<u>9</u>	<u>7</u>
Total	<u>25</u>	<u>42</u>	<u>42</u>

# Our Organization

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Our mission drives us each day to support the Commonwealth in creative and new ways. Over the years, we have developed a solid organizational structure on which to perform our constitutionally driven responsibilities. To learn more about our structure and the types of individuals that work at the Office, please see Appendix A.

## A Year of Change

The Office has undergone many changes over the past year beginning with the appointment of a new Auditor of Public Accounts, Martha S. Mavredes, after the retirement of Walter J. Kucharski on December 31, 2012. Ms. Mavredes, was formally elected by the General Assembly to a four year term as the Auditor of Public Accounts beginning February 1, 2013.

This marks the first time since 1984 that the Office has been under new leadership. Ms. Mavredes joined the Office in 1984. Prior to her appointment as the Auditor of Public Accounts, she served as the Deputy Auditor.

### Developing New Initiatives

Along with the change in leadership, the Office revisited its ongoing strategic planning initiatives. The management team and select staff met in March and April to discuss our current strategic plan, which covers 2010 through 2015, including reviewing our current priorities and brainstorming new ideas. As a result of those meetings, we refined our strategic plan, developing new priorities and strategies for the Office to reflect the new Auditor of Public Accounts' goals.

The strategic plan itself is divided into seven key initiatives with multiple tasks under each initiative. These initiatives and their tasks are highly interrelated and will take several years to realize. Following is a brief description of each of the seven strategic planning areas.



The **Staffing and Work Plan Development** initiative involves assessing and re-engineering the Office’s work plan development process, including evaluating the factors used to assess risk when identifying potential projects. It also involves gauging the effectiveness of our current staff assignment process to ensure that we maximize the use of staff expertise and experience in a way that compliments the objectives of each project.

Under the **Project Processes** initiative, we will re-examine our project planning to identify ways to encourage more specialty team collaboration. We also plan to re-examine some of the tools and guidelines provided to staff to assist them in performing their audit assignments and planning activities.

Our **Innovative Audit Approaches** initiative involves some specific training for staff to help them better understand information system controls and utilize automated data during audits. This initiative will also establish communication methods within the Office to share innovative audit approaches that staff have developed.

The **Reporting Results** initiative includes developing methods to improve distribution of our reports based on interest as well as creating a more concise way to communicate results, such as a one page report summary. It also includes reviewing the report writing process to consider the use of peer writing and modifying the format and information presented in our reports to make them more user friendly and effective, including the better integration of graphics.

Under the **Methods of Communication** initiative, we plan to evaluate how to improve the methods we currently use to communicate our audit reports and other information and activities in our Office, including reviewing the content of our website and Commonwealth Data Point. We also plan to explore other potential distribution tools, such as social media, which the Office currently does not use.

The **Office Structure** initiative includes a review of our organizational structure to determine whether we have the appropriate roles and progression for our staff; specialty team areas and staffing levels to ensure we have the right mix to achieve our mission; information technology governance structure and resources to aid them, and regional staffing needs to efficiently do our work.

Finally, under the **Focus on Staff** initiative, we will review our staff training program and staff evaluation process to ensure we are appropriately developing our staff.



## Implementing New Initiatives

We have already made progress with these initiatives, starting with changes to our **Office Structure**. To ensure we have the right resources to get our work done, the Office is organized into areas of specialization. We have recently changed the name and focus of several of our specialty teams as described below to be more responsive to the entities we audit across the Commonwealth.

**Compliance Assurance:** We broadened the focus of our existing Human Services Management team, which primarily focused on compliance with state and federal regulations within the Secretary of Health and Human Resources, to coordinate and address our audit activities with regard to the various state and federal compliance requirements that the Commonwealth must follow.

**Local Government and Judicial Systems:** We created a team and added a director to manage our local government oversight activities and audits related to Circuit and District Courts, as well as other constitutional officers. Previously, the responsibility for these activities was divided among several directors and teams. We believe this change will enable us to better understand, coordinate, and address issues at the local level.

**Strategic Risk Management:** We changed the focus of our existing Financial Management team to include responsibility for our work plan development and monitoring. As part of this process, this team will explore ways to better analyze data in identifying and monitoring risks within the Commonwealth when developing potential projects to include in our work plan. This team will also be responsible for re-evaluating our current process for performing non-mandatory agency audits.

In addition to these changes to our Office structure, we have made progress in other areas. We have developed and provided training to our staff as part of our **Innovative Audit Approaches** strategy. Through our **Reporting Results** initiative, the Office is enhancing its executive summary, to provide an expanded, but brief, overview of the nature of our review and the key findings and recommendations. Further, we have purchased software to help us improve our business intelligence and data analysis capabilities. This software will also help us implement aspects of several initiatives, including developing additional innovative approaches for analyzing data for auditing purposes, improving our report graphics, and enhancing the functionality of Commonwealth Data Point.

## Implementing PeopleSoft

During the year, we implemented several PeopleSoft system modules to replace our internally developed accounting and project management system that had become obsolete. In July 2012, we implemented the Financials module, and in April 2013, we implemented the Human Resources module. We are now using this system for project management, including timesheets and billing; human resources; and accounts payable, including travel vouchers. We plan to implement the training module in the Spring of 2014.

We implemented this system using in-house resources, including information technology and audit staff. This system is on the same platform as Cardinal, the Commonwealth's new enterprise application. Therefore, we plan to use the knowledge we have gained through our internal implementation to apply to our audits of agencies as they convert to Cardinal.

# 2013 Administrative and Financial Highlights

## Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all non-legislative state entities of the Commonwealth. The General Assembly elects the Auditor to serve a four-year term, and the Auditor reports to the General Assembly through the Joint Legislative Audit and Review Commission. Virginia's Constitution and the Code of Virginia define the Auditor's duties. This structure provides independence from the agencies and institutions audited.

The Auditor's Office receives about 90 percent of its funding from the General Fund of the Commonwealth with the remaining 10 percent resulting from billings for federal audit work. Additionally, the Auditor annually bills and directly deposits into the General Fund over \$500,000 for local court audits.

## Rebuilding Staffing Levels

After several years of reduced staffing levels due to reductions in our general fund appropriations, we continue our efforts to replace staff that we lost through attrition during this period. However, it will take time to rebuild our organization back to prior experience levels.

We perform many of our audits because they have statutory mandates, support federal regulations, or fulfill bond covenants requirements. Other work performed by our Office, such as maintaining Commonwealth Data Point, fulfills additional statutory mandates. Reduced staffing levels, coupled with mandated activities, has limited the time available for our risk based auditing activities. Ideally, we would prefer to have more resources available to focus on non-mandatory work. But, like other organizations in the Commonwealth, over the past four years we have had to strategically manage our resources to ensure we accomplish our required work.

	Count
Approved staffing level	130
Actual Staff	
As of June 30, 2008	129
As of June 30, 2009	121
As of June 30, 2010	111
As of June 30, 2011	103
As of June 30, 2012	107
As of June 30, 2013	112

To the extent feasible, we continue to build risk-based audits into our work plan as demonstrated by the planned special projects highlighted in Appendix B of this report. However, as was the case in the previous year, due to limited resources we had to postpone some of our risk-based projects scheduled to be completed during fiscal year 2013 to our next work plan. Further, we did not complete some of our projects that were in progress at the close of fiscal year 2013 until the first quarter of our 2014 work plan. As we continue to increase our staffing levels, we will rededicate resources to these types of audits. However, as it takes time to train new staff, we will not immediately be able to increase our work plan.

## Being Good Stewards

As reflected above, we strive to make the most of our available resources while ensuring we remain good stewards of the Commonwealth's funds and minimize the potential for staff layoffs. The schedule on the following page reflects our budget to actual performance for fiscal year 2013, but does not fully reflect the extent of our efforts to conservatively manage our funding.

### Mandatory Reversions

	<u>Amount</u>
2010	\$1,048,754
2011	1,322,000
2012	1,822,000
2013	<u>900,000</u>
	<u>\$5,092,754</u>

Over the past several years, we have been required to make significant reversions of funds. For example, we learned in fiscal year 2010 that the Appropriation Act would require our Office to make a reversion of \$1.3 million for both fiscal years 2011 and 2012. Upon learning this, we immediately began planning for these reductions and potential future reductions by continuing our hiring freeze initiated in 2009 and implementing other cost saving initiatives internally. We have continued our conservation efforts through 2013.

Throughout most of fiscal year 2013, we managed our expenses within our total available budget for general funds of just over \$11.1 million taking into account a mandatory reversion of \$900,000, which we absorbed through our ability to carry forward our prior year savings. As you can see, due to our conservative use of the available funds, we still spent significantly less than our available adjusted budget.

### Analysis of APA Original and Adjusted Budget verses Actual Expenses by Funding Source For the Year Ending June 30, 2013

<u>Funding Source</u>	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenses</u>	<u>Variance</u>
<i>General Fund</i>	\$10,453,492	\$10,833,608		
<i>Mandatory Reversion</i>	-	( 900,000)		
<i>Carry forward of FY2012 general fund savings</i>	-	<u>1,236,156</u>		
<i>Total available General Funds</i>	<u>10,453,492</u>	<u>11,169,764</u>	<u>\$9,807,567</u>	<u>\$1,362,197</u>
<i>Special Revenue</i>	<u>878,053</u>	<u>878,053</u>	<u>878,053</u>	<u>-</u>
<b>Total</b>	<u>\$11,331,545</u>	<u>\$12,047,817</u>	<u>\$10,685,620</u>	<u>\$1,362,197</u>

The schedule on the following page reflects our original budget for fiscal year 2014. As of this report date, we are not aware of any required reversions for 2014. The uncertainty of the economic outlook for the Commonwealth and potential for reversions in the future will lead us to continue to conservatively manage our available funds.

**APA Original Budget  
For the Year Ending June 30, 2014**

<u>Funding Source</u>	<u>Original Budget</u>
<i>General Fund</i>	\$10,457,520
<i>Special Revenue</i>	<u>878,053</u>
<b>Total</b>	<u><u>\$11,335,573</u></u>

Maximizing our available staffing resources, while living within our available funding, remains our top priority. In 2014, we will continue to focus on rebuilding our staffing resources, so that we may expand the valuable work our Office performs, addressing more of the potential projects identified through our risk assessment process.

Providing sound reliable financial information and highlighting operational alternatives helps the Commonwealth's leaders address the challenges facing Virginia today. The Office of the Auditor of Public Accounts serves as the General Assembly's eyes and ears, monitoring and reporting how state agencies and institutions spend taxpayers' money.

As the Commonwealth's Board of Directors, the General Assembly directs the work of the Auditor's Office, either through specific study language or through a work plan annually approved by the Joint Legislative Audit and Review Commission. General Assembly members can also request technical assistance from the Auditor's Office in understanding the financial operations of the Commonwealth and its localities.

### More than Just Audit, the Auditor's Office . . .

- **Created and provides ongoing support for Commonwealth Data Point**, an online resource showing where and how Virginia spends its funds. Anyone can visit this site ([datapoint.apa.virginia.gov](http://datapoint.apa.virginia.gov)) to learn about Commonwealth spending, revenues, demographics and more. Commonwealth Data Point also gives Virginians access to similar information about Virginia's cities, counties, and towns.
- **Monitors major IT projects and contracts**, giving the General Assembly the opportunity to measure their progress, assess their performance, and determine when they need adjustment. Our reports on these activities not only highlight the Commonwealth's successes, but also identify projects struggling to meet major milestones.
- **Developed the first statewide and ongoing perspective on the status of IT security across the Commonwealth.** Through regular updates to the original report issued in 2006, we work with the Virginia Information Technologies Agency (VITA) to ensure key issues under the management of Northrup Grumman remain a priority for implementation.
- **Provides technology-related vulnerability and penetration testing services** when requested by organizations to satisfy federal or state due diligence requirements.
- **Works with local, agency, and institutional internal auditors** investigating fraud, waste, and abuse reported throughout the Commonwealth.
- **Reviews the entire court system** from the Supreme Court of Virginia down to each Circuit, General District, and Domestic Relations Court located across the state.
- **Examines the records of Commonwealth's Constitutional Officers** and their management of state funds at least once every two years.
- **Maintains oversight responsibility for local government audits** performed by public accounting firms, to ensure local governments receive audits that meet both their needs and the needs of the Commonwealth.
- **Prepares the Comparative Report of Local Government Revenues and Expenditures**, which presents financial data representing each local government's operations for the general government and their enterprise activities.

The bottom line . . . the Auditor's Office is here to meet the needs of the General Assembly and the Commonwealth's citizens.

## Our Staff Make the Difference

To ensure we have the right resources to get our work done, the Office is organized into areas of specialization. We developed our specialty teams based on areas, activities, or processes which could put the management of Commonwealth assets at risk.

In addition to their specialty training, every auditor receives fundamental training in auditing, computer, and analytical skills. Also, there are training sessions to familiarize all the staff with the general skill set of each of the specialty teams. This general skill set training allows the auditor to identify the need for a specialist, and the diversity of skill sets within our organization creates cross-training synergies that are highly valuable.

The Office prides itself on being an organization of diverse individuals with various educational backgrounds ranging from Economics, Accounting, Information Technology, and Business Management just to name a few. From CPAs to CISAs, our staff hold over twenty different types of professional certifications and are actively involved in relevant local and national professional organizations such as the National Association of State Auditors, Comptrollers, and Treasurers.

Below is a discussion of each of our teams, highlighting their areas of concentration and audit work.

The **Acquisition and Contract Management Team** supports prudent contract administration within the Commonwealth by providing those responsible for procurement and contract administration with analysis of financial information and best practices related to contractual services. Specifically, this team reviews and analyzes the effectiveness, efficiency, and economy of various contractual services. Team members participate in the Virginia Contracting Officer Program, to ensure they maintain a strong working knowledge of the Commonwealth's procurement law and regulations.



The Acquisition and Contract Management Team takes special interest in monitoring and evaluating the effectiveness of long-term contracts such as the Commonwealth Infrastructure Partnership between the Virginia Information Technologies Agency and Northrop Grumman as well as key procurement and purchasing tools such as eVA, the Commonwealth's electronic procurement system, and the Commonwealth's small purchase charge card program.



The Commonwealth has emerged as a leader in performance management in government. The **Budgeting and Performance Management Team** plays a vital role in improving government transparency and accountability in Virginia and consists of individuals with varying backgrounds, including accounting and public policy. The team analyzes agency and statewide budget information to identify areas of risk and develop expectations for financial analysis. Team members review budget transactions, attend legislative meetings, and monitor the budget development and budget execution processes throughout the year. This team also performs work on agency performance measures available to the public on the Virginia Performs website to ensure information being used by decision makers is accurate and reliable.



The **Capital Asset Management Team's** main objective is to ensure the proper management, control, and valuation of the Commonwealth's assets, including: capital assets; infrastructure; depreciation; preventive, corrective, and deferred maintenance; lease and installment purchases; and historic treasures. In support of this, team members seek to become Certified Virginia Construction Contracting Officers.



This team bases its work on a life-cycle approach to capital asset management and accomplishes its objectives through both financial and performance audits. Annually, they audit the financial recording and reporting of Virginia's \$36.3 billion in capital assets reported in the Commonwealth's Comprehensive Annual Financial Report. The majority of this work occurs at the Department of Transportation on the highway infrastructure and across the Commonwealth at agencies and institutions of higher education for building construction projects.

In their performance audits, this team looks for opportunities in state government to improve the efficiency and effectiveness of processes related to capital assets. They review areas such as fleet management, asset management, deferred maintenance, energy performance contracts, cell phone management, and capital outlay and recommend ways to bring the Commonwealth's practices into alignment with best practices.

Every year, the Commonwealth receives tens of billions in Federal assistance and collects even more in taxes. State agencies must use these funds according to numerous state laws and other legal agreements. In short, all of the funds that the state receives come with "strings attached"; if the rules are not followed, then management is not fulfilling their responsibility.



The **Compliance Assurance Team** provides assurance that the Commonwealth is complying with the law and the terms of those agreements. The team encourages proper management and controls over compliance to minimize financial and legal consequences that ultimately affect the taxpayers. The team is also committed to developing new computer assisted auditing techniques and developing innovative ways to examine statewide compliance.





Our Office's responsibilities require a wide range of data and analytical activities to efficiently perform our work. The **Data Analysis Team** works to quickly gain an understanding of complex data and provide valuable insight and analytics to increase the productivity and efficiency of our audits and other special projects. They also look for anomalies and fraud throughout all of Virginia's state agencies.

Additionally, the Data Analysis team maintains and continues to enhance Commonwealth Data Point, an internet database accessed through the Auditor of Public Accounts' website. Commonwealth Data Point allows citizens, legislators, and other policymakers' access to a comprehensive source of financial and statistical data on the operations of the Commonwealth of Virginia. It has become the main government transparency resource for Virginia.

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With 14 four-year universities and 23 community colleges exceeding \$26 billion in combined assets, the **Higher Education Programs Team** provides audits to one of the largest industries in Virginia. In addition to performing financial statement audits, the team has specialized knowledge regarding federal student financial aid compliance, federal research grant management, and NCAA policies and procedures. Team members regularly provide guidance regarding best practices at public Colleges and Universities and use that knowledge to promote efficient and effective operations at the various institutions of higher education across the Commonwealth.



State agencies and institutions spend an increasing amount of resources on system development projects each year. The **IT Project Management Team** follows systems implementation projects throughout their life cycle. A major goal of this team is to determine if and when a project may not be progressing as planned and alert any critical decision makers to this information, thereby mitigating the potential for failure. The typical process for following a project is as follows:



- Attending project meetings and reviewing project schedules to ensure the system is on track and on budget.
- Documenting the project's progression.
- If the project requires corrective action, communicating this information to the agency and other decision-makers.
- Continuing to follow the project's progress until it is officially closed or determined to be a successful implementation.



**Information Systems Security Team** members audit the complex information systems and infrastructure that support the business applications that agencies use to serve the citizens of Virginia. The System Security Team works to ensure and improve how the Commonwealth of Virginia keeps its most sensitive and critical information protected within information systems and network infrastructure.



The primary objectives of their reviews focus on data confidentiality, integrity, and availability (CIA). The CIA is commonly known as the “three pillars of information security,” and these pillars are principles that apply to systems that contain financial data as well as databases that contain sensitive or private data. To that end, our audits include information security program compliance reviews with the Commonwealth’s security standard and industry best practices and technical reviews of operating systems, databases, web applications, and firewalls, to mention a few.

Team members have degrees and advanced degrees in computer science, accounting and information systems, economics, and electrical engineering. Additionally, the members hold several technical certifications, including Certified Information Security Manager (CISM), Certified Information Systems Auditor (CISA), Certified Information Systems Security Professional (CISSP), and Project Management Professional (PMP).

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The **Local Government and Judicial Systems Team** is dual focused in purpose as its name suggests. Virginia's court system is the oldest judicial system in the country and collects an estimated \$1 billion annually for the use of state and local governments. Court sizes range from as few as one full-time clerk to as many as 150 full-time clerks and related staff.



Team members are responsible for completing the audits relating to the Commonwealth’s judicial branch. Each year they carry out audits relating to Circuit and District Courts, as well as other constitutional officers. They work with these entities to establish consistency in policies and practices across the Commonwealth and ensure appropriate oversight is given to this branch of government.

The Local Government and Judicial Systems Team is also responsible for supporting the Office’s preparation of the Comparative Report of Local Government Revenues and Expenditures, which presents financial data representing each local government’s operations for the general government and their enterprise activities. The team also coordinates quality control reviews of local government auditors. Finally, the team ensures that local governments and their auditors are informed of and follow applicable accounting and auditing standards by preparing and distributing annual local government guidelines, updating the local government audit specifications for requirements unique to Virginia, and serving as a resource for local governments in the implementation of new standards.

The **Strategic Risk Management Team** reviews and assesses agency and institution financial management activities. The team focuses on the use of data analytics to aid in the identification of emerging areas of risk to the Commonwealth and individual entities. The team monitors activities across the various specialties within the office and within the General Assembly as well as legislative professional organizations to identify trends that may impact our work. The team uses this knowledge to help develop and monitor the annual office work plan, redirecting the use of limited resources to areas where they can be of most benefit and focusing especially on those organizations and areas that are not considered mandatory.



Since all teams within the Office have to be knowledgeable about auditing and accounting standards, the **Reporting and Standards Team** is responsible for ensuring all staff are aware of and follow the applicable standards. To this end, team members provide training, perform internal quality control reviews on select audits, and serve as a technical resource for researching accounting and auditing issues. Team members also review pending legislation for issues relevant to accounting and auditing at the state and local level.

Further, this team reviews proposals for new auditing and accounting standards and drafts responses to the standard setting bodies. Their responses feed into the process that determines standards used by state and local government accountants and auditors throughout the United States. When new standards are issued, the team assesses the impact on audits performed by the Office and determines any changes that need to be made to the resources used to perform our audits.

The following section highlights special projects planned for the upcoming work plan year. Several of these projects are either required by legislation, statute, or the Appropriation Act. The remaining projects reflect the results of our annual analysis of risks to the Commonwealth. We have separated these projects into ones specifically scheduled in 2014 and ones performed every year. It should be noted that this list is not all inclusive and that we build flexibility into our work plan each year to address additional issues and requests as they arise.

### 2014 Planned Projects

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#### Financial and Operational Audit of CGI Relative to Enhanced Collections

Objectives:

*Review all management agreements between CGI and Executive Department agencies and institutions pursuant to the Enterprise Applications Master Services Agreement Statements of Work 6 and 7. Review CGI and its subcontractors' performance with regard to measured service levels.*

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#### Capital Projects Cash Flow Requirements

Objectives:

*Report annually to the Governor, Speaker of the House of Delegates, President Pro-Tempore of the State Senate, and the Chairmen of the House Appropriations and Senate Finance Committees on the adherence to the cash flow requirements for each capital project and any deviation in project appropriation and allotment, which results in a project delay.*

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#### Status Report on Electronic Health and Human Resources (eHHR) Program – Virginia's Medicaid Modernization program

Objectives:

*Provide a report on the Commonwealth's progress relative to implementing its new Medicaid eligibility system by the October 1, 2013, Affordable Care Act deadline.*

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#### Study of the Usage of Sub-recipient Schedule of Expenditure of Federal Awards (SEFA)

Objectives:

*Determine if state agencies are using sub-recipient audited SEFA's as required in their oversight of federal funds by: (1) Reviewing and comparing sub-recipient SEFA's to the state agency's disbursements. (2) Investigating any differences and making adjustments as needed.*

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## Statewide Review of Teleworking Data Risks

### Objectives:

*Consider the use of non-Commonwealth issued devices and related teleworking risks and security around employees accessing agency networks from the outside. Evaluate current teleworking policies and procedures for all Commonwealth agencies compared to best practices. Determine if these policies and procedures have been implemented and are being followed.*

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## Statewide Review of Mobile Devices

### Objectives:

*Perform a review of mobile devices (cellphones, tablets, and laptops) and the plans they use, including voice, text, and data, and the related costs. Determine whether VITA has implemented adequate guidance over the management of these devices, and whether agencies are following the guidance and using the most cost effective plans. Determine whether there are any other devices, such as pagers, that are obsolete but are still in use.*

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## Progress Report on Commonwealth Data Standards

### Objectives:

*Provide an update on the Secretary of Technology's progress in developing data standards. Evaluate the final plan to develop data standards.*

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## Study of the Bureau of Facilities Management

### Objectives:

*Review the Department of General Service's Bureau of Facilities Management (BFM) project management services to tenants of state owned buildings. Evaluate the effectiveness of the process and procedures in place for agencies to obtain this service and for BFM to manage the service provided. Determine whether there have been any recent changes in the process and if it is self-supporting. Determine the charges/costs for these services and how they are recorded.*

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## Comparative Report for Higher Education

### Objectives:

*Provide financial comparison and analysis of the various public institutions of higher education in Virginia, considering the size and type of institution, and utilizing techniques such as ratio analysis to further analyze and compare financial information. Transition this information into an annual report to aid decision makers and improve transparency and comparability for citizen-users of financial information.*

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## Higher Education Alternative Financing Study

### Objectives:

*Identify and evaluate the various alternative financing arrangements currently utilized by colleges and universities to fund projects across the Commonwealth. Report on financing arrangements other than projects utilizing state bond programs to include agreements with Foundations, and other related entities.*

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## Statewide Review of Travel

### Objectives:

*Review and analyze travel activities and administration within the Commonwealth, including a review of existing travel regulations, expenses, and management functions. Consider the need for travel and the availability of alternative meeting tools to potentially reduce costs. Consider whether the Commonwealth could realize efficiencies and better ensure compliance with state travel regulations by having one central entity make travel arrangements.*

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## Review of Capital Outlay Funding and Cash Flow Processes

### Objectives:

*Determine the status of the Department of General Services' (General Services) implementation of a capital project IT solution required in the 2008 Capital Outlay Bond Act. Review the effectiveness of the Commonwealth's process to determine which projects to move to the construction phase in the capital outlay process and the feasibility of a statewide prioritization system. Recommend ways to improve General Services' process to develop construction draw schedules, and communicate that information to the Department of Treasury to determine bond issuance timing.*

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## Review of Surplus Procedures for Electronic Devices with Storage

### Objectives:

*Review the Commonwealth's process to surplus (or return to vendor) electronic devices that contain storage capability, such as a hard disk.*

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## Security of Internet Facing Websites

### Objectives:

*Determine whether agencies' internet facing websites are adequately protected to ensure data confidentiality, integrity, and availability. Focus on web sites that have access to confidential (PII, HIPAA, FERPA, etc.) and mission critical data. Review the Commonwealth's security standard and whether it adequately addresses industry best practices for web site security.*

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# Annual Projects

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## Maintaining Commonwealth Data Point

Objectives:

Compile and maintain a searchable database on the Auditor of Public Accounts Internet website. Include certain state expenditure, revenue, and demographic information in the database as specified in the Code of Virginia. Update database annually by October 15th for the 10 most recently ended fiscal years of the Commonwealth.

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## Review of Performance Measures

Objectives:

Determine that state agencies are providing and reporting appropriate information on financial and performance measures. Review the accuracy of the management systems used to accumulate and report the results.

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## APA Annual Report

Objectives:

Describe the work performed by the Auditor of Public Accounts during the fiscal year, and the significant findings.

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## MEI Project Approval Commission

Objectives:

Assist the Major Employment and Investment Project Approval Commission.

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## Study of Costs for Operating Court System

Objectives:

Compile, analyze, and report financial data regarding the total costs to fund the district and circuit courts.

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## State of Information Security in the Commonwealth of Virginia

Objectives:

Provide periodic summary report of system security findings issued for agencies and higher education institutions.

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## Progress Report on Selected Systems Development Projects in the Commonwealth

Objectives:

Provide a periodic summary report of ongoing monitoring activities over the systems development process for major systems to determine the projects are on schedule, on budget, and provide required functionality. This report will include systems development projects for the various departments, agencies, and higher education institutions.

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The following is a listing of all Agencies and Institutions reports issued by the Auditor of Public Accounts during the fiscal year ended June 30, 2013. An asterisk \* indicates that the report includes audit findings and recommendations.

## Agencies and Institutions

### Judicial Branch

Clerk of the Supreme Court of Virginia for the period July 1, 2011, through June 30, 2012  
Clerk of the Virginia Court of Appeals for the period July 1, 2011, through June 30, 2012  
Indigent Defense Commission for the years ended June 30, 2010, 2011, and 2012  
Virginia Board of Bar Examiners for the year ended June 30, 2012  
Virginia State Bar for the year ended June 30, 2012  
Virginia's Judicial System for the year ended June 30, 2011\*

### Independent Agencies

Commonwealth Health Research Board for the two-year period July 1, 2010, through June 30, 2012  
Fort Monroe Authority for the year ended June 30, 2012\*  
Internal Control Report on Audit for Local Government Investment Pool, Virginia Public School Authority, Virginia College Building Authority, and Virginia Public Building Authority for the year ended June 30, 2012  
State Corporation Commission for the year ended June 30, 2012\*  
State Lottery Department "Decades of Dollars"—Report on Applying Agreed-Upon Procedures for the period February 3, 2011, through March 31, 2012  
State Lottery Department "Mega Millions"—Report on Applying Agreed-Upon Procedures for the period April 1, 2011, through March 31, 2012  
State Lottery Department "Megaplier"—Report on Applying Agreed-Upon Procedures for the period January 18, 2011, through March 31, 2012  
State Lottery Department "Power Ball"—Report on Applying Agreed-Upon Procedures for the period April 1, 2011, through March 31, 2012  
State Lottery Department "Power Play"—Report on Applying Agreed-Upon Procedures for the period April 1, 2011, through March 31, 2012  
State Lottery Department "Win for Life"—Report on Applying Agreed-Upon Procedures for the period April 1, 2011, through March 31, 2012  
Virginia Retirement System for the year ended June 30, 2012  
Virginia State Lottery Department for the year ended June 30, 2012\*  
Virginia Workers' Compensation Commission for the years ended June 30, 2010, and June 30, 2011\*

### Executive Departments

Division of Selected Agency Support Services for the year ended June 30, 2012  
Governor's Cabinet Secretaries for the year ended June 30, 2012  
Office of the Attorney General and the Department of Law for the year ended June 30, 2012\*  
Office of the Governor for the year ended June 30, 2012  
Office of the Lieutenant Governor for the year ended June 30, 2012



## Administration

Department of General Services for the years ended June 30, 2011, and June 30, 2012\*  
State Board of Elections for the years ended June 30, 2011 and June 30, 2012\*

## Agriculture and Forestry

Department of Agriculture and Consumer Services, and the Virginia Agriculture Council for the years ended June 30, 2010, and June 30, 2011\*  
Department of Forestry for the year ended June 30, 2012

## Commerce and Trade

Department of Labor and Industry for the three-year period ended June 30, 2012  
Department of Professional and Occupational Regulation for the period July 1, 2009, through June 30, 2012  
Urban Public-Private Partnership Redevelopment Fund and the Rehabilitation of Derelict Structures Fund for the year ended June 30, 2012  
Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2012  
Virginia Board of Accountancy for the year ended June 30, 2012  
Virginia Department of Housing and Community Development for the period July 1, 2010, through June 30, 2012\*  
Virginia Economic Development Partnership for the year ended June 30, 2012  
Virginia Employment Commission for the year ended June 30, 2012\*  
Virginia Racing Commission for the year ended June 30, 2012\*  
Virginia Small Business Financing Authority for the years ended June 30, 2011, and June 30, 2012  
Virginia Tobacco Indemnification and Community Revitalization Commission for the year ended June 30, 2012  
Virginia Tourism Authority for the year ended June 30, 2012

## Education

Department of Education, including Direct Aid to Public Education for the year ended June 30, 2012\*  
Southern Virginia Higher Education Center for the two-year period ended June 30, 2012  
Southwest Virginia Higher Education Center for the three-year period ended June 30, 2012  
The Library of Virginia for the years ended June 30, 2011, and June 30, 2012  
Virginia College Savings Plan for the year ended June 30, 2012\*  
Virginia Commission for the Arts for the year ended June 30, 2012\*

## Colleges and Universities

Christopher Newport University for the year ended June 30, 2012\*  
Dabney S. Lancaster Community College Reaccreditation Review for the year ended June 30, 2012  
George Mason University for the year ended June 30, 2012  
George Mason University Intercollegiate Athletic Programs for the year ended June 30, 2012  
James Madison University for the year ended June 30, 2012  
James Madison University Intercollegiate Athletic Programs for the year ended June 30, 2012  
Longwood University for the year ended June 30, 2012\*  
Longwood University Intercollegiate Athletic Programs for the year ended June 30, 2012  
Norfolk State University Intercollegiate Athletics Programs for the year ended June 30, 2012



## Colleges and Universities, continued

Old Dominion University for the year ended June 30, 2012  
Old Dominion University Intercollegiate Athletic Programs for the year ended June 30, 2012  
Radford University for the year ended June 30, 2012  
Radford University Intercollegiate Athletic Programs for the year ended June 30, 2012  
The College of William and Mary in Virginia for the year ended June 30, 2011\*  
The College of William and Mary in Virginia for the year ended June 30, 2012\*  
The College of William and Mary in Virginia Intercollegiate Athletic Programs for the year ended June 30, 2012  
University of Mary Washington for the year ended June 30, 2011\*  
University of Mary Washington for the year ended June 30, 2012  
University of Virginia for the year ended June 30, 2012\*  
University of Virginia Intercollegiate Athletics Programs for the year ended June 30, 2012  
University of Virginia Medical Center for the year ended June 30, 2012  
Virginia Commonwealth University for the year ended June 30, 2012  
Virginia Commonwealth University Intercollegiate Athletic Programs for the year ended June 30, 2012  
Virginia Community College System for the year ended June 30, 2011\*  
Virginia Military Institute for the year ended June 30, 2012\*  
Virginia Military Institute Intercollegiate Athletic Programs for the year ended June 30, 2012  
Virginia Polytechnic Institute and State University for the year ended June 30, 2012  
Virginia Polytechnic Institute and State University Intercollegiate Athletic Programs for the year ended June 30, 2012  
Virginia State University for the year ended June 30, 2012\*  
Virginia Western Community College for the year ended June 30, 2012

## Finance

Agencies of the Secretary of Finance for the year ended June 30, 2012\*  
Internal Control Report on Audit for Local Government Investment Pool, Virginia Public School Authority, Virginia College Building Authority, and Virginia Public Building Authority for the year ended June 30, 2012

## Health and Human Resources

Agencies of the Secretary of Health and Human Resources for the year ended June 30, 2012\*  
Virginia Foundation for Healthy Youth for the year ended June 30, 2012  
Virginia Health Workforce Development Authority for the year ended June 30, 2012\*

## Natural Resources

Department of Conservation and Recreation, Virginia Land Conservation Foundation, Chippokes Plantation Farm Foundation for the years ended June 30, 2010, and June 30, 2011  
Department of Game and Inland Fisheries for the year ended June 30, 2011\*  
Department of Historic Resources for the year ended June 30, 2012  
Marine Resources Commission for the two-year period ended June 30, 2012

## Natural Resources, continued

Potomac River Fisheries Commission for the year ended June 30, 2012  
Rappahannock River Basin Commission for the year ended June 30, 2012

## Public Safety

Department of Alcoholic Beverage Control for the year ended June 30, 2012\*  
Department of Forensic Science for the period July 1, 2009, through June 30, 2012  
Department of Juvenile Justice for the two-year period ended June 30, 2012  
Department of Military Affairs for the years ended June 30, 2011, and June 30, 2012  
Department of Veterans Services, Veterans Services Foundation, and Virginia War Memorial for the two-year period ended June 30, 2012  
Virginia Department of Emergency Management for the period July 1, 2010, through June 30, 2012\*

## Technology

Assistive Technology Loan Fund Authority for the year ended June 30, 2012  
Innovation and Entrepreneurship Investment Authority, including its blended component unit, the Center for Innovative Technology for the year ended June 30, 2012  
Virginia Information Technologies Agency for the year ended June 30, 2011\*  
Wireless E911 Services Board for the year ended June 30, 2011\*

## Transportation

Agencies of the Secretary of Transportation for the year ended June 30, 2012\*

## Special Reports

Commonwealth Court Collections Review – April 2013\*  
Commonwealth of Virginia Court Operations for the year ended June 30, 2011  
Commonwealth of Virginia Single Audit Report for the year ended June 30, 2012\*  
Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2012\*  
Report to the Joint Legislative Audit and Review Commission for the quarter April 1, 2012, through June 30, 2012\*  
Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2012, through September 30, 2012\*  
Report to the Joint Legislative Audit and Review Commission for the quarter October 1, 2012, through December 31, 2012\*  
Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2013, through March 31, 2013\*  
Revenue Stabilization Fund Calculations for the year ended June 30, 2012  
Review of Compliance with the Federal Payments in Lieu of Taxes (PILT) Act for the period October 1, 2011, through September 30, 2012  
Statewide Analysis of Operating Appropriations for the year ended June 30, 2012\*  
Study on Feasibility of Using CPA Firms – December 2012  
The following lists those courts audited during the period July 1, 2012, through June 30, 2013

## Circuit Courts

Albemarle*	Grayson	Richmond
Appomattox	Greene	Richmond
Arlington*	Greensville*	Roanoke
Augusta	Hanover	Russell*
Bedford	Henrico*	Salem*
Botetourt	Isle of Wight	Scott*
Brunswick*	James City/Williamsburg	Southampton
Buckingham	Lee	Stafford
Campbell*	Loudoun*	Staunton*
Clarke	Lunenburg	Suffolk
Colonial Heights	Madison	Tazewell*
Craig*	Martinsville*	Warren*
Culpeper	Mathews	Washington
Danville*	New Kent	Waynesboro
Essex	Northumberland	Winchester
Fauquier*	Orange*	Wise/Norton
Frederick	Page	Wythe*
Giles	Pittsylvania	York/Poquoson
Gloucester	Portsmouth	
Goochland	Radford*	

## Circuit Courts – Clerk Turnover Audits

Charlottesville	Middlesex
Fredericksburg	Northumberland
Mathews	

## General Receivers

Alexandria	Charlottesville	Sussex
Arlington	Lee	Washington
Bristol	Loudoun*	Wise/City of Norton
Buchanan	Russell	

## General Receivers - Turnover Audits

Bristol	Washington
Lynchburg	

## General District Courts

Accomack*	Henrico	Pulaski
Alexandria	Henry*	Richmond (Civil Division)
Amherst*	Isle of Wight	Richmond (Criminal Division)
Appomattox	King and Queen	Richmond (Manchester)
Arlington	King William	Richmond (Traffic)*
Augusta	Lancaster	Roanoke
Bedford*	Loudoun*	Roanoke*
Bristol	Louisa*	Rockbridge*
Campbell*	Lynchburg*	Rockingham
Caroline	Martinsville	Shenandoah
Carroll	Mathews*	Smyth*
Charlotte	Mecklenburg	Spotsylvania
Charlottesville	Middlesex*	Stafford
Chesapeake*	Montgomery	Staunton
Chesterfield	Nelson	Suffolk*
Clarke*	New Kent	Tazewell
Culpeper	Newport News (Civil Division)	Virginia Beach
Danville	Newport News (Criminal Division)*	Warren
Fairfax	Newport News (Traffic Division)	Washington
Fairfax*	Norfolk	Waynesboro
Fauquier	Northampton	Westmoreland*
Franklin	Northumberland	Williamsburg/James City
Frederick	Page	Winchester
Fredericksburg	Patrick	Wise*
Gloucester	Petersburg	Wythe
Halifax	Pittsylvania	York
Hampton	Portsmouth*	
Hanover	Prince William*	

## Juvenile and Domestic Relations Court

Accomack*	Hampton	Petersburg
Albemarle	Hanover*	Pittsylvania
Alexandria	Henrico*	Portsmouth
Amherst*	Henry	Prince William
Appomattox	Isle of Wight*	Pulaski*
Arlington	James City/Williamsburg*	Richmond
Augusta	King and Queen	Roanoke
Bedford	King William	Roanoke
Bristol	Lancaster	Rockbridge
Campbell	Loudoun*	Rockingham*
Caroline*	Louisa	Shenandoah
Carroll*	Lynchburg*	Smyth*
Charlotte	Martinsville	Spotsylvania
Charlottesville	Mathews	Stafford*
Chesapeake*	Mecklenburg	Staunton
Chesterfield	Middlesex	Suffolk
Clarke	Montgomery	Tazewell
Culpeper	Nelson	Virginia Beach*
Danville*	New Kent	Warren
Fairfax	Newport News*	Washington
Fauquier	Norfolk	Waynesboro
Franklin	Northampton	Westmoreland*
Frederick	Northumberland	Winchester
Fredericksburg	Nottoway	Wise
Gloucester	Page	Wythe
Halifax	Patrick	York/Poquoson

## Combined General District Courts

Albemarle	Emporia	Lunenburg
Alleghany	Essex	Madison
Amelia	Falls Church	Orange
Bath	Floyd	Powhatan
Bland*	Fluvanna	Prince Edward*
Botetourt	Franklin	Prince George*
Brunswick	Galax	Radford
Buchanan	Giles*	Rappahannock
Buckingham*	Goochland	Richmond
Buena Vista	Grayson*	Russell
Charles City	Greene	Salem
Colonial Heights	Greensville	Scott
Craig	Highland	Southampton
Cumberland*	Hopewell*	Surry*
Dickenson*	King George	Sussex*
Dinwiddie	Lee	

## State Accounts

Accomack	Dickenson	Lancaster	Prince William
Albemarle	Dinwiddie	Lee	Pulaski
Alexandria*	Emporia	Lexington	Radford
Alleghany*	Essex	Loudoun	Rappahannock*
Amelia	Fairfax	Louisa	Richmond
Amherst*	Fairfax	Lunenburg	Richmond*
Appomattox	Falls Church*	Lynchburg	Roanoke
Arlington	Fauquier	Madison	Roanoke*
Augusta*	Floyd	Manassas Park	Rockbridge
Bath	Fluvanna	Martinsville	Rockingham
Bedford	Franklin	Mathews	Russell
Bedford	Franklin*	Mecklenburg	Salem
Bland	Frederick	Middlesex	Scott*
Botetourt	Fredericksburg	Montgomery	Shenandoah
Bristol	Giles	Nelson	Smyth
Brunswick*	Gloucester	New Kent	Southampton
Buchanan	Goochland	Newport News	Spotsylvania
Buckingham	Grayson	Newport News	Stafford
Buena Vista	Greene	Norfolk	Staunton
Campbell	Greensville	Northampton	Suffolk*
Caroline	Halifax*	Northumberland	Surry
Carroll	Hampton*	Norton	Sussex
Charles City	Hanover	Nottoway	Tazewell
Charlotte	Harrisonburg	Orange*	Virginia Beach
Charlottesville	Henrico	Page	Warren
Chesapeake*	Henry	Patrick	Washington
Chesterfield*	Highland	Petersburg	Waynesboro*
Clarke*	Hopewell	Pittsylvania*	Westmoreland
Colonial Heights	Isle of Wight	Poquoson	Williamsburg
Covington	James City	Portsmouth	Winchester
Culpeper	King and Queen	Powhatan	Wise
Cumberland	King George*	Prince Edward*	Wythe
Danville	King William	Prince George	York

## State Account - Turnover Audits

Charlottesville	Fauquier	Winchester
Essex	Prince Edward	

## Magistrates

Accomack	Essex	Page
Alexandria	Fairfax	Petersburg*
Alleghany	Fauquier	Pittsylvania
Amelia	Franklin	Portsmouth
Amherst	Frederick	Prince Edward*
Appomattox	Fredericksburg	Prince William
Arlington	Gloucester	Pulaski
Augusta	Greensville	Richmond
Bath	Halifax*	Richmond (Criminal Division)
Bedford	Hampton	Roanoke
Botetourt	Hanover	Roanoke
Brunswick	Henrico	Rockingham
Buchanan	Henry*	Russell
Buckingham	Hopewell	Scott
Campbell*	King William	Shenandoah
Carroll	Lee	Stafford
Charles City	Loudoun	Suffolk/Franklin/Southampton/Isle of Wight
Charlotte	Lunenburg	Surry
Charlottesville	Lynchburg	Sussex
Chesapeake	Mecklenburg	Tazewell
Chesterfield	Montgomery*	Virginia Beach
Culpeper	New Kent	Warren
Cumberland	Newport News	Washington*
Danville	Norfolk	Westmoreland
Dickenson	Northampton/Accomack	Williamsburg/Poquoson/James City/York
Dinwiddie	Northumberland	Wise
Emporia	Orange	Wythe

# Agency Officials

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Martha S. Mavredes  
Auditor of Public Accounts

Staci A. Henshaw  
Deputy Auditor of Public Accounts

Roland N. Turner  
Director  
Accounting and Business Operations

J. Michael Reinholtz  
Director  
Acquisitions and Contract Management

Linda C. Wade  
Director  
Budget and Performance Management

DeAnn B. Compton  
Director  
Capital Asset Management

George D. Strudgeon  
Director  
Compliance Assurance

LaToya D. Jordan  
Director  
Comprehensive Annual Financial Report

April C. V. Gunn  
Director  
Data Analysis

Eric M. Sandridge  
Director  
Higher Education

Karen K. Helderman  
Director  
IT Project Management

Goran G. Gustavsson  
Director  
Information Systems Security

Laurie J. Hicks  
Director  
Local Government and Judicial Systems

Jennifer P. Bell Schreck  
Director  
Strategic Risk Management

Carnell N. Bagley  
Manager, Accounting and Business Operations

Berkeley A. R. Wolford  
Manager, Human Resources

Wendi T. James  
Manager, Office Technology

Jennifer D. Eggleston  
Manager, PeopleSoft