



# 2015 ANNUAL REPORT

## AUDITOR OF PUBLIC ACCOUNTS

Auditor of Public Accounts  
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# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
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November 1, 2015

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable John C. Watkins  
Chairman, Joint Legislative Audit  
and Review Commission

I am pleased to submit the **2015 Annual Report of the Auditor of Public Accounts**, which primarily covers audits we completed from July 1, 2014, through June 30, 2015. Through the audits we perform and the other activities in which our staff engage, we strive to provide unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds. This Annual Report provides 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 be accessed on our website.

I want to thank my staff for their hard work and dedication. They are key to the Office accomplishing its work plan. For the second consecutive year, the Richmond Times-Dispatch recognized the Office as one of Richmond's Top Workplaces due in no small part to the working environment espoused by my management team and staff.

AUDITOR OF PUBLIC ACCOUNTS

## - TABLE OF CONTENTS -

	<u>Page #</u>
<b>OUR AUDIT ACTIVITIES</b>	<b>1-16</b>
Reporting on Mandatory Audits	2-6
CAFR and Single Audit	2-5
Higher Education Institution Audits	5-6
Providing Information to the General Assembly	7-13
Monitoring New Systems	7-9
Following Implementation of New Standards and Guidance	9-11
Focusing on the Importance of Internal Controls	11-13
Focusing the Spotlight	14-16
Monitoring Sub-recipients of Federal Awards	14
Audit Oversight and Provisions of Supervisory Entities	14-15
Travel Expenses	15
Capital Project Cash Flow Requirements	15-16
Surplus Procedures for Electronic Devices with Storage	16
<b>OUR OTHER ACTIVITIES</b>	<b>17-25</b>
Supporting Local Government	17-20
Auditing Guidelines	17
Providing Support for New Pension Standards	17-18
Comparative Report Preparation	18-19
Quality Control Reviews	19-20
Sharing Knowledge	20-22
Monitoring Standards and Regulations	22-24
Investigating Fraud	24-25
<b>OUR ORGANIZATION</b>	<b>26-32</b>
Our Commitment to Quality	26
Our Staff are our Biggest Asset	27
Maintaining a Positive Work Environment	27
Developing Future Leaders	27
Continuing our Strategic Planning Initiatives	28-29
Innovative Audit Approaches	28
Reporting Results	28
Focus on Staff	29
Staffing and Work Plan Development	29
Administrative and Financial Highlights	29-32
Structure and Funding	29
Recruiting and Retaining Staff	29-30
Being Good Stewards	30-32
<b>APPENDIX A: Office Overview</b>	<b>33-34</b>
<b>APPENDIX B: 2015 Continued Special Projects</b>	<b>35-37</b>
<b>APPENDIX C: Issued Reports and Audited Courts</b>	<b>38-45</b>
<b>APA STAFF</b>	<b>46-48</b>

## OUR AUDIT ACTIVITIES

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.

During 2015, our organization of 121 auditors and support staff:

- Issued nine special reports;
- Issued 77 reports for audits of state agencies and institutions, issuing findings for 35;
- Reviewed 245 General, Juvenile and Domestic Relations, and Combined District Courts, issuing findings for 45;
- Reviewed 60 Circuit Courts, issuing findings for 13;
- Reviewed 84 General Receivers and Magistrates, issuing findings for seven; and
- Reviewed Constitutional Officers at 132 localities, issuing findings for eight.

Our reports on these audits and other reviews include recommendations for improving internal controls and addressing non-compliance with state and federal regulations and provide information from Commonwealth, Secretarial, and Agency perspectives. During 2015, we also provided information about the Commonwealth's system development efforts and progress on implementing new standards and guidance. Our special project topics in 2015 included monitoring sub-recipients of federal awards, audit oversight and provisions of supervisory entities, travel expenses, capital project cash flow requirements, and surplus procedures for electronic devices with storage.

The following section features the results of some of these audits completed during fiscal year 2015. [Appendix C](#) contains a complete list of all audits we issued during the fiscal year.

## 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 completed this year below.

### 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 each year. This past year, as part of the CAFR audit, we performed procedures over the financial activity at over 25 different agencies and universities, obtaining coverage over \$54 billion in revenues and \$51 billion in expenses for the Commonwealth and its components. Through this work, we also gained coverage over \$37 billion in government assets, consisting primarily of capital assets and cash and investments; \$75 billion in pension and other employee benefit trust fund assets; as well as \$14 billion in government liabilities.

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*During our audits of the CAFR material agencies, we also perform work to support the Commonwealth's Single Audit of federal funds.*

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During our audits of the CAFR material agencies, we also perform work to support the Commonwealth's 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 conclusion of the CAFR audit, which is approximately 45 days ahead of the federally mandated deadline.

We perform federal compliance testing for the Single Audit to fulfill the audit requirement to which the Commonwealth commits when it accepts federal funds. All state entities (agencies, authorities, boards, and commissions, etc.) that are part of the Commonwealth are subject to audit under the Single Audit. For fiscal year 2014, we evaluated \$13.3 billion in federal expenses for testing. To complete the Single audit, we audited 17 federal programs administered by the Commonwealth. Our testing for the CAFR and Single Audit resulted in 105 findings and recommendations, 80 related to internal controls over the Commonwealth's CAFR and 25 related to federal compliance. Additionally, we performed follow-up testing on 114 findings issued in prior years to ensure management resolved the issue or was taking appropriate corrective action. At the time the 2014 Single Audit was compiled, management had completed corrective action on 46 percent of the prior year findings.

The auditing standards we follow require us to evaluate the severity of each internal control finding and classify them as a significant deficiency or material weakness, with material weakness

being the most critical classification. We classify findings as a material weakness when there is a reasonable possibility that a material misstatement of the entity’s financial information will not be prevented or detected and corrected on a timely basis due to a deficiency in internal control.

For fiscal year 2014, we found nine issues related to internal controls over the Commonwealth’s CAFR that we consider to be material. Six of the nine findings relate to internal controls over federal compliance at the Department of Health (Health). Five of these findings at Health caused us to modify our opinion on the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to indicate that Health did not comply with federal requirements regarding its administration of this program. The remaining material findings relate to system security and financial reporting at the Virginia Employment Commission and Virginia Department of Transportation.

The following tables summarize the nature and number of findings reported in the Statewide Single Audit for fiscal years 2013 and 2014. Overall, the number of findings issued for fiscal year 2014 increased from fiscal year 2013. The largest increase in CAFR related findings was in the area of system security, while the most notable Federal Compliance findings related to the Virginia Department of Health, which we discuss further in the Secretary of Health and Human Resources Section.

**Statewide Single Audit Findings for the year ended June 30, 2013, and 2014**  
(Non-Duplicative Count\*)

Table 1

CAFR Related Internal Control and Compliance Findings			Federal Compliance Findings		
	2014	2013		2014	2013
Systems Controls			Reporting	5	5
<i>Access Controls</i>	15	15	Special Test and Provisions	8	6
<i>System Security</i>	35	12	Sub-recipient Monitoring	3	2
<i>Application Controls</i>	3	2	Cash Management	3	1
<i>General Controls</i>	0	2	Eligibility	1	0
Financial Reporting	3	5	Davis-Bacon Act	0	1
Expenditures	3	4	Other/Internal Control	3	2
Revenues	1	3	Procurement	2	0
Inventory	1	2			
Other	9	6			
Payroll	4	0			
Retirement System Data	4	0			
Fixed Assets	1	0			
Procurement	1	0			
	<b>80</b>	<b>51</b>		<b>25</b>	<b>17</b>

\*In some cases, findings reported above relate to both the CAFR and Single Audit. These findings are not counted twice in the above tables or narrative. Instead, they are only reported once in the CAFR Related Internal Control and Compliance Findings table. For more details on each finding, see the [2014 Single Audit](#) report and the [2013 Single Audit](#) report.

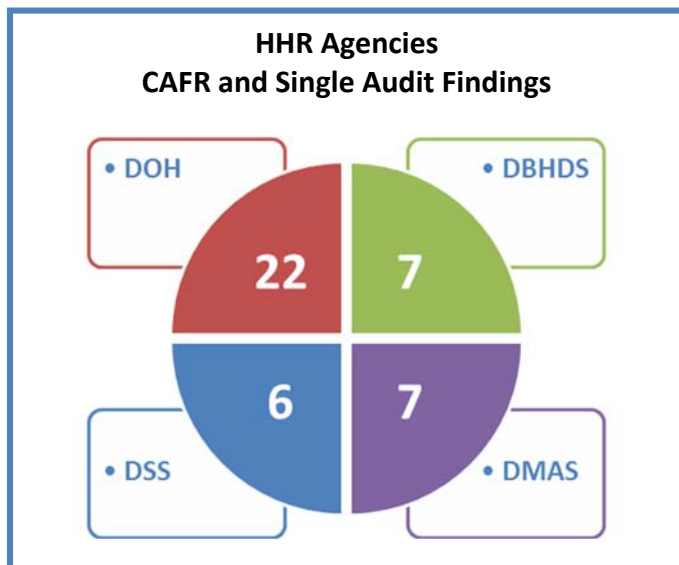
While the Commonwealth has strengthened its security standards that agencies are required to follow to secure their systems, some agencies have not dedicated the necessary resources to meet these standards. As a result, we noted an increase in the number of weaknesses related to system security from the prior year. For these agencies, we recommended that they dedicate the resources needed to meet the Commonwealth’s Security Standards set by the Virginia Information Technologies Agency (VITA) to limit the Commonwealth’s exposure to data breaches and/or system failures.

Federal compliance findings primarily increased from the prior year because of continued non-compliance within the Student Financial Assistance program. Only three of the eight federal compliance findings noted during the 2013 audit, within this program, were fully resolved during the 2014 audit. Non-compliance with cash management and special test provisions also increased within this program during the 2014 audit. Inadequate staffing and lack of cross-training contributed to the increase in federal compliance findings within the Student Financial Assistance program. Additionally, more higher education institutions were included within the scope of the 2014 Student Financial Assistance program audit due to our office’s cyclical approach for auditing this program.

For the 2015 Single Audit currently under way, we are required to perform follow-up procedures on all 105 audit findings from 2014. Additionally, we are required to audit seven major federal programs again during the 2015 Statewide Single Audit due to findings issued during the 2014 audit.

*Secretary of Health and Human Resources*

There are five agencies within the Health and Human Resources (HHR) Secretariat that we are required to audit in support of the CAFR and Single Audit due to the amount of funds they spend during the year. These agencies, which collectively spent \$12 billion during fiscal year 2014, include



the Departments of Behavioral Health and Developmental Services (DBHDS), Health (DOH), Medical Assistance Services (DMAS), and Social Services (DSS) and the Office of Comprehensive Services for At-Risk Youth and Families. As shown in the chart to the left, these agencies had 42 (or 40 percent) out of the 105 findings we reported above related to the work we perform throughout the Commonwealth to support the CAFR and Single Audit.

As noted above, the Department of Health had six findings that we consider to be material, five of which caused us to modify

our opinion on the WIC program to indicate that Health did not comply with federal requirements. Many of these findings resulted from issues encountered during the implementation of a new benefits system. Across these agencies, we also had ten findings related to system user access, which are related to information system owners improperly managing the access that users have to their critical systems. We also had 11 findings related to Federal Compliance, which cite specific compliance violations with the Code of Federal Regulations or the Federal Office of Management and Budget Circulars. Access the [Full Report](#) and [Executive Summary](#) of the audit of the Agencies of the Secretary of Health and Human Resources on our website.

### Higher Education Institution Audits

During the past year, we completed 14 financial statement audits related to the Commonwealth’s higher education institutions, including the Virginia Community College System and its 23 community colleges. While we issued unqualified opinions on the financial statements of each of these institutions, we included internal control and compliance recommendations in eight of the audit reports. Those recommendations addressed a variety of issues as summarized in the following table.

Table 2

Control and/or Compliance Area	Number of Institutions with Findings
Federal Programs and Research	22
Payroll and Human Resources	17
System Access	12
Employee Termination Procedures	11
Capital Asset Inventory and Management	8
myVRS Navigator Reconciliation Process	7
Leave Tracking and Reporting	4
Policies and Procedures	4
Procurement and Contract Management	4
Financial Reporting Process	3
Information System Security	3
Maintaining Documentation	3
Reconciliations	3
Miscellaneous Remaining Areas	16

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



## Audit of Norfolk State University

Included in the table above are the results of our fiscal year 2012, 2013, and 2014 audits of Norfolk State University (University), all of which we completed during the one-year period covered by this report. Our reports included multiple internal control and compliance findings that we consider to be material weaknesses. Due to the timing of our audits, many of the findings included in our report were repeated during the three-year period.

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### Update on Subsequent Audit

*Over the past year, the University has continued to make significant progress in addressing our findings. In October 2015, we issued our report for the audit of the University for fiscal year 2015. While our report included internal control and compliance findings, there was only one repeat finding and no material weaknesses. We noted internal control and compliance deficiencies related to systems access, information system security, and federal programs. Access the [Full Report](#) on our website.*

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The table below summarizes the total number of findings in each report over the last four years and the classification of findings as a material weakness or significant deficiency.

Table 3

Fiscal Year	# of Findings	Material Weaknesses	Significant Deficiencies
2012	12	7	5
2013	12	9	3
2014	6	3	3
2015	5	-	5

## 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. We present information from Commonwealth, Secretarial, or Agency perspectives depending on the nature of the topic and the type of report being issued.

### Monitoring New Systems

We monitor system development projects for major systems to determine whether the projects are on schedule, on budget, and provide required functionality. We periodically prepare a summary report of our ongoing monitoring activities. While we did not issue a summary report during the last year, we did give updates on several major projects within agency specific reports.

#### *Agencies of the Secretary of Finance - Cardinal*

The Commonwealth has continued to make progress on its Cardinal system implementation, which will replace the Commonwealth's current accounting and financial system (CARS) with a modern, enterprise-wide financial system (base financial system). This is a key project since the current accounting system is outdated in terms of both the technology and available functionality.

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

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The Commonwealth implemented phase one of Cardinal in December 2011 with the implementation of the Department of Transportation's financial system. Phase two of the implementation occurred in October of 2012 with the Department of Accounts implementing the base modules of Cardinal. Phase three, which involves an incremental rollout to all state agencies, will occur over the next two years with Cardinal becoming the official system of record beginning in fiscal year 2017.

The Commonwealth has developed a funding methodology to support system maintenance and operation costs for the Cardinal system and allow for the repayment of the working capital advance used to fund the project. The funding model is an internal service fund model that relies on user charges based on rates that are approved by the Joint Legislative Audit and Review Commission. For more information on this project, access the [Full Report](#) for the Secretary of Finance on our website.

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## Update on Current Projects Related to Cardinal

*Because of the importance of Cardinal and the role the system will play in shaping future system implementation projects, we have several projects in our work plan surrounding this new system. See [Appendix B](#) for more information surrounding our Review of Enterprise Applications Governance Structure and Review of Integration Challenges between Virginia's Procurement and Financial Systems, which are two projects from our 2015 work plan that we plan to complete in the 2016 work plan.*

*We also proposed a new project in our 2016 work plan related to Statewide Analysis of Cardinal. Under this project, we are assessing the Cardinal team's progress addressing internal control items identified during a post implementation audit of the system, assessing and testing critical statewide internal controls and business rules within Cardinal, and reviewing information system security over the Cardinal system. Any findings resulting from this work will be reported in future Secretary of Finance reports.*

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### Virginia Employment Commission

The Commission is currently involved in several system development initiatives, which will replace multiple outdated systems and significantly change the Commission's current business processes. The Commission implemented the Financial Management System in January 2015. The total project cost is \$4.9 million, with the primary source of funding being federal funds. As of October 2014, the Commission had spent \$4.1 million on this project. The Commission also has a project ongoing for an Unemployment Insurance Modernization system (UI Mod), a modernized system to replace antiquated tax and benefit systems. The status of the UI Mod project is more uncertain. The Commission is working to implement the tax portion of UI Mod; however, there is no foreseeable implementation date for the benefits portion of the system. The total budget for the UI Mod project is \$58.5 million, with \$49.1 million coming from federal funds and \$9.4 million coming from the Commission's penalty and interest fund. As of October 2014, the Commission had spent approximately \$40 million on this project.

Over the last several years, the Commission has devoted a considerable amount of resources to these projects. To address the project needs, the Commission allocated a significant number of key personnel to these projects, which has caused reassignment of key job responsibilities to other staff and shifting of responsibilities within the Commission. During our audit, we identified a number of internal control and compliance findings that we believe are either directly, or indirectly, related to a lack of resources available due to the system development project needs.

These system development projects have also affected the Commission's ability to transform their information technology (IT) infrastructure assets to the Commonwealth's IT Infrastructure Partnership with Northrop Grumman (IT Partnership). As a result of the delay in transformation, the

Commission has had to allocate resources, both people and money, to support technologies that are not covered by the IT Partnership. The transformation delay has also resulted in the Commission paying additional “legacy fees” to the IT Partnership to support its non-transformed technology environment. This situation has put additional strains on the Commission’s IT staff and funding, further reducing the ability of the Commission to properly maintain critical aspects of their IT environment. Access the [Full Report](#) and [Executive Summary](#) on our website.

### [Following Implementation of New Standards and Guidance](#)

The Commonwealth is currently in the process of implementing the requirements of new pension accounting and financial reporting standards and new guidance from the federal government related to federal grants. These represent significant changes to the existing standards; therefore, it is imperative that the Commonwealth adequately plan for the implementation of these new requirements. We have been following the Commonwealth’s progress in implementing these changes since, in addition to impacting processes at the agencies and institutions we audit, these changes will also impact the audit work we perform over those processes. We provided information on the nature of these changes and the Commonwealth’s progress on implementing these changes in several of our reports.

#### *New Pension Standards*

Governmental Accounting Standards Board (GASB) Statement No. 67, which covers accounting and reporting by pension plans, was implemented by the Virginia Retirement System (System) in fiscal year 2014. This standard had minimal impact on the pension related information included in the Commonwealth’s fiscal year 2014 financial statements. However, GASB Statement No. 68, which covers accounting and reporting of pension activity by employers, will have a significant impact on the financial statements of the Commonwealth and its localities beginning in fiscal year 2015.

For the last several years, we have been closely following the Commonwealth and its localities progress in implementing these new standards, and we have been preparing internally for how the changes will impact our audits. Staff from our Office, as well as from the System, have made

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*Our Office has been closely following the Commonwealth’s progress in implementing the new pension standards and have been preparing for the impact on our audits.*

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numerous presentations on the impact of the new standards to various groups including legislative committees, state agencies and institutions, and local governments. Most recently, the Auditor of Public Accounts [briefed](#) the Joint Legislative Audit and Review Commission at its May 2015 meeting on the Commonwealth’s progress on implementing these new standards and the additional work required for

implementation. In addition, we prepared a summary of [Pension Accounting Issues](#) that we provided to the Commission and made available on the [New Pension Standards Resources](#) section of our website for use by other Commonwealth entities and localities.

As indicated above, the new standards have impacted the audit work we perform not only at the System, but also at all of the agencies and institutions we audit. We have included over three thousand additional hours in our work plan to audit the requirements of the new standards. This includes additional hours for the System audit and the individual agency and higher education institution audits. At the System, we had to expand our work to include a review of various schedules prepared by the System's actuary for use by the Commonwealth's agencies and higher education institutions, as well as, its localities. We have also had to perform additional testing of census data maintained by the System. At the individual agency and higher education institution audits, we had to perform audit work surrounding the census data they provide to the System and, where applicable, ensure they appropriately reported the activity in their individual financial statements. In addition, we have had to expand our guidance and reporting requirements related to local government audits. See the [Supporting Local Government](#) Section of this report for more information on our efforts with regard to the Commonwealth's localities.

We have had numerous findings related to the agencies and higher education institutions not properly or timely reconciling census data between multiple systems that contain this information. We have also noted issues regarding the accuracy of the data within the systems. As a result of the issues we have noted during our individual agency and higher education institution audits, we included an alert in the Department of Human Resource Management, Secretary of Finance, and Virginia Retirement System reports regarding shared responsibilities for management of System member data. These agencies are responsible for the three key systems that contain census data. The alert focuses on the importance of all Commonwealth agencies working to ensure the accurate management of member data. Access the alert in the [Full Report](#) for the Virginia Retirement System on our website. We also provided a summary of the impact of the new pension standards in the Secretary of Finance report. Access the summary in the [Full Report](#) for the Secretary of Finance on our website.

### *Federal Grant Requirements*

In our fiscal year 2014 Secretary of Finance report, we included a comment to management related to new requirements the Federal Government approved. The new requirements, which became effective in December 2014, will impact multiple agencies in the Commonwealth who receive federal funds. Each federal granting agency implemented the Office of Management and Budget's Uniform Guidance: *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The new requirements are seen as the largest change in federal grants management in 30 years and this change will impact a wide array of activities.

The Commonwealth uses a decentralized approach to managing federal funds; therefore, the Department of Accounts (Accounts) reviewed the new requirements and identified responsible parties for compliance with the requirements. Accounts completed their review in April 2015 and notified the Commonwealth's agencies and higher education institutions of the new requirements and applicable responsibilities. Access the [Full Report](#) for the Secretary of Finance on our website.

The Uniform Guidance will have a large impact on our Single Audit of federal programs. Starting in 2016, we are going to change our timing and approach for auditing many federal programs. These changes are needed to ensure the hours dedicated to auditing federal programs are consistent from year to year. Without these changes, we would be limited in our ability to perform other audits in certain years. Additionally, every six years, starting in 2018, the Uniform Guidance will make all Single Audits subject to an audit quality study by the federal government.

The Uniform Guidance will also impact locality audits in the Commonwealth. To ensure localities are receiving quality audits, we conducted an analysis of all locality audits in advance of the Uniform Guidance's 2018 study on the quality of Single Audits. We used information from a repository of Single Audits to look for items that may indicate a concern with the quality of the audit the locality procured. As a result of our analysis, some localities received additional audit services from their contracted auditor to meet federal requirements and to ensure Commonwealth agencies have the information needed to provide proper monitoring. We discuss the details of our results later in the [Supporting Local Government](#) Section of this report.

### Focusing on the Importance of Internal Controls

Sound internal control practices are the driving force behind the management of the Commonwealth's resources. Many factors play into an organization's ability to effectively and efficiently design and implement their internal controls to minimize the risk of mismanagement and fraud. Over the course of the past year, several of our audits have highlighted the importance of internal control and what can happen when it is lacking. We discuss a few of those reports here.

#### *Virginia Department of State Police*

In our report for the audit of the Virginia Department of State Police for the fiscal years ended June 30, 2012, and June 30, 2013, we identified nine internal control and compliance findings, and one Commonwealth-wide risk alert. Five of the nine findings relate to the agency's information technology environment and overall systems security posture. Additionally, three of the five information technology findings are repeat findings from the prior audit. The remaining internal control and compliance findings address the lack of internal controls and processes over the agency's capital assets, small purchase charge card program, work zone project billings, and record retention schedules.

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*State Police does not currently have the staff, hardware, or software to adequately secure the data that it is charged with protecting.*

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The risk alert specifically addresses the fact that, despite significant investment in resources, State Police and the Virginia Information Technologies Agency have yet to successfully come to an agreement on if and how State Police's information technology infrastructure should be transformed. The risk alert also points out that in its current situation, State Police does not have the staff,

hardware, or software to adequately secure the data that it is charged with protecting. Access the [Full Report](#) on our website.

### *Virginia Health Workforce Development Authority*

In addition to one new internal control finding, our report for the audit of the Virginia Health Workforce Development Authority for the year ended June 30, 2013, contains five repeat issues from their prior audit. Entities typically correct internal control and compliance deficiencies within one year; however, after turnover in the Executive Director position, management has been focused on transitioning to new grants to support the Authority. As a result of not correcting deficiencies, we found the Authority did not properly state, in all material respects, the amounts recorded and reported in the Authority's accounting system. Now that the Authority's management and programs have stabilized, we recommend that the Board and management dedicate the necessary resources to provide oversight of the Authority's fiscal activities. Access the [Full Report](#) for the 2013 audit on our website.

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#### Update on Subsequent Audit

*In October 2015, we issued our report on the Authority for the year ended June 30, 2014. In a comment to management, we emphasized the need for the Authority to identify and secure additional funding to ensure its sustainability since currently its only funding sources is a single federal grant. In addition, we provided*

*management with 11 findings related to internal control and compliance issues, six of which are repeat findings from the fiscal year 2013 audit. Access the [Full Report](#) for the 2014 audit on our website.*

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*The Authority needs to identify and secure additional funding to ensure its sustainability.*

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### *Judicial Agencies*

Our report for the audit of the Office of the Executive Secretary of the Supreme Court of Virginia, Clerk of the Supreme Court, Clerk of the Court of Appeals, the Judicial Inquiry and Review Commission, and Virginia Criminal Sentencing Commission for the years ended June 30, 2012 and June 30, 2013, contains several internal control and compliance findings requiring management's attention, most of which have been included in previous audit reports. These findings include the need to track internal software development costs; develop a policy to distinguish between a project and an enhancement as it relates to systems development; improve database security and the information security program; realign the information security officer role in accordance with industry best practices; and continue to improve sensitive systems risk assessment and contingency planning documentation. Access the [Full Report](#) or [Executive Summary](#) on our website.

### *Department of Game and Inland Fisheries*

In our audit report for the Department of Game and Inland Fisheries for the period January 1, 2013, through June 30, 2014, we noted the Department has made significant progress in their corrective actions to fix the issues reported in the prior year audit surrounding the reconciling, recording, and transferring of revenues. However, in the current audit, we found additional issues surrounding revenue and other concerns in the areas of fixed assets, physical security, database security, systems access, and retirement reconciliations. In addition, the Department needs to create and document policies and procedures over all business areas, such as CARS reconciliations, fixed assets, payroll, revenue, and records retention. Access the [Full Report](#) on our website.



## 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 2015.

### Monitoring Sub-recipients of Federal Awards

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*The Commonwealth is not fulfilling all of its responsibilities for federal funds it passes through to non-state entities.*

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The Commonwealth passes approximately \$2.5 billion out of \$13.5 billion in federal funds received through to non-state entities. The *Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards* found that the agencies passing through the funds have varying interpretations and degrees of compliance with the federal government's specific monitoring requirements related to sub-recipients. As a result, the Commonwealth is not fulfilling all of its responsibilities as a pass-through entity.

Commonwealth agencies are not uniformly reviewing sub-recipient Single Audit reports due to varying interpretations of the federal requirements. Agencies did not review sub-recipient Single Audit reports for all required organizations because they did not take into consideration federal awards received from other organizations when evaluating the dollar threshold requirement. None of the agencies selected for the study used sub-recipient Single Audit reports to confirm that the data collection form was completed properly and submitted to the Federal Audit Clearinghouse on time. The report makes several recommendations to improve the consistency and accuracy of the sub-recipient monitoring process among Commonwealth agencies. Access the [Full Report](#) on our website.

### Audit Oversight and Provisions of Supervisory Entities

The *Review of Audit Oversight and Provisions of Supervisory Entities* evaluated whether the legislative process changed in response to our 1999 review where we found that the Commonwealth has no consistent, minimum, or standard policy governing the audit and oversight of supervisory entities.

Local governing bodies are allowed to create supervisory entities, but they are not required to report or register these organizations with the Commonwealth. The APA currently has a list of approximately 700 individual entities, but for many it is unclear whether they are required to file an annual audit report with the APA. In addition, the current statute does not include any penalty or other oversight action to motivate the entities to obtain and submit an audit report. The report

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*The Commonwealth has no consistent, minimum, or standard policy governing the audit and oversight of supervisory entities.*

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makes six recommendations to the General Assembly to study the process and possibly make changes to the statute to clarify the requirements for authorities, boards, commissions, and other political subdivisions. Access the [Full Report](#) and [Executive Summary](#) on our website.

### Travel Expenses

The *Statewide Review of Travel Expenses* is part one of a two part review that provides background information on the Commonwealth’s travel policies and processes and an analysis of statewide travel expenses for fiscal years 2012 and 2013. Statewide travel expenses were almost \$200 million annually in fiscal years 2012 and 2013 as shown on the table below. When looking at travel expenses by individual agencies, university travel made up approximately two thirds of all travel expenses, while state agency travel only accounted for one-third of expenses. Lodging and public carrier expenses are the largest travel expenses, making up over half of all travel expenses.

Table 4

	2012		2013	
Travel expenses – Colleges and universities	\$ 124,533,448	65%	\$ 128,380,902	65%
Travel expenses – State agencies	67,083,476	35%	69,248,446	35%
<b>Total Statewide Travel Expenses</b>	<b>\$ 191,616,924</b>		<b>\$ 197,629,348</b>	

There are extensive statewide travel policies, primarily set out in the Commonwealth Accounting Policies and Procedures Manual; however, not all agencies and universities have to follow these policies. Judicial agencies, legislative agencies, independent agencies, and Level III universities are allowed to develop their own travel policies.

The review provides additional analysis of travel expenses such as identifying the agencies with the highest travel expenses, the factors that affect the nature and amount of travel expenses, and how the processes differ among agencies. The review also includes an overview of the next phase of the project. Access the [Full Report](#) on our website. See [Appendix B](#) of this report for more information on part two of this review.

### Capital Project Cash Flow Requirements

The *Review of Capital Project Cash Flow Requirements* is the first of several annual reports. Chapter 806 of the 2013 Acts of Assembly required APA to report any delays in capital outlay projects funded through this Act due to deviations in project appropriations, allotments, or adherence to cash flow requirements. This report reviews these capital projects and their related cash flows. It also reviews the involvement of the Departments of Planning and Budget, General Services, and the Treasury and the role that the Six-Year Capital Outlay Advisory Committee plays in these processes to determine where delays occurred. We will continue to report on this annually until the capital funds appropriated in this Act are spent.

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*Overall, the capital project cash flow requirements process is effective; however, projects experienced delays in obtaining planning funds and getting approval to move to construction and access construction funding.*

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The review found that the capital project cash flow requirements process is effective; however, projects experienced occasional delays in obtaining planning funds from the Central Capital Planning Fund, getting approval to move to construction from the Advisory Committee, and getting approval to access construction funding. The report makes five recommendations to the General Assembly, two recommendations to the Department of Planning and Budget, one recommendation to the Advisory Committee, and one recommendation to agencies and institutions of higher education involved in the capital outlay process. Access the [Full Report](#) and the [Executive Summary](#) on our website.

### Surplus Procedures for Electronic Devices with Storage

Sensitive data in the Commonwealth is at an increased risk of compromise through the sale of retired electronic devices with storage. The *Review of Surplus Procedures for Electronic Devices with Storage* assessed whether the Commonwealth's data removal standard follows industry best practices and provides adequate guidance to agencies for data sanitization, agencies are appropriately sanitizing electronic media storage devices prior to disposal, and contracts for leased equipment with electronic media storage require data removal certification for returned equipment. The review found that the Commonwealth's data removal standard is outdated and lacks some key guidance and direction. There were multiple instances where agencies and VITA could not verify the sanitization of disposed devices. The review had nine findings and three recommendations. Access the [Full Report](#) on our website.

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*The Commonwealth's data removal standard is outdated and lacks some key guidance and direction. In multiple instances, we could not verify the sanitization of disposed devices.*

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## OUR OTHER ACTIVITIES

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.

We also serve the Commonwealth by procuring public accounting firms and performing contract management for annual audits of legislative agencies and several other Commonwealth related entities. Besides the General Assembly and legislative agencies, we manage audit contracts for the Fort Monroe Authority, Virginia Commercial Space Flight Authority, Virginia Port Authority, Virginia Resources Authority, and the Virginia Tobacco Settlement Financing Corporation.

Further, we maintain Commonwealth Data Point, the Commonwealth's transparency website, provide information and data to General Assembly members and staff, and respond to related inquiries. We continuously follow the activities of various standard setting and regulatory bodies, providing feedback on proposed changes to help protect the interests of the Commonwealth and its localities. We also provide information to various state, local, and other professional organizations to ensure they are aware of changing accounting standards and federal regulations, 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 continue improving our audits. We highlight below some of the specific ways our Office added value during the past year.

### Supporting Local Government

#### *Auditing Guidelines*

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 procedures of state grants and contracts as well as detail how auditors should perform audit work unique to Virginia local governments.

#### *Providing Support for New Pension Standards*

As discussed earlier in the [Following Implementation of New Standards and Guidance](#) Section of the report, the Commonwealth and its localities are required to implement GASB Statement No. 68 beginning in fiscal year 2015, and this standard will have a significant impact on their financial statements. Throughout the recent transition to the new pension accounting and financial reporting standards, our Office was instrumental in providing the local governments, as well as their auditing firms, critical information to ensure compliance with implementing these changes for their 2015 financial statements. In particular, we expanded on the prior year's requirements and guidance in

our audit specifications for auditing firms to test personnel data at the localities and school boards, along with ensuring these audit requirements extended to the participating employers at the authorities, boards, commissions, and other political subdivisions.

In October 2015, the Virginia Retirement System provided the actuarial valuation reports, schedules of the applicable pension amounts, footnote disclosure information, and other financial reporting guidance to the participating local government employers for their financial statements. Likewise, our Office published the reports that included our audit opinions over the plan schedules and applicable pension amounts for the Teachers' cost-sharing plan and the localities and political subdivisions' agent multiple plans. All of this information is available on the [New Pension Standards Resources](#) section of our website.

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*Our Office has provided hands-on support to assist local governments in understanding the substantial changes involved with the new pension accounting and financial reporting standards.*

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Our Office also provided hands-on support to assist the local governments in understanding the substantial changes involved with the new standards. Throughout the year, we gave several pension related presentations at various conferences held by professional organizations in the accounting and auditing field, as well as presenting to individual localities and their auditing firms. Our presentations focused on not only the technical aspects of the pension accounting standards but more importantly the

impact of these changes to the financial reporting processes and financial statements of Virginia's local governments. In addition, our Office worked diligently to offer technical guidance and provide additional correspondence and outreach to keep the local governments, political subdivisions, and the auditing firms updated throughout the implementation process.

### *Comparative Report Preparation*

As we noted in the prior years' Annual Report, in July 2012, the Governor's Task Force for Local Government Mandate Review asked our Office to explore potential improvements to the Comparative Report process to provide relief to localities that provide the information for the Comparative Report. As a result, 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. 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 implemented these changes for the fiscal year 2013 and 2014 reports.

Subsequent to making these changes, we received several requests from constituents and users of the report to add back locality debt information that we removed from the 2013 and 2014 Comparative Reports. The advisory group previously recommended removing this information due to its availability in the separately issued financial statements of localities. We consulted with our

advisory group members and concluded that this will add minimal burden to the localities providing the information; therefore, we have included the debt information again effective for the fiscal year 2015 report.

### Quality Control Reviews

The Office is not responsible for procuring a locality’s auditing firm or overseeing their work during the process. However, annually, the Office selects a sample of the firms used by the localities and conducts a post issuance quality control review to ensure the firms’ audit work complies with auditing standards and the requirements of the federal government, if the local government receives federal funds, as well as the specifications mandated by our Office. 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, the Virginia Society of Certified Public Accountants, 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 2015, the Office completed reviews of ten local government audits at nine CPA firms and issued eight reports with a rating of pass, one report with a rating of pass with deficiencies, and one report with a rating of fail. We noted the following deficiencies during the review of the firm that received a fail rating.

Table 5

Area of Deficiency
Inadequate Documentation of Work Performed
Inadequate Documentation of Audit Sampling
Inadequate Fraud and Risk Assessment
Procedures and Evaluation of Internal Controls
Failure to Adhere to Professional Auditing Standards Related to Accounting Estimates

Additionally during our 2015 review, to specifically address compliance with the requirements over federal funds, we introduced a new analysis to review the federal Single Audit reports across all 143 Virginia local governments that were required to issue this report. We obtained the localities’ report data for the years 2012 through 2014 from the Federal Audit Clearinghouse and performed various data analytics designed to detect non-compliance with specific federal auditing and reporting requirements. Based on the results of this analysis over fiscal year 2014 audits, our Office found Single Audit testing and reporting deficiencies and identified reporting problems in the information sent to the Federal Audit Clearinghouse for six out of the 143 local government audits.

We immediately communicated our findings to the applicable auditing firms and corrective action was taken to amend and re-issue the applicable Single Audit reports and update the

Clearinghouse data. For the audits of three localities where the audit firm completely missed performing Single Audit procedures over specific federal programs, the firms directly addressed the issue by performing the applicable audit work and re-issuing the corrected Single Audit reports for fiscal year 2014.

As discussed in the [Following Implementation of New Standards and Guidance](#) Section the Federal Government has approved new Uniform Guidance that will impact locality Single Audits. In addition to various other changes, locality Single Audits will now be subject to an audit quality study by the Federal Government every six years. As Virginia local governments are transitioning this year to implement substantial changes with new regulations over federal funds, we believe the timing of this analysis proved to be beneficial in conveying to the local governments and their auditors the increasing importance of Single Audit quality.

### Sharing Knowledge

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

Table 6

General Assembly Members	
<b>Joint Legislative Audit and Review Commission</b>	<ul style="list-style-type: none"> <li>• Provided a briefing on new pension accounting standards.</li> </ul>
<b>New Legislator Training</b>	<ul style="list-style-type: none"> <li>• Provided an overview of the duties and responsibilities of the APA.</li> </ul>
<b>Senate Finance Capital Outlay Subcommittee</b>	<ul style="list-style-type: none"> <li>• Presented information on our recently issued report on the Review of Capital Project Cash Flow Requirements.</li> </ul>

Table 7

State Government	
<b>College and University Auditors of Virginia</b>	<ul style="list-style-type: none"> <li>• Reviewed recent APA reports. Provided update on recent accounting and auditing standards.</li> </ul>
<b>Fiscal Officers of College and Universities State Supported Office of the State Inspector General</b>	<ul style="list-style-type: none"> <li>• Presented information on new accounting issues and higher education related projects as well as an overview of current activities within the APA.</li> </ul>
	<ul style="list-style-type: none"> <li>• Reviewed recent APA reports and other activities.</li> </ul>

Table 8

Local Government	
<b>APA Comparative Report Transmittal Training</b>	<ul style="list-style-type: none"> <li>• Provided training to firms auditing Virginia local governments and local government accounting staff on the process for submitting financial information to the APA for the <i>Comparative Report of Local Government Revenues and Expenditures</i>.</li> </ul>
<b>Association of Clerks of the District Courts of Virginia Spring Workshop and Annual Meeting</b>	<ul style="list-style-type: none"> <li>• Presented information on the APA audit process including the focus of our audit procedures and common audit findings.</li> </ul>
<b>Constitutional Officers</b>	<ul style="list-style-type: none"> <li>• Presented information to new constitutional officers on the role of the Auditor of Public Accounts and our interaction with constitutional officers.</li> </ul>
<b>Treasurers Association of Virginia – Spring Meetings</b>	<ul style="list-style-type: none"> <li>• Reviewed information included in the Sheriff’s Accounting Manual including applicable <u>Code of Virginia</u> statutes; deposit requirements; guidance on jail and law enforcement operations and court support services; and the working relationship between Treasurers and Sheriffs.</li> </ul>
<b>Virginia Government Finance Officers Association</b>	<ul style="list-style-type: none"> <li>• Presented an auditor’s perspective of the impact of new Governmental Accounting Standards Board pension accounting standards.</li> </ul>
<b>Virginia Government Finance Officers Association</b>	<ul style="list-style-type: none"> <li>• Provided an updated on various topics including upcoming Comparative Report changes, results of quality control reviews over firms auditing Virginia’s local governments, and new pension accounting standards.</li> </ul>



Table 9

Other Professional Organizations	
<b>American Institute of Certified Public Accountants' Government Audit Quality Center Annual Update Webcast</b>	<ul style="list-style-type: none"> <li>• Provided information to 2,500 CPAs to assist them in ensuring governmental audit quality including an update on the new Uniform Grant Guidance.</li> </ul>
<b>Association of Government Accountants (AGA) – South Atlantic Professional Development Conference</b>	<ul style="list-style-type: none"> <li>• Provided training related to why agencies need information system applications, auditing data and controls in information systems, and management's responsibilities surrounding developing controls over their information system applications.</li> </ul>
<b>AGA – National Professional Development Training</b>	<ul style="list-style-type: none"> <li>• Provided training on the federal Uniform Grant Reform.</li> </ul>
<b>Capital Area Purchasing Association</b>	<ul style="list-style-type: none"> <li>• Provided background information about the APA including our role in auditing contracts and the procurement cycle. Discussed agencies' responsibilities related to the procurement cycle and provided examples of common audit findings.</li> </ul>
<b>National State Auditor's Association Banner User's Group</b>	<ul style="list-style-type: none"> <li>• Presented information on auditing Banner system user access via webcast with participants from staff of other State Auditor Offices.</li> </ul>
<b>National State Auditor's Association Information Technology Conference</b>	<ul style="list-style-type: none"> <li>• Several members of the APA staff presented information to staff of other State Auditor Offices on topics including planning the scope of information technology audits and creating value by knowledge sharing.</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.

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*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.*

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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. Table #10 summarizes the documents that we reviewed and to whom we provided responses during the year.

Table 10

Standard Setting Entity	Document Reviewed
AICPA	Exposure Draft: <i>Omnibus Proposal AICPA Professional Ethics Division Interpretations and Definitions</i>
AICPA	Proposed Statement of Auditing Standards: <i>An Audit of Internal Control Over Financial Reporting That is Integrated with an Audit of Financial Statements</i>
AICPA	Proposed Statement on Standards for Attestation Engagements: <i>Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting; Clarification and Recodification</i>
GASB	Preliminary Views: <i>Financial Reporting for Fiduciary Responsibilities</i>
GASB	Preliminary Views: <i>Leases</i>
GASB	Proposed Statement: <i>Accounting and Financial Reporting for Pensions and Financial Reporting for Pension Plans That Are Not Administered through Trusts That Meet Specified Criteria, and Amendments to Certain Provisions of GASB Statements 67 and 68</i>
GASB	Proposed Statement: <i>Accounting and Financial Reporting for Post-Employment Benefit Plans Other than Pensions</i>
GASB	Proposed Statement: <i>Fair Value Measurement and Application</i>
GASB	Proposed Statement: <i>Financial Reporting for Post-Employment Benefit Plans Other than Pensions</i>
GASB	Proposed Statement: <i>Implementation Guide No. 20XX-1*</i>
GASB	Proposed Statement: <i>Tax Abatement Disclosures</i>
GASB	Proposed Statement: <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i>
OMB	2015 Draft OMB Circular A-133 Compliance Supplement*

\*Response submitted through NASACT

AICPA American Institute of Certified Public Accountants  
 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

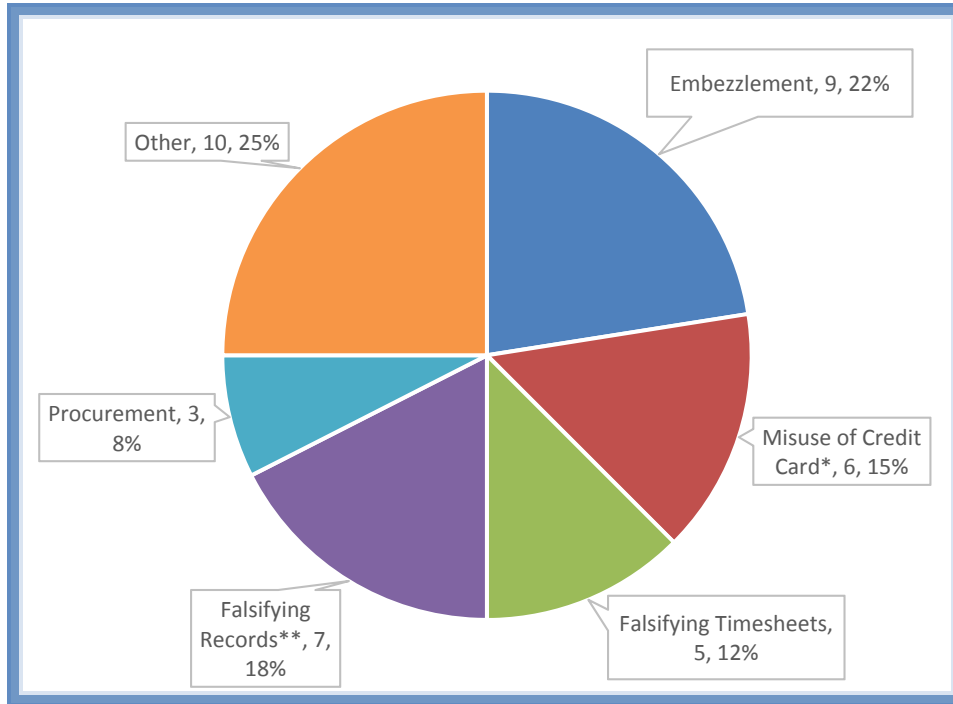
During the course of the year, in accordance with Section 30-138 of the Code of Virginia, we receive reports of circumstances indicating a reasonable possibility of fraudulent transactions. This Office conducts an initial review of all reports and, based on the nature and circumstances of each report, 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 table below outlines the volume of activity, including a breakdown of new reports by type of entity, during fiscal years 2013 through 2015.

Table 11

Fraud Reports			
	FY 2015	FY 2014	FY 2013
Outstanding cases at beginning of fiscal year	36	36	30
New reports:			
Courts	0	1	2
Local Governments	7	12	5
Institutions of Higher Education	14	10	9
State Agencies	19	16	15
<b>Total New Reports</b>	<b>40</b>	<b>39</b>	<b>31</b>
Closed reports	58	39	25
<b>Active cases at end of fiscal year</b>	<b>18</b>	<b>36</b>	<b>36</b>

The following chart provides a breakdown of the new reports received during fiscal year 2015 by type of fraud.

### New Reports in FY 2015 by Type of Fraud



\*includes small purchase charge card, fuel card, and travel card

\*\* includes support for payments related to contractor services, employee reimbursements, and benefit programs

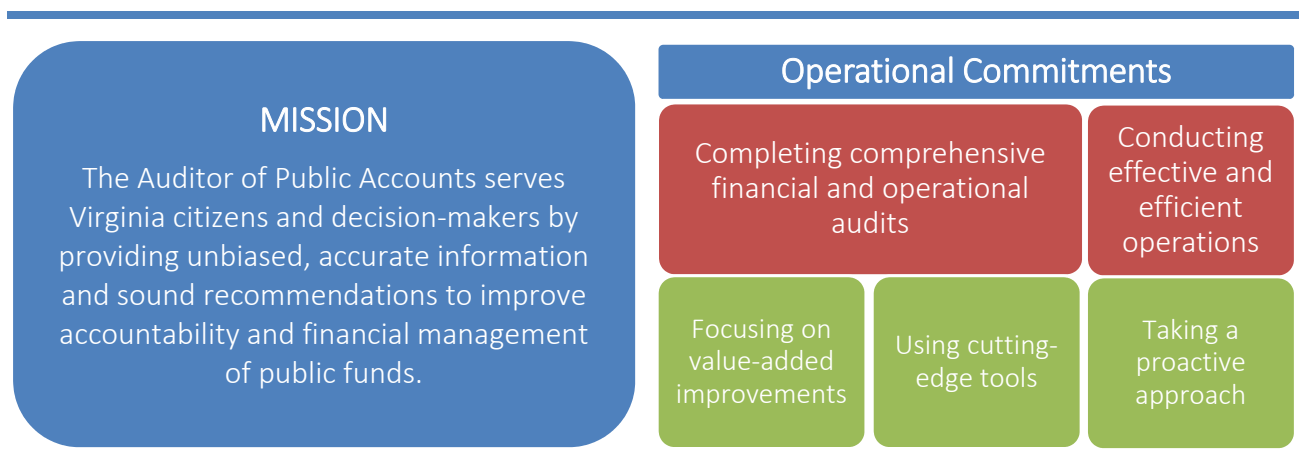
During the year, we were able to resolve and close a number of reports. The frauds that resulted in conviction and recovery were related to employees using small purchase charge cards and fuel cards for personal use, money laundering, bribery, and embezzling state funds. The breakdown of their resolution follows by fiscal year.

Table 12

Closed Reports			
Disposition	FY 2015	FY 2014	FY 2013
No Conviction / Action	21	19	11
Conviction	8	1	6
Conviction and Recovery	4	5	4
Administrative Action	19	8	3
Administrative Action and Recovery	6	6	1
<b>Total</b>	<b>58</b>	<b>39</b>	<b>25</b>

## OUR ORGANIZATION

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 our Office Overview document at [Appendix A](#).



### Our Commitment to Quality

Every three years our Office undergoes an external peer review to determine whether our Office has an adequately designed internal quality control system and is following that system in the audits we are performing. The purpose of that system is to ensure that we follow applicable standards issued by the American Institute of Certified Public Accountants and the Government Accountability Office when we are performing our audits. We participate in the National State Auditors Association peer review program. Our review is performed by staff from other state audit organizations as well as a representative from the United States Department of Health and Human Services, who reviews the work we perform to support the Commonwealth's Single Audit of federal funds.

The review included audits our Office performed for the period March 1, 2014, through February 29, 2015. We received a rating of pass, which is the highest rating available and indicates that our system of quality control has been suitably designed and complied with to provide reasonable assurance that we have materially complied with applicable auditing standards. The peer review team did not note any issues that rose to the level of a deficiency or finding during the review. The [Peer Review Report](#) is available on our website.

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*Our Office received the highest rating of pass during our 2015 external peer review, with no issues rising to the level of a deficiency or finding related to the work reviewed.*

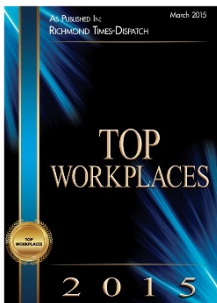
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## Our Staff are our Biggest Asset

We recognize that our staff are key to achieving our mission. Therefore, we strive to create a positive work environment that will help us to recruit and retain talented staff. In addition, we work to ensure that we are providing our staff with the training they need to help us maintain a high level of quality on our audits and developing future leaders for our Office.

### *Maintaining a Positive Work Environment*

Because we believe the APA is a great place to work, during fiscal year 2014 we decided to participate in the Richmond's Top Workplaces event sponsored by the Richmond Times-Dispatch and Workplace Dynamics and were recognized as one of Richmond's Top Workplaces. To participate employers and their employees completed anonymous surveys about their workplace.



We decided to participate in the Top Workplaces event once again during 2015 and on March 23<sup>rd</sup> as a result of the feedback received from our staff, the Auditor of Public Accounts was recognized as one of Richmond's Top 60 Workplaces in the [Metro Business section of the Richmond Times-Dispatch](#) for the second consecutive year. In addition to the positive impact we believe this recognition will have on our recruiting efforts, we also believe the survey results, which were summarized and provided to all participating employers, provide a valuable tool for us to use to know areas where we have been successful and areas where we need to continue to make strides.

### *Developing Future Leaders*

During the year, we held the APA Leadership Institute, which is an internal training program that we conduct every other year to develop future leaders of the APA. Staff must submit an application and, if selected for further consideration, participate in an interview process to be accepted to the Institute. Sessions included topics on strength-based leadership, an overview of the Joint Legislative Audit and Review Commission, and report writing. We also conducted activities such as case studies, impromptu speaking, role-play scenarios, and discussions of leadership challenges. This is the third time that we have sponsored the Institute and eighteen staff have completed the program to date. Three of the attendees are now specialty team directors and four are audit managers in our Office. In addition, two have moved on to management positions within other state agencies in the Commonwealth.

## Continuing our Strategic Planning Initiatives

During fiscal year 2015, as we neared the end of our 2010 – 2015 strategic plan, we prioritized our efforts on the most important areas that still had tasks remaining. We completed our tasks in the Office Structure strategy during fiscal year 2014, as detailed in our [2014 Annual Report](#). We postponed the remaining tasks in the Project Processes and Methods of Communication for consideration in our next strategic plan process. We focused our efforts on the remaining strategies as detailed below. In September 2015, we began a new strategic planning process that focuses on value-based leadership and incorporates as much feedback and perspective from all staff levels as possible. This strategic plan, which we plan to finalize in early 2016, will drive our internal goals and actions over the next five years.

### *Innovative Audit Approaches*

After training all audit staff on general and application controls and innovative audit approaches in the prior year, we institutionalized this class by holding it every year for new staff. To supplement this, we held several brown bag lunches where we discussed approaches used on current audits. We have a group that is focusing on higher education audits that use the Banner system, looking for ways to increase automation and improve efficiency using data. Finally, we held training on Cardinal, the Commonwealth's new accounting and financial reporting system, for audit staff on audits that have or are getting ready to transition.



### *Reporting Results*

We continued our efforts to improve our reports by focusing on the content. The main purpose of our reports is to communicate the results of our audits. Therefore, we reduced the general information about agencies that is already publicly available and focused on the findings and information that helps the reader understand the importance of the finding. We also trained and retrained all of the audit staff on how to write audit findings to ensure that they properly communicate the problem and why it happened. Finally, we are considering methods to improve communicating the severity and type of finding more clearly.

## *Focus on Staff*

Continuing professional education is a core commitment of this Office. We provide training internally to teach the fundamental competencies needed to perform our audit duties. We spend approximately 10,000 hours planning, teaching, and receiving training each year. We have worked this past year to develop a set schedule of classes that establishes when each class will occur during each calendar year and throughout an employee's career. This schedule will help ensure that audit staff receive the right training at the right time.

## *Staffing and Work Plan Development*

We finalized development of our new project planning database that interfaces more readily with PeopleSoft and used it to develop our 2016 work plan. To assist project managers in developing more accurate budgets for future projects, we incorporated an analysis to show budget to actual results for the last three years for every project.

To more effectively budget for our staffing needs on projects, we developed a tool to track and analyze budgets. We are piloting this tool on several audits and will evaluate its effectiveness at the start of the new calendar year to determine whether we will use it office wide. Finally, we have created budget to actual graphs, which display real time data on project pages within our SharePoint document management system to allow the project status to be more visible to all staff on a regular basis.

## **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 ten percent resulting from billings for federal audit work. Additionally, the Auditor annually bills and directly deposits revenue into the General Fund for local court and select agency audits, which was approximately \$450,000 during fiscal year 2015.

### *Recruiting and Retaining Staff*

We have been operating at reduced staffing levels for over seven years. During fiscal year 2008, we briefly built our levels back to the approved staffing level, but in subsequent years had to reduce staffing levels through attrition due to reductions in our general fund appropriations. We continue our efforts to replace staff that we lost through this period; however, it will take time to



rebuild our organization back to prior experience levels. As shown in the table below, over the last year we were successful in recruiting and hiring new staff. However, subsequent to year-end, we have experienced some turnover due in part to several staff retirements, transfers of staff to other state agencies, and the strong market for accounting and auditing positions. We continue to actively recruit new staff and, as part of the strategic planning process that we began in September 2015, have discussed potential initiatives related to staff retention.

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 our non-mandatory work. However, like other organizations in the Commonwealth, over the past seven years we have had to strategically manage our resources to ensure we accomplish our required work.

Table 13

Staffing Overview	
Approved staffing level	130
Actual Staff	
June 30, 2011	103
June 30, 2012	107
June 30, 2013	112
June 30, 2014	111
June 30, 2015	121
November 1, 2015	112

To the extent feasible, we continue to build risk-based audits into our work plan. 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 2015 to our next work plan. In addition, we removed several projects from our work plan to enable us to focus on higher risk areas. [Appendix B](#) of this report reflects the projects from prior year work plans that are still in progress. As part of our 2016 work plan, we limited new risk-based projects, primarily including projects that are the second phase of a multi-phase project or projects we perform on an annual basis. As we are able 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 below reflects our budget to actual performance for fiscal year 2015, but does not fully reflect the extent of our efforts to conservatively manage our funding.

Table 14

Mandatory Reversions	
2010	\$ 1,048,754
2011	1,322,000
2012	1,322,000
2013	900,000
2014	900,000
2015	1,017,084
	<b>\$ 6,509,838</b>

Over the past six years, we have been required to make significant reversions of funds, ranging from seven percent to over 11.5 percent of our adjusted budget. We have been able to make such significant reversions by operating at reduced staffing levels and implementing other cost saving initiatives internally. We have continued our conservation efforts through 2015. Throughout most of fiscal year 2015, we managed our expenses within our total available budget for general funds of just over \$11.3 million taking into account a mandatory reversion of \$1,017,085, which we absorbed through our ability to carry forward our prior year savings. While we continued to spend less than our available adjusted budget, due to increasing personnel costs, which include salary and benefits, we do not have as much carry forward available as in prior years.

#### Analysis of APA Original and Adjusted Budget versus Actual Expenses by Funding Source

For the Year Ending June 30, 2015

Table 15

Funding Source	Original Budget	Adjusted Budget	Actual Expenses	Variance
General Fund	\$11,062,281	\$11,337,834	\$ -	\$ -
Mandatory Reversion	-	(1,017,084)	-	-
Carry forward of FY2014 general fund savings	-	1,017,084	-	-
<b>Total available General Funds</b>	<b>11,062,281</b>	<b>11,337,834</b>	<b>10,905,569</b>	<b>432,265</b>
Special Revenue	878,140	878,140	878,140	-
<b>Total</b>	<b>\$11,940,421</b>	<b>\$12,215,974</b>	<b>\$11,783,709</b>	<b>\$432,265</b>

The schedule below reflects our original budget for fiscal year 2016. As of this report date, we are not aware of any required reversions for 2016.

#### APA Original Budget

For the Year Ending June 30, 2016

Table 16

Funding Source	Original Budget
General Fund	\$11,066,353
Special Revenue	878,216
<b>Total</b>	<b>\$11,944,569</b>

We plan to continue to conservatively manage our available funds during 2016 since, as noted above, we have less carry forward available and are faced with increasing personnel costs, which make up 91 percent of our budget. In 2016, 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.



Martha S. Mavredes, CPA

## An Overview of the APA

### Insight into the Agency

Martha.Mavredes@apa.virginia.gov

### Our Mission

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

### Office Overview

Providing sound reliable information and 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 an annually approved work plan.

General Assembly members can also request technical assistance from the Auditor's Office in understanding the financial operations of the Commonwealth and its localities. Likewise, state agencies and institutions can make similar requests regarding specific areas of focus for review within their organizations.

**The bottom line:** The Auditor's Office is here to meet your needs and those of the Commonwealth's citizens.

### What Do We Typically Do?

The first part of our year predominantly focuses on addressing [Code of Virginia](#) and federally mandated audits such as the Commonwealth's Comprehensive Annual Financial Report (CAFR), the Statewide Single Audit of federal funds, and numerous other operational and financial statement audits.

For the remainder of the year, in order to ensure audit efficiency and cover the greatest number of agencies and institutions not mandated for review, the Auditor completes a risk assessment of the agencies and institutions as well as key issues facing the Commonwealth. Based on this assessment, projects are selected for completion within the confines of our available resources.

Most non-mandated audits are designed to ensure an agency has internal controls in place to protect the public's money and that they spend it the way the General Assembly planned. We also evaluate agency and institutional compliance with significant state and federal laws and regulations.

The Office's remaining resources are dedicated to special projects focused on emerging issues that may require General Assembly consideration or action. However, the Office remains fluid enough to address other areas of concern as they arise throughout the year.

### More than Auditors:

- Created and provides ongoing support for **Commonwealth Data Point**, an online resource showing where and how the Commonwealth spends its funds.
- Monitors major IT projects and contracts, which gives the General Assembly the opportunity to measure their progress and determine when they need adjustment.
- Provides technology-related vulnerability and penetration testing services when requested.
- Works with local, agency and institutional internal auditors investigating frauds and disposing of these cases.
- Reviews the entire court system from the Supreme Court of Virginia to every local court.
- Examines the state accounts and records of every locality handling state funds at least once every two years.
- Maintains oversight responsibility for local government audits performed by public accounting firms.


[www.apa.virginia.gov](http://www.apa.virginia.gov)

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## Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all state entities of the Commonwealth much like a corporation's CPA firm. In many respects, the Auditor's Office operates like a CPA firm, with the Auditor serving as the managing partner.

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 (JLARC).

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% of its funding from the General Fund of the Commonwealth with the remaining 10% resulting from billings for federal audit work. Additionally, the Auditor bills and directly deposits into the General Fund over \$450,000 annually for local court audits.

### Our Relationship with JLARC

As noted earlier, the Auditor reports to the General Assembly through JLARC.

As a result, JLARC is responsible for approving the Auditor's Annual Work Plan.

Typically presented at JLARC's May meeting, the work plan sets out our mandated audit activities and highlights the special reviews the Auditor's Office will perform in the coming year.

At the same meeting, the Auditor will also seek JLARC's approval for any modifications to the Office's staffing and salary levels.

Further, as requested, the Auditor's Office will work with or provide support to JLARC's staff in the execution of their economy, efficiency, and program results reviews.

## Our Staff

The Auditor's Office is comprised of a diverse group of professionals working together to issue sound, reliable audit reports that assist the stakeholders and decision makers of Virginia. The agency attracts a variety of individuals with a wide range of educational and professional backgrounds, ranging from undergraduate and graduate degrees in Economics, Accounting, Information Technology, and Business Management, just to name a few.

Staff demographics reflect an office culture that promotes diversity with employees of all ages, cultural backgrounds and years of service.

## Focused on the Issues

Our reports regularly provide process and policy change recommendations through which the Commonwealth could avoid costs or enhance their fiscal management of agency programs. Each year in the fall, the APA submits an Annual Report to the General Assembly, which highlights the previous years reports and emerging issues. This and all reports issued by our Office since 1998 are available on our website, [apa.virginia.gov](http://apa.virginia.gov).

## Need Information or Technical Assistance?

Simply call or e-mail the Auditor directly with your question or request. Depending on the nature of your inquiry, we often have the information you need readily at hand. However, if your inquiry will require substantial time, we will request you provide it in writing, and may ask for the approval of JLARC to change our work plan.

Typically, we are able to respond within 24 to 48 hours for most of the inquiries we receive.

### Experience

From CPA's to MBA's, 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.

### Specialization

To ensure the Auditor's Office is qualified to meet its mission, the Auditor has divided the organization into eleven specialty teams, each trained in the specific skill sets needed to perform their assignments. Areas of specialization include:

- Acquisition and Contract Management
- Budgeting and Performance Management
- Capital Asset Management
- Compliance Assurance
- Data Analysis
- Higher Education Programs
- IT Project Management
- IT Systems Security
- Local Government and Judicial Systems
- Reporting and Standards
- Strategic Risk Management



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### SPECIAL PROJECTS CONTINUED FROM 2015 WORK PLAN

The following section highlights special projects continued from the 2015 work plan that we either completed subsequent to June 30, 2015 or plan to complete in the 2016 work plan, along with the issuance or estimated completion date. Some of the projects are ongoing, while we deferred other projects due to staffing shortages, which resulted in some estimated completion dates being closer to the end of fiscal year 2016.

#### Review of Performance Measures

Objectives:

*Address Section 30-133B of the Code of Virginia audit requirements*

*Issued Date: August 2015*

*Access the [Full Report](#) on our website.*

#### 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.*

*Issued Date: October 2015*

*Access the [Full Report](#) on our website.*

#### Review of Enterprise Applications Governance Structure

*This project incorporates the objectives from two separately proposed projects: “Review of Independent Financial Systems and Recommendations of Future Cardinal Functionality” and “Review of the Commonwealth’s Cardinal System Implementation and its Oversight.”*

Objectives:

*Assess the age of central systems, expected remaining life, and estimated cost to replace. Review the operational governance structure supporting the Cardinal system against best practices.*

*Estimated Completion Date: December 2015*

**Review of Integration Challenges between Virginia’s Procurement and Financial Systems – Part 1**

Objectives:

*Examine eVA functionality and its usage by agencies, assess integration concerns, and evaluate the ease of use and auditability of transactions from procurement through payment. Report on the Commonwealth’s efforts to integrate eVA into the new financial accounting system, Cardinal.*

*Estimated Completion Date: December 2015*

**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.*

*Estimated Completion Date: January 2016*

**Statewide Review of Vehicle Usage**

Objectives:

*Investigate the current policies and procedures used for selecting a state vehicle for agencies or agency personnel. Examine whether the proper vehicle is being selected for the intended user, if the vehicle is being used efficiently and effectively by the user, and if not, if a different vehicle had been chosen would that vehicle have better served the user.*

*Estimated Completion Date: February 2016*

**Review for Potential Improper Benefit Payments**

Objectives:

*Annual analysis of various benefit programs for potential fraudulent activity.*

*Estimated Completion Date: June 2016*

## Statewide Review of Voyager Fuel Card Program

### Objectives:

*Review and analyze the use of the Voyager Gas Cards, including the Office of Fleet Management Services (OFMS), agency owned vehicles, and Enterprise rentals. Perform an analysis of fuel card expenses to ensure compliance with OFMS Fuel Program Procedures. Determine what controls are in place to ensure that fuel cards are used only for appropriate and reasonable purchases.*

*Estimated Completion Date: June 2016*

## Travel Study – Part II

### Objectives:

*Perform additional analysis of statewide travel expenses to further understand the nature of expenses and look for any trends. Analyze organizational models for travel processing, including contracting options, to identify opportunities for efficiencies and savings. Survey agencies to determine different technologies that agencies are using to minimize travel.*

*Estimated Completion Date: June 2016*



# Issued Reports and Audited Courts

# Appendix C

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, 2015. An asterisk (\*) indicates the report includes audit findings and recommendations.

Agencies and Institutions	
Agency	Audit Period
<b>Judicial Branch</b>	
Clerk of the Court of Appeals of Virginia	July 1, 2013 through June 30, 2014
Clerk of the Supreme Court of Virginia*	July 1, 2013 through June 30, 2014
Office of The Executive Secretary of The Supreme Court of Virginia, Clerk of The Supreme Court, Clerk of The Court Appeals, The Judicial Inquiry and Review Commission, and Virginia Criminal Sentencing Commission*	July 1, 2011 through June 30, 2013
<b>Independent Agencies</b>	
Compensation Board*	July 1, 2013 through June 30, 2014
Internal Control Report on Local Government Investment Pool, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority	July 1, 2013 through June 30, 2014
State Corporation Commission*	July 1, 2013 through June 30, 2014
State Lottery Department – Report on Applying Agreed-Upon Procedures	
“Decades of Dollars”	April 2013 through March 2014
“Mega Millions”	April 2013 through March 2014
“Megaplier”	April 2013 through March 2014
“Power Ball”	April 2013 through March 2014
“Power Play”	April 2013 through March 2014
“Win for Life”	April 2013 through March 2014
Virginia State Lottery Department*	July 1, 2013 through June 30, 2014
Virginia Retirement System*	July 1, 2013 through June 30, 2014
<b>Executive Departments</b>	
Office of the Attorney General and the Department of Law*	July 1, 2013 through June 30, 2014

<b>Administration</b>	
Department of Human Resource Management*	July 1, 2013 through June 30, 2014
Department of Minority Business Enterprise*	July 1, 2011 through December 31, 2013
<b>Agriculture and Forestry</b>	
Virginia Department of Agriculture and Consumer Services, and Virginia Agricultural Council*	July 1, 2011 through June 30, 2013
Virginia Department of Agriculture and Consumer Services, and Virginia Agricultural Council	July 1, 2013 through June 30, 2014
<b>Commerce and Trade</b>	
Department of Business Assistance*	July 1, 2010 through December 31, 2013
Department of Housing and Community Development – Virginia Removal or Rehabilitation of Derelict Structures Fund	July 1, 2013 through June 30, 2014
Department of Professional and Occupational Regulation	July 1, 2012 through June 30, 2014
Virginia Biotechnology Research Partnership Authority	July 1, 2013 through June 30, 2014
Virginia Board of Accountancy	July 1, 2013 through June 30, 2014
Virginia Economic Development Authority	July 1, 2013 through June 30, 2014
Virginia Employment Commission*	July 1, 2013 through June 30, 2014
Virginia Racing Commission	July 1, 2013 through June 30, 2014
Virginia Small Business Financing Authority*	July 1, 2013 through June 30, 2014
Virginia Tobacco Indemnification and Community Revitalization Commission*	July 1, 2013 through June 30, 2014
Virginia Tourism Authority	July 1, 2013 through June 30, 2014
<b>Education</b>	
Department of Education including Direct Aid to Public Education*	July 1, 2013 through June 30, 2014
Virginia College Savings Plan	July 1, 2013 through June 30, 2014
Virginia Museum of Fine Arts*	July 1, 2011 through June 30, 2013
Virginia Museum of Natural History	July 1, 2011 through June 30, 2013
<b>Colleges and Universities</b>	
College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College*	July 1, 2013 through June 30, 2014
College of William and Mary of Virginia Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Danville Community College – Review Report	July 1, 2013 through June 30, 2014

<b>Colleges and Universities (cont.)</b>	
George Mason University*	July 1, 2013 through June 30, 2014
George Mason University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
James Madison University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Longwood University*	July 1, 2013 through June 30, 2014
Longwood University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Norfolk State University*	July 1, 2011 through June 30, 2012
Norfolk State University*	July 1, 2012 through June 30, 2013
Norfolk State University*	July 1, 2013 through June 30, 2014
Norfolk State University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Old Dominion University*	July 1, 2013 through June 30, 2014
Old Dominion University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Radford University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Southwest Virginia Community College – Review Report	July 1, 2013 through June 30, 2014
Thomas Nelson Community College – Review Report	July 1, 2013 through June 30, 2014
University of Mary Washington	July 1, 2012 through June 30, 2013
University of Virginia	July 1, 2013 through June 30, 2014
University of Virginia Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Virginia Commonwealth University	July 1, 2013 through June 30, 2014
Virginia Commonwealth University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Virginia Community College System*	July 1, 2012 through June 30, 2013
Virginia Military Institute	July 1, 2013 through June 30, 2014
Virginia Military Institute Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Virginia Polytechnic Institute and State University	July 1, 2013 through June 30, 2014
Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs	July 1, 2013 through June 30, 2014
Virginia State University*	July 1, 2013 through June 30, 2014
Wytheville Community College – Review Report	July 1, 2013 through June 30, 2014
<b>Finance</b>	
Secretary of Finance*	July 1, 2013 through June 30, 2014

<b>Health and Human Resources</b>	
Agencies of the Secretary of Health and Human Resources*	July 1, 2013 through June 30, 2014
Virginia Foundation for Healthy Youth*	July 1, 2013 through June 30, 2014
Virginia Health Workforce Development Authority*	July 1, 2012 through June 30, 2013
<b>Natural Resources</b>	
Department of Game and Inland Fisheries*	January 1, 2013 through June 30, 2014
Potomac River Fisheries Commission*	July 1, 2013 through June 30, 2014
Rappahannock River Basin Commission	July 1, 2013 through June 30, 2014
<b>Public Safety and Homeland Security</b>	
Commonwealth's Attorneys' Services Council*	July 1, 2011 through December 31, 2014
Department of Alcoholic Beverage Control*	July 1, 2013 through June 30, 2014
Department of Military Affairs – National Guard Military Operations and Maintenance Projects Federal Grant	July 1, 2013 through June 30, 2014
Emergency Management Performance and State Homeland Security Program Federal Grants	July 1, 2013 through June 30, 2014
Virginia State Police*	July 1, 2011 through June 30, 2013
<b>Technology</b>	
Innovation and Entrepreneurship Investment Authority and Center for Innovative Technology	July 1, 2013 through June 30, 2014
<b>Transportation</b>	
Agencies of the Secretary of Transportation*	July 1, 2013 through June 30, 2014
<b>Special Reports</b>	
Annual Report of the Auditor of Public Accounts	July 1, 2013 through June 30, 2014
Commonwealth of Virginia Single Audit Report*	July 1, 2013 through June 30, 2014
Report on Collections of Commonwealth Revenues by Local Constitutional Officers*	July 1, 2013 through June 30, 2014
Report to the Joint Legislative Audit and Review Commission	April 1, 2014 through June 30, 2014
Report to the Joint Legislative Audit and Review Commission	July 1, 2014 through September 30, 2014
Report to the Joint Legislative Audit and Review Commission	October 1, 2014 through December 31, 2014
Report to the Joint Legislative Audit and Review Commission	January 1, 2015 through March 31, 2015
Revenue Stabilization Fund Calculations	July 1, 2013 through June 30, 2014

<b>Special Reports (cont.)</b>	
Review of Audit Oversight and Provisions of Supervisory Entities*	February 2015
Review of Capital Project Cash Flow Requirements*	January 2015
Review of Compliance with the Federal Payments in Lieu of Taxes (PILT) Act	October 1, 2013 through September 30, 2014
Review of Surplus Procedures for Electronic Devices with Storage*	October 2014
Statewide Review of Travel Expenses, Interim Report*	January 2015
Study of the Usage of Sub-recipient Schedule of Expenditures of Federal Awards*	June 2015

The following lists the general receivers, courts, magistrates, and state accounts audited during the period July 1, 2014 through June 30, 2015. An asterisk (\*) indicates the report includes audit findings and recommendations. A hashtag (#) indicates an entity for which we issued two reports during the audit period.

<b>Judicial and Constitutional Officers</b>			
<b>Circuit Courts</b>			
Accomack*	Essex	Mecklenburg	Scott
Albemarle*	Fauquier	Middlesex*	Shenandoah*
Amelia	Floyd	Nelson	Smyth
Appomattox*	Fluvanna	Norfolk	Spotsylvania
Arlington	Greene	Northampton	Suffolk
Bedford	Greensville	Northumberland	Virginia Beach*
Bland	Hanover	Page*	Warren
Botetourt	Highland	Patrick	Waynesboro*
Campbell*	Hopewell	Pittsylvania	Westmoreland
Charlottesville*	Isle of Wight	Rappahannock	Winchester
Clarke	James City / Williamsburg	Roanoke, City	Wise/Norton
Colonial Heights	King George*	Rockingham*	Wythe
Danville*	Lancaster	Russell	York/Poquoson
Dinwiddie	Lee		
<b>Circuit Courts – Clerk Turnover Audits</b>			
Augusta	Goochland	Lee	York
Chesterfield	Greene		

<b>General Receivers</b>			
Alexandria	Charlottesville	Loudoun	Russell
Arlington	Lee	Lynchburg*	Wise/Norton
Buchanan			
<b>General Receivers – Turnover Audits</b>			
Alexandria			
<b>General District Courts</b>			
Accomack#	Frederick	Newport News (Criminal Division)	Rockingham
Albemarle#	Fredericksburg	Newport News (Traffic Division)	Shenandoah*
Alexandria	Gloucester#	Norfolk	Smyth*#
Amherst#	Halifax	Northampton#	Spotsylvania*#
Appomattox	Hampton	Northumberland	Stafford
Augusta	Hanover#	Page	Staunton
Bedford*	Henrico#	Patrick#	Suffolk*#
Bristol	Henry	Petersburg*	Tazewell#
Campbell	Isle of Wight*	Pittsylvania	Virginia Beach
Caroline	King William	Portsmouth	Warren
Carroll	Lancaster#	Prince William*#	Washington#
Charlottesville#	Louisa#	Pulaski	Waynesboro
Chesapeake*#	Lynchburg*	Richmond (Civil Division)	Westmoreland#
Chesterfield	Martinsville	Richmond (Criminal Division)#	Williamsburg / James City
Clarke*#	Mecklenburg	Richmond (Manchester Division)*	Winchester
Culpeper	Montgomery	Richmond (Traffic Division)*	Wise*
Danville	Nelson	Roanoke, City*	Wise/Norton*
Fairfax, County*#	New Kent#	Roanoke, County#	Wythe#
Franklin, County	Newport News (Civil Division)	Rockbridge*	York
<b>Juvenile and Domestic Relations Courts</b>			
Accomack#	Frederick	Nelson	Shenandoah
Albemarle*#	Fredericksburg	New Kent#	Smyth#
Alexandria	Gloucester	Newport News	Spotsylvania
Amherst#	Halifax*	Norfolk	Stafford

<b>Juvenile and Domestic Relations Courts (cont.)</b>			
Appomattox	Hampton*	Northampton#	Staunton*
Augusta*	Hanover#	Northumberland	Suffolk*#
Bedford*	Henrico	Page	Tazewell
Bristol#	Henry*	Patrick#	Virginia Beach
Campbell	Isle of Wight	Petersburg*	Warren
Caroline*	Lancaster	Pittsylvania*	Washington#
Carroll	Louisa	Prince William#	Waynesboro
Charlottesville*#	Lynchburg*	Pulaski	Westmoreland*#
			Williamsburg
Chesapeake#	Martinsville*	Richmond, City	/James City
Clarke	Mathews	Roanoke, County	Winchester
Culpeper	Mecklenburg	Roanoke, City*	Wise
Fauquier	Middlesex#	Rockbridge*	Wythe
Franklin, County	Montgomery	Rockingham	York#
<b>Combined General District Courts</b>			
Amelia#	Dickenson#	Greene	Prince Edward*
Bath	Dinwiddie	Greensville	Prince George
Bland	Emporia	Highland	Radford
Botetourt#	Essex	Hopewell*	Rappahannock
Brunswick#	Falls Church*	King George#	Richmond, County#
Buchanan#	Floyd#	Lee#	Russell#
Buckingham*	Fluvanna	Lunenburg	Salem
Buena Vista	Franklin, City	Madison	Scott#
Colonial Heights	Galax#	Nottoway#	Southampton*
Craig	Giles#	Orange*	Surry
Cumberland*	Goochland*#	Powhatan*#	Sussex*#
<b>State Accounts</b>			
Accomack	Dickenson	King William	Pulaski
Albemarle*	Dinwiddie	Lancaster	Radford
Alexandria	Emporia	Lexington	Rappahannock
Alleghany	Essex	Loudoun	Richmond, City
Amelia	Fairfax, City	Louisa	Richmond, County
Amherst	Fairfax, County	Lunenburg	Roanoke, City
Appomattox*	Falls Church	Lynchburg	Roanoke, County
Arlington	Fauquier	Madison	Rockbridge
Augusta	Floyd	Manassas Park	Rockingham
Bath	Fluvanna	Mathews	Russell
Bedford	Franklin, City	Mecklenburg	Salem*
Bland	Franklin, County	Middlesex	Scott

<b>State Accounts (cont.)</b>			
Botetourt	Frederick	Montgomery	Shenandoah
Bristol	Fredericksburg	Nelson	Smyth
Brunswick	Giles	New Kent	Southampton
Buchanan	Gloucester	Newport News	Spotsylvania
Buckingham	Goochland	Norfolk	Stafford
Campbell	Grayson	Northampton	Staunton
Caroline	Greene*	Northumberland	Suffolk
Carroll*	Greensville	Nottoway	Surry
Charles City	Halifax	Orange*	Sussex
Charlotte	Hampton	Page	Tazewell
Charlottesville	Hanover	Patrick	Virginia Beach*
Chesapeake	Henrico	Petersburg	Warren
Chesterfield	Henry	Pittsylvania	Washington
Clarke	Highland	Poquoson	Westmoreland
Colonial Heights	Hopewell	Portsmouth	Williamsburg
Covington	Isle of Wight	Powhatan	Winchester
Craig	James City	Prince Edward*	Wise
Culpeper	King and Queen	Prince George	Wythe
Cumberland	King George	Prince William	York
<b>State Accounts – Turnover Audits</b>			
Alexandria	Falls Church	James City	Williamsburg
Arlington	Halifax	Westmoreland#	
<b>Magistrates</b>			
Accomack/Northampton#	Chesterfield*	Lee	Roanoke, City
Alexandria	Culpeper	Lunenburg#	Roanoke/Roanoke*
Alleghany	Cumberland	Lynchburg	Russell
Amherst#	Danville	Montgomery	Scott
Appomattox	Dickenson#	New Kent	Shenandoah
Augusta	Fairfax, County	Newport News	Suffolk#
Bath#	Franklin, County*	Norfolk	Sussex
Bedford	Frederick	Page	Tazewell
Botetourt	Greensville	Petersburg	Virginia Beach
Buchanan#	Halifax	Pittsylvania	Warren
Buckingham	Hampton	Portsmouth	Washington#
Campbell#	Hanover	Prince Edward	Wise
Carroll	Henrico*#	Prince William#	Wise/Norton
Charlottesville#	Henry	Pulaski	Wythe
Chesapeake#	Hopewell*	Richmond, City*#	



## APA Staff (as of November 1, 2015)

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### Acquisitions and Contract Management

Debrah Stafford, Audit Supervisor  
Eric Jones, Audit Supervisor  
Francisco Coletto, Senior Auditor

Sherry DeSimone, Auditor  
Carl Fisher, Associate Auditor

### Budgeting and Performance Management

Shatima Taylor, Audit Manager  
Duane Miller, Audit Supervisor  
Nicole Taylor, Audit Supervisor  
Noah Johnson, Senior Auditor

Elise Ryan, Senior Auditor  
Brian Deveney, Auditor  
Christopher Nettekemper, Auditor

### Capital Asset Management

Katherine Collins, Audit Supervisor  
Melinda Crawford, Audit Supervisor  
Betsy Wilson, Audit Supervisor  
Justin Ferrell, Senior Auditor

Garrett Smith, Senior Auditor  
Candice Owens, Auditor  
Grayson Smith, Auditor

### Compliance Assurance

Michael Sidell, Audit Supervisor  
Amy Breeden, Auditor  
Alex Murray, Auditor

Caitlynn Childress, Associate Auditor  
Daniel Eacho, Associate Auditor  
Bennett Newman, Associate Auditor

### Data Analysis

Brad Hypes, Audit Manager  
Nicole Baglieri, Audit Supervisor  
Samantha Boyd, Senior Auditor  
Minh Huynh, Senior Auditor  
Patrice Mays, Senior Auditor  
Shiree Parnell, Senior Auditor

Brittney Chappell, Associate Auditor  
Dawn Scharf, Associate Auditor  
Joseph Surma, Associate Auditor  
Matthew Scott, Database Administrator  
Allison Troester, Associate DBA

### Higher Education Programs

Jimmy Quesenberry, Audit Manager  
Ashley Baily, Audit Supervisor  
Jennifer Schoeller, Audit Supervisor  
Lakisha Speller, Audit Supervisor  
Melissa Burke, Senior Auditor  
Meghan Stott, Senior Auditor

David Duffy, Associate Auditor  
Anthony Glass, Associate Auditor  
Jacob Mair, Associate Auditor  
Donald Schavliege, Associate Auditor  
Tatum Taylor, Associate Auditor

## Human Resources and Business Operations

### Accounting

Shannon Hargitt, Senior Accountant  
Christina Hansen, Accounting/HR Assistant

### Human Resources

Berkeley Woolford, Manager  
Haley Clark, Administrative Assistant

### Procurement

Carnell Bagley, Manager  
Denise Freeman, Administrative Assistant

### Report Processing

Alice Harrell, Administrative Assistant  
Chardon Jones, Administrative Assistant

## Information Systems and Office Technology

### Information Systems Security

Charles Ross, Audit Manager  
Charles Bialkowski, Audit Supervisor  
Kristina Kemp, Auditor  
Alexander Roeglin, Auditor  
Danese Seabourne, Associate Auditor

### Office Technology

Wendi James, Manager  
Robert Gibbons, IT Staff  
Wendy Hudson, IT Staff  
Keith Vollero, IT Staff

## Information Technology Project Management

Tracy Surratt, Audit Manager  
Jeffrey Finke, Senior Auditor  
James Fiske, Senior Auditor  
Nicole Bennett, Auditor

Joanne Brothers, Auditor  
Christian Langston, Auditor  
Robert McBurney, Auditor

## Local Government and Judicial Systems

### Local Government

Rachel Reamy, Audit Manager

### Judicial Systems

Randall Johnson, Audit Team Leader  
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