2019 WORK PLAN

PRESENTED TO THE

JOINT LEGISLATIVE AUDIT

AND REVIEW COMMISSION

MAY 14, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA
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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.

OUR VALUES

PROFESSIONAL	*We act in a manner that reflects favorably on ourselves, our co-workers, and the APA.*
ENGAGED	*We see what needs to be done and participate or become involved.*
KNOWLEDGEABLE	*We are insightful and well informed.*
COLLABORATIVE	*We work together to create greater value.*

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SUMMARY OF 2019 ANNUAL WORK PLAN

Project Area	Budget
Special Projects	**8,295**
Judicial Branch	**220**
Executive Branch	**96,415**
Executive Offices	805
Administration	1,255
Commerce and Trade	3,750
Education	2,140
Education – Higher Education Institutions	50,765
Finance	19,555
Health and Human Resources	9,840
Natural Resources	80
Public Safety and Homeland Security	2,545
Transportation	5,680
Independent Agencies	**8,145**
Local Governments, Clerks, and Courts	**19,600**
Cycled Agencies	**10,000**
Total Work Plan Hours	**142,675**

SPECIAL PROJECTS BUDGET

Required by Legislation, Statute, or Appropriation Act

Project Area	Objectives	Reference	Budget
Commonwealth Data Point	• Compile and maintain a searchable database on the Auditor of Public Accounts Internet website. • Include certain state expenditure, revenue, salary, and demographic information in the database as specified in the Code of Virginia. • Re-design to include visualizations and additional salary information as specified in new Code of Virginia requirement.	Section 30-133 of the Code of Virginia	3,425
Local Government Fiscal Distress Analysis	• Refine the established criteria for preliminary determination of local fiscal distress. • Annually review early warning system and locality data to make preliminary determination of any local fiscal distress using established criteria. • Notify applicable localities of any preliminary determination of fiscal distress. • Upon request from a locality, perform detailed review to determine extent of fiscal distress. • If situation of fiscal distress exists, notify Governor, Chairmen of House Appropriations and Senate Finance Committees, and the locality of specific issues and recommended actions that may be needed to further assess, help stabilize, or remediate the situation.	Chapter 836 of 2017 Acts of Assembly, Item 4-8.03	800
Review of Chapter 759/769 Bond Issuance Limit	• Report annually to the Governor, Speaker of the House of Delegates, President Pro-Tempore of the State Senate, and the Chairmen of the House Appropriations and Senate Finance Committees regarding the adherence to the annual issuance limits.	Chapters 759/769 of the 2016 Acts of the Assembly, Enactment 10	250

Required by Legislation, Statute, or Appropriation Act, continued

Project Area	Objectives	Reference	Budget
APA Annual Report	• Describe the work performed by the Auditor of Public Accounts during the fiscal year and the significant findings.	Section 30-133 of the Code of Virginia	100
MEI Project Approval Commission	• Assist the Major Employment and Investment Project Approval Commission.	Section 30-311 of the Code of Virginia	50
PPEA Comprehensive Agreement Review	• Periodically review interim and comprehensive agreements entered into to ensure compliance with required provisions.	Section 56-575.18 of the Code of Virginia	30
Review of Performance Measures	• Using a risk-based approach, evaluate the need to perform a detailed review of agencies' performance measures.	Section 30-133B of the Code of Virginia	40

SPECIAL PROJECTS BUDGET

Risk-Based Analysis

Project Title	Objectives	Budget
Capital Project Monitoring	• Monitor high dollar capital projects from design through close out. • Determine compliance for high dollar capital projects with the Construction and Professional Services Manual relating to procurement, expenses, and management throughout the life of the project. • Prepare periodic reports on select projects.	300
Comparative Report for Higher Education	• Provide financial comparison and analysis of the various public institutions of higher education in Virginia, considering the size and type of institution, and using techniques such as ratio analysis to further analyze and compare financial information. • Transition this information into an annual report to aid decision makers and improve transparency and comparability for citizen-users of financial information.	250
Fraud Monitoring	• Investigate potential fraudulent activity reported to the Auditor of Public Accounts. • Develop queries and perform exception testing to detect and identify improper payments and fraudulent transactions.	200
Progress Report on Selected Systems Development Projects in the Commonwealth	• Provide a periodic summary report of ongoing monitoring activities over the systems development process for major systems to determine the projects are on schedule, on budget, and provide required functionality. • This report will include systems development projects for the various departments, agencies, and higher education institutions.	810
State of Information Security in the Commonwealth of Virginia	• Provide periodic summary report of system security findings issued for agencies and higher education institutions. • Monitor changes in information security resulting from Virginia Information Technologies Agencies' disentanglement from Northrop Grumman.	240
Statewide Analysis of Cardinal	• Assess and test the critical statewide internal controls and business rules within Cardinal. • Develop queries and exception reports to assist in testing Cardinal statewide.	800

Project Title	Objectives	Budget
Statewide Review of Vehicle Usage	• 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.	1,000
Total – Special Projects		**8,295**

AGENCIES AND INSTITUTIONS BUDGET

By Branch and Secretariat

Judicial Branch	
Financial related audit of agency ensures the adherence to state laws and regulations and proper recording, internal controls, and management of funds.	
Virginia State Bar	220
Total – Judicial Branch	**220**

Executive Branch	
Executive Offices *Financial related audits of these agencies ensure the adherence to state laws and regulations and proper recording, internal controls, and management of funds to support the executive management of the Commonwealth. Office of the Governor includes the Office of the Lieutenant Governor, Cabinet Secretaries, and Selected Agency Support Services, which includes the Secretary of the Commonwealth, Citizens Advisory Council, Interstate Organization Contributions, and Virginia-Israel Advisory Board.*	
Attorney General and Department of Law	500
Governor, Lieutenant Governor, and Cabinet Secretaries	305
Subtotal	805
Administration *The audit of the Department of Human Resource Management supports the Comprehensive Annual Financial Report (CAFR) audit. The audit also ensures adherence to state laws and regulations and proper recording, internal controls, and management of funds.*	
Department of Human Resource Management	1255
Subtotal	1255
Commerce and Trade *The audit of the Virginia Employment Commission supports the CAFR audit. Financial statement audits of the* Innovation and Entrepreneurship Investment Authority/Center for Innovative Technology, *State Board of Accountancy, and Virginia Economic Development Partnership satisfy various Code of Virginia requirements.*	
Innovation and Entrepreneurship Investment Authority/Center for Innovative Technology (IEIA/CIT)	555
State Board of Accountancy	215
Virginia Economic Development Partnership	430
Virginia Employment Commission	2,550
Subtotal	3,750

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued	
Education	
The financial related audit of the Department of Education ensures the adherence to laws and regulations, and proper recording, internal controls, and management of funds. The audit of the Department of Education also supports the CAFR audit. A financial statement audit of the Virginia Biotechnology Research Partnership Authority satisfies Code of Virginia audit requirements.	
Department of Education	1,570
Virginia Biotechnology Research Partnership Authority	570
Subtotal	2,140
Education – Higher Education Institutions	
Financial statement audits of the two and four-year institutions of higher education satisfy bond and reaccreditation requirements. These audits also support the Statewide Single Audit of federal funds on a cycled basis, and the audits of UVA, VCU, and VT support the CAFR. Also, the audits include agreed-upon procedures required by the National Collegiate Athletic Association (NCAA) covering revenue and expense activity of intercollegiate athletics.	
Christopher Newport University	1,950
George Mason University	2,890
James Madison University	2,975
Longwood University	2,375
Norfolk State University	2,335
Old Dominion University	3,065
Radford University	2,460
The College of William and Mary	3,160
University of Mary Washington	1,905
University of Virginia (UVA)	4,715
University of Virginia Medical Center	2,555
Virginia Commonwealth University (VCU)	4,245
Virginia Community College System	7,365
Virginia Military Institute	2,015
Virginia Polytechnic Institute and State University (VT)	4,195
Virginia State University	2,560
Subtotal	50,765

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued	
Finance and Statewide Single Audit	
Audits of the Finance agencies support the CAFR audit; Statewide Single Audit of federal funds; and the debt management, investing, budgeting, and revenue collection functions of the Commonwealth. The results of these audits are included in the Report on the Secretary of Finance Agencies. Department of the Treasury includes the financial statement audits of the Virginia Public Building Authority, Virginia Public School Authority, Virginia College Building Authority, and the Local Government Investment Pool.	
Department of Accounts/CAFR	9,365
Department of Planning and Budget/Appropriations	550
Department of Taxation	3,500
Department of the Treasury	4,300
Report on Secretary of Finance Agencies	100
Revenue Stabilization Fund	200
Statewide Single Audit	1,540
Subtotal	19,555
Health and Human Resources	
Financial related audit of the Commonwealth Health Research Board ensures adherence to state laws and regulations and proper recording, internal controls, and management of funds. Audits of the remaining HHR agencies support the Statewide Single Audit of federal funds and the CAFR audit. In addition to the agencies listed below, the report of the Agencies of the Secretary of Health and Human Resources includes the Office of Comprehensive Services for At-Risk Youth and Families. The hours for the Office of Comprehensive Services for At-Risk Youth and Families are included within the Department of Education since it serves as the fiscal agent for this program.	
Commonwealth Health Research Board	120
Department of Behavioral Health and Developmental Services	1,700
Department of Health	2,260
Department of Medical Assistance Services	3,000
Department of Social Services	2,700
Report on Secretary of Health and Human Resources Agencies	60
Subtotal	9,840
Natural Resources	
Financial related audits of agency ensures the adherence to laws and regulations and proper recording, internal controls, and management of funds.	
Potomac River Fisheries Commission	80
Subtotal	80

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued	
Public Safety and Homeland Security	
Financial related audits of these agencies ensure the adherence to state laws and regulations and proper recording, internal controls, and management of funds to support the public safety programs at each agency. The financial statement audit of the Department of Alcoholic Beverage Controls supports the CAFR audit and satisfies various legislative requirements.	
Department of Alcoholic Beverage Control	1,515
Department of Corrections	1,030
Subtotal	2,545
Transportation	
Financial related audits of these agencies support the CAFR audit and ensure adherence to laws and regulations and proper recording, internal controls, and management of funds to support statewide transportation programs. The results of these audits are included in the Report on the Secretary of Transportation Agencies.	
Department of Motor Vehicles	1,820
Department of Transportation	3,760
Report on Secretary of Transportation Agencies	100
Subtotal	5,680
Total – Executive Branch	**96,415**

Independent Agencies	
Financial statement audits of these agencies support the CAFR audit and satisfy various legislative requirements. The audits also ensure adherence to state laws and regulations and proper recording, internal controls, and management of funds.	
State Lottery Department	1,735
Virginia College Savings Plan	60
Virginia Retirement System	6,350
Total – Independent Agencies	**8,145**

Local Governments, Clerks, and Courts	
The Comparative Report summarizes local government revenues and expenditures. Quality reviews are performed for selected local government audits submitted to the Auditor of Public Accounts. Compliance audits of judicial entities and constitutional officers ensure adherence to state laws and regulations and accountability for state funds.	
Comparative Report and Quality Reviews	2,600
State Accounts (131)	3,000
Judicial Entities: Circuit Courts (111), District Courts (207), General Receivers (9), and Magistrate Districts (31)	14,000
Total – Local Government, Clerks, and Courts	**19,600**

AGENCIES AND INSTITUTIONS BUDGET

Approach for Cycled Agencies

We use a risk-based approach for auditing cycled agencies, which are agencies that do not have a mandated annual audit requirement and do not support our CAFR or Statewide Single Audit of federal funds. Annually we will perform a risk analysis for all of the cycled agencies considering certain criteria and divide the agencies into two pools based on the resulting risk rating. Below are the approaches for both pools and agencies currently included in each pool. The agencies included in each pool are subject to change each year depending on risk.

Cycled Agencies – Pool I	
The agencies in this pool will be subject to audit every year under a special project that focuses on an area that is determined to be significant for the agencies in this pool. We will determine the specific area of focus based on the results of prior audits and internal control questionnaire results. We will use risk analysis to determine the Pool I agencies at which we will perform detailed procedures related to this area. We will perform limited procedures at the remaining agencies. All agencies will also be subject to an internal control questionnaire review with an on-site visit to verify controls once every three years.	
A.L. Philpott Center	Marine Resources Commission
Assistive Technology Loan Fund Authority	Motor Vehicle Dealer Board
Commonwealth's Attorney's Services Council	New College Institute
Compensation Board	Office of Children's Services
Department of Aviation	Office of the State Inspector General
Department of Criminal Justice Services	Payroll Service Bureau
Department of Environmental Quality	Small Business Financing Authority
Department of Fire Programs	Southern Virginia Higher Education Center
Department of Forensic Science	Southwest Virginia Higher Education Center
Department of Forestry	State Board of Elections
Department of Health Professions	State Council of Higher Education for Virginia
Department of Historic Resources	The Library of Virginia
Department of Housing and Community Development*	The Science Museum of Virginia
Department of Human Resource Management	Tobacco Region Revitalization Commission
Department of Juvenile Justice	Veterans Services Foundation
Department of Labor and Industry	Virginia Board of Bar Examiners
Department of Military Affairs	Virginia Commission for the Arts
Department of Mines, Minerals, and Energy	Virginia Criminal Sentencing Commission
Department of Planning and Budget	Virginia Foundation for Healthy Youth
Department of Professional and Occupational Regulation	Virginia Health Workforce Development Authority
Department of Rail and Public Transportation	Virginia Museum of Fine Arts
Department of Small Business and Supplier Diversity	Virginia Museum of Natural History
Frontier Culture Museum of Virginia	Virginia Racing Commission
Gunston Hall	Virginia Tourism Authority
Indigent Defense Commission	Virginia Worker's Compensation Commission
Jamestown-Yorktown Foundation	Wireless E-911 Fund

*Includes Urban Public-Private Partnership Redevelopment Fund, Virginia Growth and Opportunity Fund, and Virginia Removal or Rehabilitation of Derelict Structures Fund

Cycled Agencies – Pool II	
We will perform an annual audit of agencies classified in Pool II; however, the audit objectives and scope will vary from the audits that we have traditionally performed. Generally, agencies classified in Pool II will stay in the audit cycle for a minimum of three years and we will plan our work accordingly. However, depending on the risk factors that resulted in their inclusion in the pool, some agencies may be in the audit cycle for a shorter period. We will use a risk-based approach to determine the scope of the review for each agency selected. Therefore, our reports will have a more limited scope, focusing on the specific area we select for review. This will allow us to cover areas in more depth and additional areas that we may not have previously covered as we were focused primarily on significant cycles as opposed to those that may have higher risk. These agencies will also be subject to an internal control questionnaire review with an on-site visit to verify controls once every three years.	
Disability Services Agencies*	Department of State Police
Department of Agriculture and Consumer Services	Department of Veterans Services
Department of Conservation and Recreation**	State Corporation Commission
Department of Emergency Management	Supreme Court of Virginia***
Department of General Services	Virginia Information Technologies Agency
Department of Game and Inland Fisheries	Virginia School for the Deaf and the Blind
Total – Cycled Agencies Pool I and II	**10,000**

*Includes Department for Aging and Rehabilitative Services, Department for the Blind and Vision Impaired, Department for the Deaf and Hard of Hearing, and Virginia Board for People with Disabilities

**Includes Virginia Land Conservation Foundation

***Includes Clerk of the Supreme Court, Court of Appeals of Virginia, and Virginia Criminal Sentencing Commission

SPECIAL PROJECTS CONTINUED FROM PRIOR YEAR

Project Title	Objectives	Carry Over Hours
Study of the Bureau of Facilities Management (BFM)	• Review the Department of General Service's 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.	160
Total – Special Projects Continued from Prior Year		**160**

National State
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PEER REVIEW REPORT

April 13, 2018

Martha S. Mavredes, CPA
Auditor of Public Accounts
Virginia Office of the Auditor of Public Accounts
101 North 14th Street
Richmond, Virginia 23218

Dear Auditor of Public Accounts:

We have reviewed the system of quality control of the Commonwealth of Virginia, Office of the Auditor of Public Accounts (the office) in effect for the period March 1, 2017 – February 28, 2018. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with professional standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with professional standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore, it would not necessarily disclose all design matters in the system of quality control or all compliance matters with the system. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of Commonwealth of Virginia, Office of the Auditor of Public Accounts in effect for the period March 1, 2017 – February 28, 2018 has been suitably designed and was complied with during the period to provide the audit organization with reasonable assurance of performing and reporting in conformity with *Government Auditing Standards* in all material respects. Audit organizations can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. **The Commonwealth of Virginia, Office of the Auditor of Public Accounts has received a peer review rating of *pass*.**

Kathryn D. Walker, CPA
Concurring Reviewer
External Peer Review Team
National State Auditors Association

Katie G. Gleason, CPA
Team Leader
External Peer Review Team
National State Auditors Association

AGENCY OFFICIALS

Martha S. Mavredes, CPA, CGMA, MBA
Auditor of Public Accounts

Staci A. Henshaw, CPA, CGMA
Deputy Auditor of Public Accounts

Directors by Specialty Area	
Acquisitions and Contract Management	J. Michael Reinholtz, CPA, CISA, VCO, MACIS
Budgeting and Performance Management	Linda C. Wade, CPA, CFE, CGFM, CGMA, Graduate Certificate in Public Administration
Capital Asset Management	DeAnn B. Compton, CPA, VCCO, CISA
Cardinal and PeopleSoft	Jennifer D. Eggleston, CPA, CGFM, CISA
Compliance Assurance	George D. Strudgeon, CPA, CGFM, CGMA, MBA, Advanced Single Audit Certificate
Comprehensive Annual Financial Report	LaToya D. Jordan, CPA, MBA
Data Analysis	April V. Cassada, CPA, CISA, CITP
Higher Education Systems	Eric M. Sandridge, CPA, CGFM, CISA
Human Resources and Business Operations	Berkeley A. R. Wolford, SPHR, SHRM-SCP Carnell N. Bagley, MBA, CPPB, VCO
Local Government and Judicial Systems	Laurie J. Hicks, CPA, CFE
IT Project Management	Karen K. Helderman, CPA, CISA, PMP, MBA
Information Systems Security and Office Technology	Goran G. Gustavsson, MBA, CISSP, CISM
Reporting and Standards	Zachary L. Borgerding, CPA, CGFM
Strategic Risk Management	Kevin J. Savoy, CPA, CISA, CISSP, CGMA, MBA