



2020 WORK PLAN

PRESENTED TO THE

JOINT LEGISLATIVE AUDIT

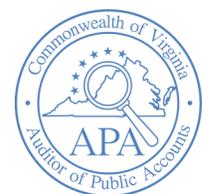
AND REVIEW COMMISSION

MAY 13, 2019

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



OUR MISSION AND VALUES

Serving Virginia citizens and decision makers by providing unbiased accurate information and sound recommendations to improve accountability and financial management of public funds.



Collaborative

We work together to create greater value.



Engaged

We see what needs to be done and participate or become involved.



Knowledgeable

We are well informed and insightful.



Professional

We act in a manner that reflects favorably on ourselves, our co-workers, and the APA.

TABLE OF CONTENTS

	<u>Pages</u>
<u>SECTION 1 – WORK PLAN</u>	
Summary of 2020 Work Plan	1
Special Projects Budget	2-5
Agencies and Institutions Budget	6-11
<u>SECTION 2 – SPECIAL PROJECTS CONTINUED FROM PRIOR YEAR</u>	
Special Projects Continued from Prior Year	12
<u>SECTION 3 – AUDIT SUPPORT PROJECTS</u>	
Audit Support Projects	13
<u>SECTION 4 – SALARY SCALES</u>	
Letter Requesting Approval of Salaries	14
Proposed Salary Scales	15
<u>SECTION 5 – AGENCY OFFICIALS</u>	
Auditor of Public Accounts	16
Deputy Auditor of Public Accounts	16
Directors	16

SUMMARY OF 2020 ANNUAL WORK PLAN

Project Area	Budget
Special Projects	8,035
Judicial Branch	250
Executive Branch	98,915
Executive Offices	805
Administration	1,610
Commerce and Trade	3,540
Education	2,600
Education – Higher Education Institutions	49,235
Finance	21,030
Health and Human Resources	10,675
Natural Resources	120
Public Safety and Homeland Security	2,925
Transportation	6,375
Independent Agencies	8,375
Local Governments, Clerks, and Courts	20,990
Cycled Agencies	11,150
Total Work Plan Hours	147,715

SPECIAL PROJECTS BUDGET

Required by Legislation, Statute, or Appropriation Act

Project Area	Objectives	Reference	Budget
Commonwealth Data Point	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Annually review early warning system and locality financial and nonfinancial data to make preliminary determination of any potential local fiscal distress using established criteria. • Notify applicable localities of preliminary determination of potential 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 854 of 2019 Acts of Assembly, Item 4-8.03	800
Review of Chapter 759/769 Bond Issuance Limit	<ul style="list-style-type: none"> • 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	175

Required by Legislation, Statute, or Appropriation Act, continued

Project Area	Objectives	Reference	Budget
APA Annual Report	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Assist the Major Employment and Investment Project Approval Commission. 	Section 30-311 of the Code of Virginia	10
PPEA Comprehensive Agreement Review	<ul style="list-style-type: none"> Periodically review interim and comprehensive agreements entered into to ensure compliance with required provisions. 	Section 56-575.18 of the Code of Virginia	20
Review of Performance Measures	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> • 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. 	200
Comparative Report for Higher Education	<ul style="list-style-type: none"> • 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. • Present this information in an annual report to aid decision makers and improve transparency and comparability for citizen-users of financial information. 	115
Fraud Monitoring	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. 	910
Review of Capital Outlay and Maintenance Reserve Expenses at the Department of General Services	<ul style="list-style-type: none"> • Evaluate the Department of General Services' policies and practices to account for capital outlay and maintenance reserve expenses. • Determine whether the Department of General Services is properly recording capital assets resulting from capital outlay and maintenance reserve expenses. 	1,000

Project Title	Objectives	Budget
Review System Implementation for GASB 87 Leases	<ul style="list-style-type: none"> Determine whether systems implemented by the Department of Accounts and Department of General Services to account for the Commonwealth's leases under the new lease accounting standards are adequate. 	300
State of Information Security in the Commonwealth of Virginia	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Assess and test the critical statewide internal controls and business rules within Cardinal. Develop queries and exception reports to assist in testing Cardinal statewide. 	500
Total – Special Projects		8,035

AGENCIES AND INSTITUTIONS BUDGET

By Branch and Secretariat

Judicial Branch	
<i>Financial related audit of agency ensures the adherence to state laws and regulations and proper recording, internal controls, and management of funds.</i>	
Virginia State Bar	250
Total – Judicial Branch	250
Executive Branch	
<u>Executive Offices</u>	
<i>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.</i>	
Attorney General and Department of Law	500
Governor, Lieutenant Governor, and Cabinet Secretaries	<u>305</u>
Subtotal	805
<u>Administration</u>	
<i>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.</i>	
Department of Human Resource Management	<u>1,610</u>
Subtotal	1,610
<u>Commerce and Trade</u>	
<i>The audit of the Virginia Employment Commission supports the CAFR audit and Single Audit of federal funds. 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.</i>	
Innovation and Entrepreneurship Investment Authority/Center for Innovative Technology (IEIA/CIT)	605
State Board of Accountancy	265
Virginia Economic Development Partnership	470
Virginia Employment Commission	<u>2,200</u>
Subtotal	3,540

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued	
Education	
<i>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 and Single Audit of federal funds. A financial statement audit of the Virginia Biotechnology Research Partnership Authority satisfies Code of Virginia audit requirements.</i>	
Department of Education	2,050
Virginia Biotechnology Research Partnership Authority	<u>550</u>
Subtotal	2,600
Education – Higher Education Institutions	
<i>Financial statement audits of the two and four-year institutions of higher education satisfy bond and reaccreditation requirements. These audits also support the 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.</i>	
Christopher Newport University	1,950
George Mason University	2,630
James Madison University	2,765
Longwood University	2,175
Norfolk State University	2,275
Old Dominion University	2,955
Radford University	2,205
The College of William and Mary	3,510
University of Mary Washington	1,950
University of Virginia (UVA)	4,955
University of Virginia Medical Center	2,765
Virginia Commonwealth University (VCU)	4,010
Virginia Community College System	6,200
Virginia Military Institute	2,075
Virginia Polytechnic Institute and State University (VT)	4,065
Virginia State University	<u>2,750</u>
Subtotal	49,235

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued**Finance**

Audits of the Finance agencies support the CAFR audit; 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 of the Agencies of the Secretary of Finance. 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	9,225
Department of Planning and Budget/Appropriations	550
Department of Taxation	3,700
Department of the Treasury	4,645
Report on Secretary of Finance Agencies	100
Revenue Stabilization Fund	200
Single Audit of Federal Funds	<u>2,610</u>
Subtotal	21,030

Health and Human Resources

Financial related audits of the Health and Human Resources agencies support the Single Audit of federal funds and the CAFR audit and ensure adherence to laws and regulations and proper recording, internal controls, and management of funds. 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.

Department of Behavioral Health and Developmental Services	2,175
Department of Health	2,360
Department of Medical Assistance Services	3,170
Department of Social Services	2,890
Report on Secretary of Health and Human Resources Agencies	<u>80</u>
Subtotal	10,675

Natural Resources

Financial related audit of agency ensures the adherence to laws and regulations and proper recording, internal controls, and management of funds.

Potomac River Fisheries Commission	<u>120</u>
Subtotal	120

AGENCIES AND INSTITUTIONS BUDGET

Executive Branch, continued	
<u>Public Safety and Homeland Security</u>	
<i>Financial related audit of Corrections supports the CAFR and ensures the adherence to state laws and regulations and proper recording, internal controls, and management of funds. The financial statement audit of the Department of Alcoholic Beverage Controls supports the CAFR audit and satisfies various legislative requirements.</i>	
Department of Alcoholic Beverage Control	1,515
Department of Corrections	<u>1,410</u>
Subtotal	2,925
<u>Transportation</u>	
<i>Financial related audits of these agencies support the CAFR audit and Single Audit of federal funds and ensure adherence to laws and regulations and proper recording, internal controls, and management of funds. The results of these audits are included in the report of the Agencies of the Secretary of Transportation.</i>	
Department of Motor Vehicles	1,850
Department of Transportation	4,425
Report on Secretary of Transportation Agencies	<u>100</u>
Subtotal	6,375
Total – Executive Branch	98,915
Independent Agencies	
<i>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.</i>	
State Lottery Department	1,810
Virginia College Savings Plan	40
Virginia Retirement System	6,525
Total – Independent Agencies	8,375
Local Governments, Clerks, and Courts	
<i>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.</i>	
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)	15,390
Total – Local Government, Clerks, and Courts	20,990

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 Single Audit of federal funds. Annually we 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	
<i>The agencies in this pool are 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 determine the specific area of focus based on the results of prior audits and internal control questionnaire results. We 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 are also subject to an internal control questionnaire review with an on-site visit to verify controls once every three years.</i>	
Assistive Technology Loan Fund Authority	Genedge Alliance
Board of Bar Examiners	Gunston Hall
Commonwealth’s Attorneys’ Services Council	Indigent Defense Commission
Compensation Board	Jamestown-Yorktown Foundation ²
Department of Agriculture and Consumer Services	Marine Resources Commission
Department of Aviation	Motor Vehicle Dealer Board
Department of Conservation and Recreation	New College Institute
Department of Criminal Justice Services	Office of Children’s Services
Department of Elections	Office of the State Inspector General
Department of Environmental Quality	Payroll Service Bureau
Department of Forensic Science	Southern Virginia Higher Education Center
Department of Forestry	Southwest Virginia Higher Education Center
Department of General Services	State Council of Higher Education for Virginia
Department of Health Professions	The Library of Virginia
Department of Historic Resources	Tobacco Region Revitalization Commission
Department of Housing and Community Development	Virginia Commission for the Arts
Department of Juvenile Justice	Virginia Foundation for Healthy Youth
Department of Labor and Industry	Virginia Health Workforce Development Authority
Department of Military Affairs	Virginia Museum of Natural History
Department of Mines, Minerals and Energy	Virginia Racing Commission
Department of Professional and Occupational Regulation	Virginia School for the Deaf and the Blind
Department of Rail and Public Transportation	Virginia Tourism Authority
Department of Small Business and Supplier Diversity ¹	Virginia Worker’s Compensation Commission
Frontier Culture Museum of Virginia	

¹ – Includes Virginia Small Business Financing Authority

² – Includes Jamestown-Yorktown Commemorations

Cycled Agencies – Pool II

We perform an annual audit of agencies classified in Pool II; however, the audit objectives and scope vary from the audits that we have traditionally performed. Generally, agencies classified in Pool II stay in the audit cycle for a minimum of three years and we 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 use a risk-based approach to determine the scope of the review for each agency selected. Therefore, our reports have a more limited scope, focusing on the specific area we select for review. This allows 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 are also subject to an internal control questionnaire review with an on-site visit to verify controls once every three years.

Department for Aging and Rehabilitative Services ¹	Science Museum of Virginia
Department of Emergency Management	State Corporation Commission
Department of Fire Programs	Supreme Court of Virginia ³
Department of Game and Inland Fisheries	Virginia Information Technologies Agency ⁴
Department of State Police	Virginia Museum of Fine Arts
Department of Veterans Services ²	

Total – Cycled Agencies Pool I and II

11,150

- 1 - Includes Wilson Workforce and Rehabilitation Center, Virginia Rehabilitation Center for the Blind and Vision Impaired, Virginia Board for People with Disabilities, Department for the Blind and Vision Impaired, and the Department for the Deaf and Hard-Of-Hearing
- 2 - Includes Sitter & Barefoot Veterans Care Center, Virginia Veterans Care Center, and Veterans Services Foundation
- 3 - Includes Clerk of the Supreme Court, Court of Appeals of Virginia, Joint Inquiry and Review Commission, and Virginia Criminal Sentencing Commission
- 4 - Includes Wireless E-911 Services Board

SPECIAL PROJECTS CONTINUED FROM PRIOR YEAR

Project Title	Objectives	Carry Over Hours
Study of the Bureau of Facilities Management (BFM)	<ul style="list-style-type: none"> • 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. 	80
Total – Special Projects Continued from Prior Year		80

AUDIT SUPPORT PROJECTS

Audit support activities are not related to a specific audit; however, they are necessary to support our work plan projects.

Project Title	Description	Hours
Assistance to Other Agencies	<ul style="list-style-type: none"> Provide assistance and collaborate with other oversight agencies as needed. 	50
Audit Tool Development	<ul style="list-style-type: none"> Develop standardized tools for use in all audits in order to ensure audits meet the applicable auditing standards. 	1,120
Budget Review and Monitoring	<ul style="list-style-type: none"> Review the details and changes to the Commonwealth's budget for all agencies within the work plan. 	575
Cycled Agency Risk Monitoring	<ul style="list-style-type: none"> Monitor activity and perform risk assessment procedures for cycled agencies in order to determine the level of audit coverage that is needed. 	500
Exposure Draft Review	<ul style="list-style-type: none"> Review exposure drafts for potential new auditing and accounting standards and provide formal feedback to applicable standard setting bodies. 	300
Fraud Correspondence Review	<ul style="list-style-type: none"> Review fraud correspondence that is received and determine the appropriate response. 	190
Legislative Meetings and Requests	<ul style="list-style-type: none"> Attend applicable legislative meetings and follow up on legislative requests. 	280
Office Automation	<ul style="list-style-type: none"> Obtain and analyze data from Commonwealth systems for use in audits. 	400
Quality Control Reviews	<ul style="list-style-type: none"> Annually conduct internal reviews of completed audits to ensure they were completed according to the applicable auditing standards. 	700
Systems Security Monitoring	<ul style="list-style-type: none"> Monitor trends and attend meetings related to information systems security. 	200
Total – Audit Support Projects		4,315



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 13, 2019

Members, Joint Legislative Audit and Review Commission
General Assembly Building
Capitol Square
Richmond, Virginia 23219

Members:

Pursuant to §§2.2-2901 and 30-132 of the Code of Virginia, the Commission establishes the scales of pay and number of positions for this Office. The Commission last established the scales and positions on May 8, 2017. In accordance with Item 474 T.3 of Chapter 854 of the 2019 Acts of Assembly, we request that our minimum and maximum salaries be increased by five percent, as shown on the proposed salary scales. This will cover implementation of the 2.75 percent salary increase in Item 474 T.1 and the 2.25 merit based salary adjustment for employees with three or more years of continuous service in Item 474 V.1.

While we do not anticipate exceeding the authorized number of positions, the foregoing is subject to the usual understanding that this Office retains the flexibility to staff in excess of the authorized number of positions so long as the costs remain within our appropriation.

Sincerely,

A handwritten signature in cursive script that reads "Martha S. Mavredes".

Martha S. Mavredes
Auditor of Public Accounts

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED SALARY SCALES**

Position	Number of Positions 2019	Present Scale	Proposed Scale Effective June 10, 2019
Deputy Auditor	1	\$95,862 - \$184,863	\$100,655 - \$194,106
Project Leader	15	73,385 - 171,705	77,054 - 180,290
Auditor	102	49,155 - 114,841	51,000 - 120,583
Staff	18	30,239 - 80,666	31,751 - 84,699
Total	136		

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
Compliance Assurance	George D. Strudgeon, CPA, CGFM, CGMA, MBA, Advanced Single Audit Certificate
Data Analysis	April V. Cassada, CPA, CISA, CITP
Higher Education Programs	Eric M. Sandridge, CPA, CGFM, CISA
Human Resources and Professional Development	Berkeley A. R. Wolford, SPHR, SHRM-SCP
Local Government and Judicial Systems	Laurie J. Hicks, CPA, CFE
Information Technology Project Management	Kevin J. Savoy, CPA, CISA, CISSP, CGMA, MBA
Information Systems Security and Office Technology	Goran G. Gustavsson, MBA, CISSP, CISM
Procurement and Business Operations	Carnell N. Bagley, MBA, CPPB, VCO
Reporting and Standards	LaToya D. Jordan, CPA, CGFM, MBA Zachary L. Borgerding, CPA, CGFM
Strategic Risk Management	David Rasnic, CPA, CISA Jennifer D. Eggleston, CPA, CGFM, CISA