

Joint Legislative Audit and Review Commission

Annual Work Plan

May 10, 2010

APA

Auditor of
Public Accounts
COMMONWEALTH OF VIRGINIA

2010 Session Outcomes

- **Changed the deposit process for District Courts saving the Commonwealth \$4.37 million**
- **Provided House Appropriation and Senate Finance Staff information on other fiscal matters**
- **Acquired responsibility for the audits of two new authorities (Fort Monroe and Virginia Workforce Development)**
- **Acquired additional information requirements for Commonwealth Data Point**

Work Outcomes

- **Only State to perform a Statewide Information System Security Review**
- **Only State to have Budget and Actual Spending on-line in Commonwealth Data Point**
- **Continue providing system development oversight with data standards findings that are helping to control costs**

Work Outcomes

- Issue reports that include cost saving measures such as the State Police, Inspector General, and Service Agency Arrangements
- Continue to review and investigate frauds and other complaints

Staffing Overview

- **Target #** **130**
- **Actual on staff at May 1, 2009** **120**
- **Actual on staff at May 1, 2010** **107**

Budget Constraints

- **To avoid layoffs to meet anticipated budget reductions we instituted a hiring freeze in FY2009**
- **We have 3 fewer project managers and 20 fewer staff that we typically have had in the past to do our work**
- **At our current funding level, we cannot rehire for any of these positions**

Effect on Work Plan

- **Many of our audits are mandated by statute or by federal regulations or required by bond covenants**
- **Other work, such as Commonwealth Data Point, is also required by statute**
- **Increased funding by the federal government under ARRA will require increased time to audit those funds**
- **Less time will be available for risk based auditing**

Effect on Work Plan

- **We have developed a new approach for district court audits and are planning to spend 5,900 hours less on judicial audits**
- **We expect to realize 2,800 hours in efficiencies in audits of higher education institutions**
- **We have 7,000 hours fewer special projects proposed**

Work Plan Comparison

Proposed FY 2011 Work Plan	129,555
Prior Year Work Plan (FY 2010)	<u>144,517</u>
Decrease	(14,962)
Staffing hours lost since May 2009	18,500
Proposed Work Plan does not allow for any turnover	

Proposed 2011 Work Plan

- **Annual work plan = work performed during most of fiscal year 2011**
- **CAFR, Statewide Single Audit, and mandatory audits and special projects are major focus**
- **Risk model used to evaluate the audit work needed for agencies and institutions, and other special projects with remaining resources**

Total Hours by Function

Statewide and Agency Projects:

Special Projects	9,067
Judicial Branch	1,075
Executive Departments	81,789
Cycled Agencies	4,000
Independent Agencies	6,424
Local Governments, Clerks, & Courts	<u>27,200</u>
TOTAL WORK PLAN	<u><u>129,555</u></u>

Hours by Executive Departments

Executive Offices and Administration	2,590
Agriculture and Forestry	400
Commerce and Trade	3,545
Education (including Higher Ed)	36,465
Finance	17,555
Health and Human Resources	9,565
Natural Resources	590
Public Safety	3,944
Technology	980
Transportation	<u>6,155</u>
Total Hours by Executive Departments	<u>81,789</u>

Cycled Agencies

- **Using a Risk-Based Analysis of Controls**
 - **Approximately 50 agencies are subject to audit over a 2-year cycle; may have to stretch to 3 years due to staffing constraints**
 - **Analyzing activity during the current and past year, we will identify which agencies to audit**
 - **Allows for flexibility to address issues as they arise**

Special Projects

Types of Reports

- **Projects Required by Legislation, Statutes, and Appropriation Act**
- **Projects Determined by an Analysis of Risk**

Special Projects

Required by Legislation, Statute, or Appropriation Act

- **Maintaining Internet Database**
- **Review of Performance Measures**
- **Virginia Oil and Gas Board Study**
- **APA Annual Report**
- **MEI Project Approval Commission**

Special Projects

Risk Based Analysis

- **Study of Costs for Operating Court System**
- **VITA - Contract Management**
- **Department of State Police - STARS Radio System**

Special Projects

Risk Based Analysis (continued)

- **Systems Development Projects**
- **Statewide Report of Systems Security Findings**

2010 Work Plan – Budget to Actual

	<u>Budget</u>	<u>Actual</u>
Work Plan to JLARC	144,517	146,549
Additional Work:		
Prior year audits		5,000
Additional work for ARRA		<u>1,500</u>
Total		<u><u>153,049</u></u>

Planned turnover	1.5 staff per month
Actual turnover	1.0 staff per month

Review of 2010 Work Plan

- **ARRA**—approximately 1,500 additional hours as a result of required audit procedures on funds received as a result of the American Recovery and Reinvestment Act and the Federal Government will not pay for most of this mandated work
- **VITA**— we delayed this work because of the JLARC review and pending resolution of the Federal funding issues and will audit agency operations for fiscal 2010

Review of 2010 Work Plan

- **Dropped the study of energy performance contracts and the statewide review of e-commerce due to reduced staffing levels**
- **Combined the review of the tax debt set off process with the second part of the review of accounts receivable and anticipate releasing the report by the end of June**

Review of 2010 Work Plan

- **Only recently began several of the special projects and anticipate completing them and releasing the reports in the first quarter of the new work plan year - delay is due to our reduced staffing levels**
 - **Review of Cell Phone Usage and Policies**
 - **Review of Consultant Contracting**
 - **Review of Disbursement Methods**
 - **Review of Division of Real Estate Services**
 - **Review of Investment Policies**
 - **Review of Procurement Automation**

Requested Actions

- Approval of the Work Plan