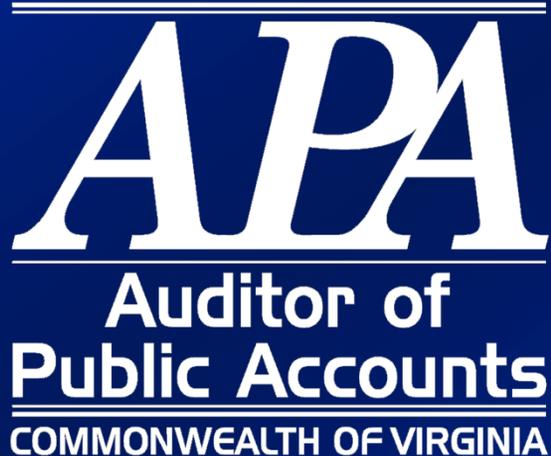


**Joint Legislative Audit
and Review Commission**

*Annual Work Plan
Proposed Salary Scales*

May 9, 2011



Work Outcomes

- Military Affairs Commonwealth Challenge Program and Payroll and Armory Fiscal Management
- Comprehensive Services Program for At Risk Youth in Pittsylvania County
- Review of Unemployment Benefit Overpayments

Work Outcomes

- Cell Phone Study
- Oil and Gas Escrow Accounts
- Transportation Asset Management System and Maintenance Funding
- Health and Human Resource Agencies Data Standards

Work Outcomes

- Issue reports that include opportunities for savings such as Process Improvements at State Police and Disbursements Processing
- Continue to review and investigate frauds and other complaints

Systems Issues Reviewed

- Cardinal Project – will it do all we need?
- Norfolk State University Colleague system implementation timetable concerns
- Continue Statewide Information System Security Review
- Continue providing system development oversight with data standards findings that are helping to control costs

Requested Actions

- **Review Members' Requested Audit**
- **Approval of the Overall Work Plan**
- **Approval of the Salary Scales**

Staffing Issues

- To avoid layoffs to meet anticipated budget reductions we instituted a hiring freeze in FY2009
- In FY 2011 we began to hire to replace some of the staff lost through attrition
- It will take time to build the staff level back to the experience level we once had

Staffing Overview

- **Approved #** **130**
- **Funded Staff** **111**
- **Actual funded
and available staff**

May 1, 2009 **120**

May 1, 2010 **107**

May 1, 2011 **97**

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 has required increased time to audit those funds
- Less time has been available for risk based auditing

2011 Work Plan – Budget to Actual

Work plan approved by JLARC	129,555
Actual hours worked	132,138

Review of 2011 Work Plan

Work Plan Not Done:

- Pushed selected agencies to 3 year cycle 2,400
- Pushed selected agencies to 2 year cycle 1,000
- Reduce time following systems
development projects 1,600
- Savings realized on Commonwealth
Data Point 935
- Net savings on other projects 1,192

Review of 2011 Work Plan

ADDITIONAL WORK:

• Prior year audits	7,200
• Goochland County Treasurer	730
• Pittsylvania County CSA	1,120
• VEC Overpayments Study additional time used	660

Review of 2011 Work Plan

- **Several audits are still in process and we 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**

- Department of Corrections
- Department of Game and Inland Fisheries
- James Madison University
- Longwood University
- Norfolk State University
- Potomac River Fisheries Commission
- State Corporation Commission
- Supreme Court
- University of Mary Washington
- Virginia Community College System
- Virginia School for the Deaf and Blind
- Virginia Military Institute
- Virginia State Bar
- Virginia State University

2012 Work Plan Comparison

Proposed FY 2012 Work Plan	127,380
Prior Year Work Plan (FY 2011)	<u>129,555</u>
Decrease	(2,175)

Proposed Work Plan does not allow for any turnover.

Proposed 2012 Work Plan

- **Annual work plan = work performed during most of fiscal year 2012**
- **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	10,130
Judicial Branch	1,100
Executive Departments	82,430
Cycled Agencies	4,000
Independent Agencies	6,220
Local Governments, Clerks, and Courts	<u>23,500</u>
TOTAL WORK PLAN	<u><u>127,380</u></u>

Hours by Executive Departments

Executive Offices and Administration	1,600
Agriculture and Forestry	400
Commerce and Trade	3,955
Education (including Higher Ed)	38,425
Finance	16,730
Health and Human Resources	9,290
Natural Resources	510
Public Safety	3,485
Technology	1,320
Transportation	6,155
Veterans Affairs and Homeland Security	<u>560</u>
Total Hours by Executive Departments	<u>82,430</u>

Cycled Agencies

- **Using a Risk-Based Analysis of Controls**
 - **Approximately 50 agencies are subject to audit over a 2-year cycle; had to stretch to 3 years due to staffing constraints in 2011**
 - **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, Statute, or 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
- APA Annual Report
- MEI Project Approval Commission

Special Projects

Required by Legislation, Statute, or Appropriation Act

- Department of Criminal Justice Services assistance with analysis (due September 15)
- Review of Enforcement of Local Ordinances (due October 1)
- Study of Health Insurance (due November 1)
- Sales and Use Tax Review

Special Projects

Risk Based Analysis

- VDOT Asset Management System
- Review of Data Standards
- Study of Social and Medical Systems

Special Projects

Risk Based Analysis

- Study of Costs for Operating Court System
- Systems Development Projects
- Statewide Report of Systems Security Findings

Members Request

Metropolitan Washington Airports Authority Dulles Metro Extension Project

- Estimated Time: 2,000 hours
- Objectives:
 1. Determine the process for the selection of the Dulles Rail Airport Station alternative, including construction cost estimates of the station alternatives, any long term cost of maintenance considerations, and the bases for all estimates.

Members Request, continued

2. Determine the effect on the Commonwealth's funding of the Dulles Rail project, including current and future commitments.
3. Determine if MWAA has appropriate systems and process to monitor and control costs and project management of the project.
4. Determine actual costs to date for the Dulles Rail project.
5. Determine cost increases identified by major project component from initial estimates furnished to the Commonwealth.

Salary Scales

- Adjustments reflect changes in the 2011 Appropriation Act
- Scales increase 5% effective June 25, 2011
- Bonuses may also be given during the year to reward exceptional performance
- Raises may be given within the salary bands and will follow our compensation plan and budget

Salary Scales

<u>Position</u>	<u>Number of Positions</u>	<u>Present Scale</u>	<u>Proposed Scale</u>
Deputy Auditor	1	\$85,196 - \$147,032	\$89,456 - \$154,384
Project Leader	14	65,220 - 135,884	68,481 - 142,678
Auditor	88	43,686 - 87,709	45,870 - 92,095
Staff	<u>27</u>	26,874 - 58,756	28,218 - 61,693
Total	<u>130</u>		

Requested Actions

- **Review Members' Requested Audit**
- **Approval of the Work Plan**
- **Approval of the Salary Scales**