



PROPOSED 2018 WORK PLAN

PRESENTED TO THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

MAY 8, 2017

Auditor of Public Accounts
Martha S. Mavredes, CPA

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SUMMARY OF PROPOSED 2018 ANNUAL WORK PLAN

Project Area	Budget
Special Projects	6,905
Judicial Branch	340
Executive Branch	91,875
Executive Offices	925
Administration	1,200
Agriculture	200
Commerce and Trade	3,470
Education	1,800
Education – Higher Education Institutions	46,235
Finance	19,035
Health and Human Resources	9,310
Natural Resources	650
Public Safety	3,770
Technology	425
Transportation	4,735
Veterans Affairs and Homeland Security	120
Independent Agencies	10,510
Local Governments, Clerks, and Courts	19,600
Cycled Agencies	9,500
Total Work Plan Hours	138,730

SPECIAL PROJECTS PROPOSED 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 <u>Code of Virginia</u>. • Update database annually by October 15th for the 10 most recently ended fiscal years of the Commonwealth. • Re-design to include visualizations specified in new <u>Code of Virginia</u> requirement. 	Section 30-133 of the <u>Code of Virginia</u>	2,625
Capital Projects Cash Flow Requirements	<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	350
Local Government Fiscal Stress Analysis	<ul style="list-style-type: none"> • Develop criteria for preliminary determination of local fiscal stress. • Establish early warning system to include annual review of data to make preliminary determination of any local fiscal stress using established criteria. • Notify applicable localities of any preliminary determination of fiscal stress. • Upon request from a locality, perform detailed review to determine extent of fiscal stress. • Notify Governor, Chairmen of House Appropriations and Senate Finance Committees, and the locality of specific issues or actions that are needed to further assess, help stabilize, or remediate the situation. 	Chapter 836 of 2017 Acts of Assembly, Item 4-8.03	250

Required by Legislation, Statute, or Appropriation Act, continued

Project Area	Objectives	Reference	Budget
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 <u>Code of Virginia</u>	50
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 <u>Code of Virginia</u>	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 <u>Code of Virginia</u>	50
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 <u>Code of Virginia</u>	30

SPECIAL PROJECTS PROPOSED 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. 	300
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. • 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	<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, including projects associated with the Virginia Information Technologies Agencies' disentanglement from Northrop Grumman. 	1,360
Review for Potential Improper Payments	<ul style="list-style-type: none"> • Determine controls currently in place for various programs to prevent improper payments. • Determine any legislative restrictions limiting agencies from performing analyses to identify improper payments. • Perform data matches to identify improper payments in various programs. 	300

Project Title	Objectives	Budget
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. 	800
Total – Special Projects		6,905

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

By Branch and Secretariat

Judicial Branch	
<i>Financial related audits of these agencies ensure the adherence to state laws and regulations and proper recording, internal controls, and management of funds.</i>	
Virginia Board of Bar Examiners	120
Virginia State Bar	220
Total – Judicial Branch	340
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	625
Governor, Lieutenant Governor, and Cabinet Secretaries	<u>300</u>
Subtotal	925
<u>Administration</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 central service agency operations. The audits also support the Comprehensive Annual Financial Report (CAFR) audit.</i>	
Department of General Services	300
Department of Human Resource Management	<u>900</u>
Subtotal	1200
<u>Agriculture</u>	
<i>Financial related audit to ensure the adherence to state laws and regulations and proper recording, internal controls, and management of funds.</i>	
Virginia Racing Commission	<u>200</u>
Subtotal	200

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued**Commerce and Trade**

The audit of the Virginia Employment Commission supports the CAFR audit. Financial statement audits of the State Board of Accountancy and Virginia Economic Development Partnership satisfy various Code of Virginia requirements. Financial related audits of the remaining agencies also satisfy various Code of Virginia requirements and ensure the adherence to laws and regulations and proper recording, internal controls, and management of funds to support commerce and trade programs.

Department of Housing and Community Development (Urban-Private Partnership Redevelopment Fund, Virginia Removal or Rehabilitation of Derelict Structures Fund, and Virginia Growth and Opportunity Fund)	120
State Board of Accountancy	215
Virginia Economic Development Partnership	410
Virginia Employment Commission	2,550
Virginia Tourism Authority	<u>175</u>
Subtotal	3,470

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	1,230
Virginia Biotechnology Research Partnership Authority	<u>570</u>
Subtotal	1,800

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	1,665
George Mason University	2,465
James Madison University	2,715
Longwood University	1,875
Norfolk State University	2,400
Old Dominion University	2,550
Radford University	2,240
The College of William and Mary	2,675

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued	
<u>Education – Higher Education Institutions, continued</u>	
University of Mary Washington	2,025
University of Virginia (UVA)	4,475
University of Virginia Medical Center	2,335
University of Virginia At Wise	350
Virginia Commonwealth University (VCU)	4,290
Virginia Community College System	6,155
Virginia Military Institute	1,785
Virginia Polytechnic Institute and State University (VT)	4,110
Virginia State University	<u>2,125</u>
Subtotal	46,235
<u>Finance and Statewide Single Audit</u>	
<i>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.</i>	
Department of Accounts/CAFR	9,050
Department of Planning and Budget/Appropriations	550
Department of Taxation	3,400
Department of the Treasury	3,975
Report on Secretary of Finance Agencies	110
Revenue Stabilization Fund	200
Statewide Single Audit	<u>1,750</u>
Subtotal	19,035
<u>Health and Human Resources</u>	
<i>Audits of the 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.</i>	
Department of Behavioral Health and Developmental Services	1,700
Department of Health	2,000
Department of Medical Assistance Services	2,850
Department of Social Services	2,700
Report on Secretary of Health and Human Resources Agencies	<u>60</u>
Subtotal	9,310

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued	
<u>Natural Resources</u>	
<i>Financial related audits of these agencies ensure the adherence to laws and regulations and proper recording, internal controls, and management of funds.</i>	
Department of Game and Inland Fisheries	570
Potomac River Fisheries Commission	<u>80</u>
Subtotal	650
<u>Public Safety and Homeland Security</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 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. The audit of the Department of Military Affairs supports the Statewide Single Audit of federal funds.</i>	
Department of Alcoholic Beverage Control	1,515
Department of Corrections	1,905
Department of Military Affairs	<u>350</u>
Subtotal	3,770
<u>Technology</u>	
<i>The financial statement audit of IEIA/CIT satisfies bond and <u>Code of Virginia</u> requirements.</i>	
Innovation and Entrepreneurship Investment Authority/Center for Innovative Technology	<u>425</u>
Subtotal	425
<u>Transportation</u>	
<i>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.</i>	
Department of Motor Vehicles	1,500
Department of Transportation	3,135
Report on Secretary of Transportation Agencies	<u>100</u>
Subtotal	4,735

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued	
<u>Veterans and Defense Affairs</u>	
<i>This financial related audit of the Veterans Services Foundation ensures the adherence to laws and regulations and proper recording, internal controls, and management of funds.</i>	
Veterans Services	120
Total – Executive Branch	91,875

Independent Agencies	
<i>Financial statement and financial related 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>	
Assistive Technology Loan Fund Authority	170
State Lottery Department	1,725
Virginia College Savings Plan	1,500
Virginia Foundation for Healthy Youth	180
Virginia Healthy Workforce Development Authority	100
Virginia Retirement System	5,925
Virginia Small Business Financing Authority	340
Virginia Tobacco Region Revitalization Commission	360
Wireless E-911 Service Board	210
Total – Independent Agencies	10,510

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 (120), District Courts (209), General Receivers (9)	14,000
Total – Local Government, Clerks, and Courts	19,600

AGENCIES AND INSTITUTIONS PROPOSED 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	Department of Small Business and Supplier Diversity
Commonwealth Health Research Board	Frontier Culture Museum of Virginia
Commonwealth’s Attorney’s Services Council	Gunston Hall
Compensation Board	Indigent Defense Commission
Department of Aviation	Jamestown-Yorktown Foundation
Department for the Blind and Vision Impaired	Marine Resources Commission
Department for the Deaf and Hard-of-Hearing	Motor Vehicle Dealer Board
Department of Criminal Justice Services	New College Institute
Department of Environmental Quality	Office of the State Inspector General
Department of Fire Programs	Office of Children’s Services
Department of Forensic Science	Southern Virginia Higher Education Center
Department of Forestry	Southwest Virginia Higher Education Center
Department of Health Professions	State Board of Elections
Department of Historic Resources	State Council of Higher Education for Virginia
Department of Housing and Community Development	The Library of Virginia
Department of Human Resource Management	The Science Museum of Virginia
Department of Juvenile Justice	Virginia Board for People with Disabilities
Department of Labor and Industry	Virginia Commission for the Arts
Department of Military Affairs	Virginia Criminal Sentencing Commission
Department of Mines, Minerals, and Energy	Virginia Information Technologies Agency
Department of Planning and Budget	Virginia Museum of Fine Arts
Department of Professional and Occupational Regulation	Virginia Museum of Natural History
Department of Rail and Public Transportation	Virginia Worker’s Compensation Commission

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.

Department for Aging and Rehabilitative Services	Department of Veterans Services
Department of Agriculture and Consumer Services	Payroll Service Bureau
Department of Conservation and Recreation	State Corporation Commission
Department of Emergency Management	Supreme Court of Virginia
Department of General Services	Virginia School for the Deaf and the Blind
Department of State Police	

Total – Cycled Agencies Pool I and II

9,500

SPECIAL PROJECTS CONTINUED FROM PRIOR YEAR

Project Title	Objectives	Carry Over Hours
Review of Independent Financial Systems and Recommendations of Future Cardinal Functionality – Part 2	<ul style="list-style-type: none"> • Determine which agencies have independent financial systems and identify functionality needs that justify having the independent system. • Assess how much is spent annually maintaining independent financial systems. • Discuss which future functionality enhancements will address the most common agency needs, potentially resulting in the retirement of independent systems. 	400
Statewide Review of Vehicle Usage	<ul style="list-style-type: none"> • 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. 	120
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
Review of Performance Measures	<ul style="list-style-type: none"> • Determine that state agencies are providing and reporting appropriate information on financial and performance measures. • Review the accuracy of the management systems used to accumulate and report the results. 	45
Total – Special Projects Continued from Prior Year		645



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 8, 2017

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

Members:

Pursuant to Sections 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 9, 2016. In accordance with Item 475 X.3. of the budget approved by the General Assembly, we request that our maximum salaries be increased by \$6,793, as shown on the proposed salary scales. We are not requesting the additional three percent increase also approved by the General Assembly in our minimum and maximum salaries that is also included in Item 475 X.3., as the scales you approved on May 9, 2016, included a three percent increase in anticipation of an increase in salaries that did not occur due to the downward adjustment in the revenue forecast. The changes to our scales approved on May 9, 2016, along with the additional increase requested in this letter, will cover implementation of the three percent salary increase in Item 475. X.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		Present Scale	Proposed Scale
	2017	2018		Effective July 10, 2017
Deputy Auditor	1	1	\$95,862 - \$178,070	\$95,862 - \$184,863
Project Leader	15	15	73,385 - 164,912	73,385 - 171,705
Auditor	87	89	49,155 - 108,048	49,155 - 114,841
Staff	27	27	30,239 - 73,873	30,239 - 80,666
Total	130	132		

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
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	Roland N. Turner, CPA, CGMA, M.S. in Education
Local Government and Judicial Systems	Laurie J. Hicks, CPA, CFE, VCCO
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
Strategic Risk Management	Kevin J. Savoy, CPA, CISA, CISSP, CGMA, MBA