



PROPOSED 2017 WORK PLAN

PRESENTED TO THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

MAY 9, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA

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SUMMARY OF PROPOSED 2017 ANNUAL WORK PLAN

Project Area	Budget
Special Projects	7,426
Judicial Branch	340
Executive Branch	87,587
Executive Offices	1,000
Administration	1,271
Commerce and Trade	3,677
Education	2,070
Education – Higher Education Institutions	42,734
Finance	17,734
Health and Human Resources	9,395
Natural Resources	650
Public Safety	3,316
Technology	425
Transportation	5,225
Veterans Affairs and Homeland Security	90
Independent Agencies	9,633
Local Governments, Clerks, and Courts	19,300
Cycled Agencies	9,500
Total Work Plan Hours	133,786

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, 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. 	Section 30-133 of the <u>Code of Virginia</u>	2,125
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. 	Section 30-133B of the <u>Code of Virginia</u>	700
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 on the adherence to the cash flow requirements for each capital project and any deviation in project appropriation and allotment, which results in a project delay. 	Chapter 806 of the 2013 Acts of the Assembly, Item C-39.40 – A.12	450
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

Required by Legislation, Statute, or Appropriation Act, continued

Project Area	Objectives	Reference	Budget
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>	50
Audit of the Bristol Virginia Utilities Authority	<ul style="list-style-type: none"> To examine the financial operations and governance of the Bristol Virginia Utilities Authority. To identify and disclose past deficiencies within the financial and operational practices of the Authority. To identify and evaluate corrective actions taken to date and planned for the future. 	Chapters 724 and 725 of the 2016 Acts of Assembly	1,000

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. 	250
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
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. 	1,111
Review for Potential Improper Benefit Payments	<ul style="list-style-type: none"> • Determine controls currently in place for various benefit 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 benefit programs. 	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. 	240

Risk-Based Analysis, continued

Project title	Objectives	Budget
Statewide Analysis of Cardinal	<ul style="list-style-type: none">• Assess and test the critical statewide internal controls and business rules within Cardinal.• Review system security over the Cardinal system.• Develop queries and exception reports to assist in testing Cardinal statewide.	800
Total – Special Projects		7,426

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, Interstate Organization Contributions, Virginia-Israel Advisory Board, and Citizens Advisory Council.</i>	
Attorney General and Department of Law	500
Governor, Lieutenant Governor, and Cabinet Secretaries	<u>500</u>
Subtotal	1,000
<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	371
Department of Human Resource Management	<u>900</u>
Subtotal	1,271

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued	
Commerce and Trade	
<i>The audit of the Virginia Employment Commission supports the CAFR audit and Statewide Single Audit of federal funds. Financial statement audits of the State Board of Accountancy and Virginia Economic Development Partnership satisfy various <u>Code of Virginia</u> requirements. Financial related audits of the remaining agencies also satisfy various <u>Code of Virginia</u> requirements and ensure the adherence to laws and regulations and proper recording, internal controls, and management of funds to support commerce and trade programs.</i>	
Department of Housing and Community Development (Urban-Private Partnership Redevelopment Fund and Virginia Removal or Rehabilitation of Derelict Structures Fund)	60
State Board of Accountancy	215
Virginia Economic Development Partnership	390
Virginia Employment Commission	2,642
Virginia Racing Commission	185
Virginia Tourism Authority	<u>185</u>
Subtotal	3,677
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 Statewide Single Audit of federal funds. A financial statement audit of the Virginia Biotechnology Research Partnership Authority satisfies <u>Code of Virginia</u> audit requirements.</i>	
Department of Education	1,500
Virginia Biotechnology Research Partnership Authority	<u>570</u>
Subtotal	2,070
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 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.</i>	
Christopher Newport University	1,649
George Mason University	2,235
James Madison University	2,044
Longwood University	1,800
Norfolk State University	2,249
Old Dominion University	2,624
Radford University	1,947
The College of William and Mary	2,450
University of Mary Washington	1,655

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Executive Branch, continued	
<u>Education – Higher Education Institutions, continued</u>	
University of Virginia (UVA)	4,448
University of Virginia Medical Center	2,280
Virginia Commonwealth University (VCU)	3,614
Virginia Community College System	6,210
Virginia Military Institute	1,720
Virginia Polytechnic Institute and State University (VT)	3,650
Virginia State University	<u>2,159</u>
Subtotal	42,734
<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. Department of the Treasury includes the Virginia Public Building Authority, Virginia Public School Authority, Virginia College Building Authority, and the Local Government Investment Pool.</i>	
Department of Accounts/CAFR	7,944
Department of Planning and Budget/Appropriations	100
Department of Taxation	3,690
Department of the Treasury	3,750
Report on Secretary of Finance Agencies	110
Revenue Stabilization Fund	200
Statewide Single Audit	<u>1,940</u>
Subtotal	17,734
<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	1,705
Department of Health	2,510
Department of Medical Assistance Services	2,500
Department of Social Services	2,600
Report on Secretary of Health and Human Resources Agencies	<u>80</u>
Subtotal	9,395

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.</i>	
Department of Alcoholic Beverage Control	1,515
Department of Corrections	<u>1,801</u>
Subtotal	3,316
<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 audit of the Department of Transportation also supports the Statewide Single Audit of federal funds. The results of these audits are included in the Report on the Secretary of Transportation Agencies.</i>	
Department of Motor Vehicles	1,450
Department of Transportation	3,605
Report on Secretary of Transportation Agencies	<u>170</u>
Subtotal	5,225

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	90
Total – Executive Branch	87,587

Independent Agencies	
<i>Financial statement and financial related audits of these agencies support the CAFR audit, ensure adherence to state laws and regulations and proper internal controls, and satisfy various legislative requirements.</i>	
Assistive Technology Loan Fund Authority	170
State Lottery Department	1,725
Virginia College Savings Plan	1,440
Virginia Foundation for Healthy Youth	188
Virginia Healthy Workforce Development Authority	100
Virginia Retirement System	5,150
Virginia Small Business Financing Authority	340
Virginia Tobacco Region Revitalization Commission	320
Wireless E-911 Service Board	200
Total – Independent Agencies	9,633

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)	13,700
Total – Local Government, Clerks, and Courts	19,300

AGENCIES AND INSTITUTIONS PROPOSED BUDGET

Cycled Agencies

The following agencies are subject to audit testing when identified using various risk assessment tools and the results of prior audits. We audit these agencies on a one, two, or three-year cyclical basis considering the identified risk. Financial related audits of these agencies ensure adherence to laws and regulations and proper recording, internal controls, and management of funds for the programs they administer.

A.L. Philpott Center	Department of the Treasury
Commonwealth Health Research Board	Department of Veterans Services
Commonwealth's Attorney's Services Council	Frontier Culture Museum of Virginia
Compensation Board	Gunston Hall
Department for Aging and Rehabilitative Services	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 Accounts	New College Institute
Department of Agriculture and Consumer Services	Office of State Inspector General
Department of Conservation and Recreation	Office of Children's Services
Department of Criminal Justice Services	Payroll Service Bureau
Department of Emergency Management	Rappahannock River Basin Commission
Department of Environmental Quality	Roanoke River Basin Commission
Department of Fire Programs	Southern Virginia Higher Education Center
Department of Forensic Science	Southwest Virginia Higher Education
Department of Forestry	State Board of Elections
Department of General Services	State Corporation Commission
Department of Health Professions	State Council of Higher Education for
Department of Historic Resources	Supreme Court of 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	Virginia Museum of Natural History
Department of Rail and Public Transportation	Virginia School for the Deaf and the Blind
Department of State Police	Virginia Worker's Compensation
Department of Small Business and Supplier Diversity	

Total – Cycled Agencies**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. • Recommend a prioritized list of future Cardinal functionality enhancements that addresses agency needs and aging central systems. 	735
Statewide Review of Voyager Fuel Card Program	<ul style="list-style-type: none"> • Review and analyze the use of the Voyager Gas Cards, including the Office of Fleet Management Services (OFMS), agency owned vehicles, and Enterprise rentals. • Perform an analysis of fuel card expenses to ensure compliance with OFMS Fuel Program Procedures. • Determine what controls are in place to ensure that fuel cards are used only for appropriate and reasonable purchases. 	650
Statewide Review of Travel – Part 2	<ul style="list-style-type: none"> • Perform additional analysis of statewide travel expenses to further understand the nature of expenses and look for any trends. • Analyze organizational models for travel processing, including contracting options, to identify opportunities for efficiencies and savings. • Survey agencies to determine different technologies that agencies are using to minimize travel. 	300
Comparative Report for Higher Education	<ul style="list-style-type: none"> • Complete fiscal year 2015 financial comparison and analysis of the various public institutions of higher education in Virginia. • Transition this information into an annual report to aid decision makers and improve transparency and comparability for citizen-users of financial information. 	150

SPECIAL PROJECTS CONTINUED FROM PRIOR YEAR

Project Title	Objectives	Carry Over Hours
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	<ul style="list-style-type: none"> • Review the Department of General Service's Bureau of Facilities Management (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		2,035



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 9, 2016

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 June 8, 2015. In accordance with Item 475 Q.3 of the budget approved by the General Assembly, we request that our minimum and maximum salaries be increased by three percent, as shown on the proposed salary scales. This will cover implementation of the two percent salary increase in Item 475 Q.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
	2016	2017		Effective November 10, 2016
Deputy Auditor	1	1	\$93,070 - \$172,883	\$95,862 - \$178,070
Project Leader	14	15	71,248 - 160,108	73,385 - 164,912
Auditor	88	87	47,723 - 104,901	49,155 - 108,048
Staff	27	27	29,358 - 71,721	30,239 - 73,873
Total	130	130		

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, Master of Accounting
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
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
Human Resources and Business Operations	Roland N. Turner, CPA, CGMA
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