

Joint Legislative Audit and Review Commission

Annual Workplan

June 11, 2012

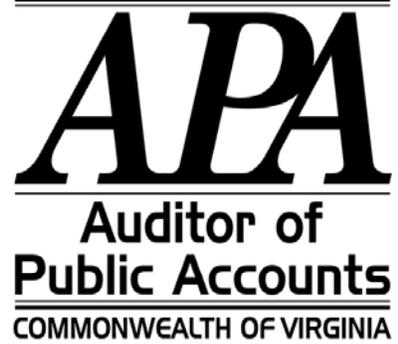


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**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

SUMMARY OF PROPOSED 2013 ANNUAL WORK PLAN

SPECIAL PROJECTS	11,840
JUDICIAL BRANCH	1,170
EXECUTIVE DEPARTMENTS	
Executive Offices	900
Administration	995
Agriculture and Forestry	400
Commerce and Trade	4,500
Education	2,315
Education - Higher Education Institutions	35,815
Finance	15,665
Health and Human Services	9,075
Natural Resources	710
Public Safety	2,725
Technology	1,320
Transportation	5,865
Veterans Affairs and Homeland Security	560
INDEPENDENT AGENCIES	6,390
LOCAL GOVERNMENTS, CLERKS, AND COURTS	22,100
CYCLED AGENCIES	<u>4,000</u>
TOTAL WORK PLAN HOURS	<u><u>126,345</u></u>

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

SPECIAL PROJECTS

Required by Legislation, Statute, or Appropriation Act

Maintaining Internet Database

Objectives: *The Auditor of Public Accounts shall compile and maintain on its Internet website a searchable database providing certain state expenditure, revenue, and demographic information. The Code of Virginia requires the updating of the database each year by October 15 to provide the information for the ten most recently ended fiscal years of the Commonwealth. (Section 30-133 of the Code of Virginia)* 2,125

Review of Performance Measures

Objectives: *To determine that state agencies are providing and reporting appropriate information on financial and performance measures, and to review the accuracy of the management systems used to accumulate and report the results. (Section 30-133B of the Code of Virginia)* 700

APA Annual Report

Objectives: *To 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)* 40

MEI Project Approval Commission

Objectives: *Provide assistance to the Major Employment and Investment Project Approval Commission. (Section 30-311 of the Code of Virginia)* 100

Review Sales and Use Tax Collection and Distribution – Phase 2

Objectives: *In accordance with Section 30-133.2 of the Code of Virginia, we will perform the second phase of a review of the collection and distribution of local retail sales and use taxes, including Taxation’s coordination with local officials in the collection and distribution process.* 400

**AUDITOR OF PUBLIC ACCOUNTS
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Risk Based Analysis

Study – Feasibility of Using CPA Firms

Objectives: *To analyze the issues for considering whether CPA firms should perform all or certain functions of the Auditor of Public Accounts. Our analysis will include, but not be limited to, a review of legislative oversight of the audit function; costs, benefits and risks of working with CPA firms; a comparison to other states; independence issues for firms desiring to provide services beyond the audit contract; and a fiscal impact review.* 400

VDOT Asset Management System

Objectives: *This review is the second part to the “Review of Transportation’s Asset Management System and Maintenance Funding Practices” report issued in July 2010. The first report noted the Asset Management System (AMS) identifies the maintenance needs but Transportation is not using it to directly allocate and apply maintenance funding to the individual roads and bridges. Part II will perform detailed work on how Transportation uses funding versus how AMS recommends funding usage. We will also review the performance measures Transportation follows for road maintenance. We will also look into how operational maintenance (mowing, snow removal, etc.) factors into a district’s maintenance budget.* 750

Study of Social and Medical Systems

Objectives: *This project follows the implementation of the eHHR program in Virginia. This program implements the systems necessary for Medicaid Reform in October 2013.* 1,300

Court Accounts Receivable

Objectives: *To examine the current Circuit and District court collections processes. We will review best practices and make recommendations to improve both current collections as well as outstanding receivables.* 150

Study of Vehicle Usage

Objectives: *To compile, analyze and report on the use of “state” vehicles in the Commonwealth including agency managed, centrally managed by General Services, rented through the statewide contract, or personal vehicles for which mileage reimbursement is provided. We will analyze and report on agency and General Services’ roles in monitoring vehicle usage, evaluate the quality of the data available to support monitoring activities, and determine whether state owned vehicles are being used enough to warrant having them.* 675

AUDITOR OF PUBLIC ACCOUNTS PROPOSED 2013 WORK PLAN

Study of Capital Outlay

Objectives: *To determine the status of the Department of General Services' implementation of a capital project IT solution required in the 2008 capital outlay bond act. To review the effectiveness of the Commonwealth's process to determine which projects to move to the construction phase in the capital outlay process and the feasibility of a statewide prioritization system. To review/make recommendations to improve General Services' process to develop construction draw schedules and communicate that information to the Department of Treasury to determine bond issuance timing.* 800

Study – Use of Internal vs External Staff

Objectives: *To determine whether agencies are using internal versus external staff effectively and efficiently. This will include an analysis of overtime costs versus hiring full-time or part-time staff. The analysis will consider benefit costs, the point of diminishing returns, layoffs, attrition, etc. To determine whether a decision model exists for using external versus internal staffing resources. We will assess the impact these decisions have on human resource costs over time.* 600

Statewide Review of Controllable Assets

Objectives: *To determine whether agencies and institutions are efficiently managing controllable assets, including a cost-benefit analysis of managing versus expensing. To analyze the types of controllable assets to determine whether there are categories that need stricter controls than others.* 560

Study - Managing Separation Of Duties in a Virtual Environment

Objectives: *Research and define best practices for managing separation of duties in a virtual environment and compare to current internal control guidance provided to Commonwealth agencies. Recommend changes, if any, to ensure agencies consistently follow best practices for managing separation of duties in a virtual environment.* 400

Review of Surplus Procedures for Electronic Devices with Storage

Objectives: *To review the Commonwealth's process to surplus (or return to vendor) electronic devices that contain storage capability, such as a hard disk. In addition to desktops and laptops, these devices may include digital copiers and fax machines that store images on hard drives of each copy made or fax sent. Without proper hard disk sanitation procedures, confidential and sensitive data may end up in unauthorized hands when selling these devices to citizens or returning them to vendors.* 350

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

Security of Internet Facing Websites

Objectives: *To determine whether agencies' internet facing websites adequately protect data confidentiality, integrity, and availability. The review will focus on web sites that have access to confidential (PII, HIPAA, FERPA, etc.) and mission critical data. The review will also focus on the Commonwealth's security standard and whether it adequately addresses industry best practices for web site security.* 600

Study of Costs for Operating Court System

Objectives: *To compile, analyze, and report financial data regarding the total costs to fund the district and circuit courts.* 150

Systems Development Projects

Objectives: *To monitor and report on the systems development process over major systems to determine the projects are on schedule, on budget, and provide required functionality. This includes systems development projects for the various departments, agencies, and higher education institutions.* 1,260

Annual Information Security Report

Objectives: *To collect, analyze and prioritize security vulnerabilities identified in recent individual agency audits. Due to its statewide analysis, recommendations in this report focus on possible changes to the Commonwealth's security standard and policy instead of changes in individual agencies.* 480

Total Special Projects

11,840

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

AGENCIES AND INSTITUTIONS

JUDICIAL BRANCH

Supreme Court ¹	800
Virginia Board of Bar Examiners	100
Virginia State Bar	220
Local Fines and Fees Reversion Calculation	50
Total Judicial Branch	1,170

EXECUTIVE DEPARTMENTS

Executive Offices

Governor, Lieutenant Governor, Cabinet Secretaries ²	400
Attorney General and Department of Law	500
Total Executive Offices	900

Administration

Department of General Services	250
State Board of Elections	295
Department of Human Resource Management	450
Total Administration	995

Agriculture and Forestry

Department of Agriculture and Consumer Services	400
Total Agriculture and Forestry	400

Commerce and Trade

Virginia Economic Development Partnership	370
Department of Business Assistance	400
Virginia Employment Commission	2,450
Department of Housing and Community Development	300
Department of Mines, Minerals, and Energy	350
Racing Commission	250
State Board of Accountancy	200
Virginia Tourism Authority	180
Total Commerce and Trade	4,500

Education

Department of Education	1,915
Virginia Biotechnology Research Park Authority	400
Virginia Community College System	4,185
Christopher Newport University	1,350
George Mason University	1,910
James Madison University	1,600
Longwood University	1,630
Norfolk State University	2,060
Old Dominion University	1,790
Radford University	1,800
The College of William and Mary	2,715
University of Mary Washington	1,450

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

Education continued:

University of Virginia	3,040
University of Virginia Medical Center	2,400
Virginia Commonwealth University	3,180
Virginia Military Institute	1,600
Virginia Polytechnic Institute and State University	3,155
Virginia School for the Deaf and Blind	250
Virginia State University	1,700
	38,130
Total Education	38,130

Finance

Report on Secretary of Finance Agencies	200
Department of Accounts/CAFR	7,795
Statewide Single Audit Report	1,350
Department of the Treasury ³	2,350
Department of Planning and Budget/Appropriations	660
Department of Taxation	3,150
Revenue Stabilization Fund	160
	15,665
Total Finance	15,665

Health and Human Resources

Report on Secretary of Health and Human Resources Agencies ⁴	775
Department of Behavioral Health and Developmental Services	1,620
Department of Health	1,350
Department of Medical Assistance Services	2,200
Department Of Rehabilitative Services	280
Department of Social Services	2,850
	9,075
Total Health and Human Resources	9,075

Natural Resources

Department of Environmental Quality	300
Department of Game and Inland Fisheries	330
Potomac River Fisheries Commission	80
	710
Total Natural Resources	710

Public Safety

Department of Alcoholic Beverage Control	1,350
Department of Corrections	1,375
	2,725
Total Public Safety	2,725

Technology

Virginia Information Technologies Agency	920
Innovative Technology Authority/Center for Innovative Technology	400
	1,320
Total Technology	1,320

Transportation

Commonwealth Transportation Fund ⁵	5,865
	5,865
Total Transportation	5,865

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED 2013 WORK PLAN**

Veterans Affairs and Homeland Security

Veterans Services ⁶	560
Total Veterans Affairs and Homeland Security	560

INDEPENDENT AGENCIES

Assistive Technology Loan Fund Authority	120
State Corporation Commission	460
State Lottery Department	1,500
Tobacco Indemnification and Community Revitalization Commission	270
Virginia College Savings Plan	1,075
Virginia Health Workforce Development Authority	40
Virginia National Defense Industrial Authority	100
Virginia Retirement System	2,170
Virginia Small Business Financing Authority	290
Virginia Foundation for Healthy Youth	200
Wireless E-911 Services Board	165
Total Independent Agencies	6,390

LOCAL GOVERNMENTS, CLERKS, AND COURTS

State Accounts (135)	4,100
Judicial Entities: Circuit Courts (122), District Courts (206), General Receivers (15)	15,400
Comparative Report and Quality Reviews	2,600
Total Local Governments, Clerks, and Courts	22,100

CYCLED AGENCIES - See agencies listed below ⁷	4,000
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TOTAL WORK PLAN HOURS - EXCLUDING SPECIAL PROJECTS	114,505
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NOTES:

¹ *Supreme Court* includes the Office of the Executive Secretary of the Supreme Court, the Clerk of the Supreme Court, the Clerk of the Court of Appeals, and the Judicial Inquiry and Review Commission.

² *Office of the Governor* includes the Office of the Lieutenant Governor, Cabinet Secretaries, and Selected Agency Support Services, which include the Secretary of the Commonwealth, Interstate Organization Contributions, Virginia-Israeli Advisory Board, Office for Substance Abuse Prevention, and Citizens Advisory Committee.

³ *Department of the Treasury* includes the Virginia Public Building Authority, Virginia Public School Authority, Virginia College Building Authority and the Local Government Investment Pool.

⁴ *Report on Secretary of Health and Human Resources Agencies* includes the Departments for the Blind and Vision Impaired, for the Deaf and Hard-of-Hearing, of Health Professions, and the Board for People with Disabilities as well as the agencies listed above.

⁵ *Commonwealth Transportation Fund* includes the Departments of Transportation, Motor Vehicles, Rail and Public Transportation, and Aviation, and the Motor Vehicle Dealer Board.

⁶ *Veterans Services* includes the Department of Veterans Services, Veterans Services Foundation, and the Virginia War Memorial Foundation.

AUDITOR OF PUBLIC ACCOUNTS PROPOSED 2013 WORK PLAN

NOTES Continued:

⁷ The following agencies would be subject to audit testing when identified using risk assessment tools and the results of prior audits. We would audit these agencies on a two to three year cyclical basis.

A.L. Philpott Center	Frontier Culture Museum of Virginia
Commonwealth Health Research Fund	Human Rights Council
Commonwealth's Attorneys' Services Council	Indigent Defense Commission
Compensation Board	Jamestown-Yorktown Foundation
Department for the Aging	Library of Virginia
Department of Conservation and Recreation	Marine Resources Commission
Department of Criminal Justice Services	Milk Commission
Department of Emergency Management	New College Institute
Department of Employment Dispute Resolution	Rappahannock River Basin Commission
Department of Fire Programs	Roanoke River Basin Commission
Department of Forensic Science	Science Museum of Virginia
	Southern Virginia Higher Education Center
Department of Forestry	Southwest Virginia Higher Education Center
Department of Health Professions	State Council for Higher Education in Virginia
Department of Historic Resources	Virginia Commission for the Arts
Department of Juvenile Justice	Virginia Criminal Sentencing Commission
Department of Labor and Industry	Virginia Museum of Fine Arts
Department of Military Affairs	Virginia Museum of Natural History
Department of Minority Business Enterprise	Virginia Office for Protection and Advocacy
Department of Professional and Occupational Regulation	Workers Compensation Commission
Department of State Police	
Gunston Hall	



National State Auditors Association

**COMMONWEALTH OF VIRGINIA
OFFICE OF THE AUDITOR
OF PUBLIC ACCOUNTS**

**REPORT OF THE SYSTEM OF AUDIT
QUALITY CONTROL FOR THE PERIOD
MARCH 1, 2011 THROUGH FEBRUARY 29, 2012**



National State Auditors Association

April 20, 2012

Walter J. Kurcharski
Auditor of Public Accounts
Commonwealth of Virginia
P.O. Box 1295
Richmond, Virginia 23218

Dear Mr. Kurcharski:

We have reviewed the system of quality control of the Commonwealth of Virginia, Office of the Auditor of Public Accounts (the office) in effect for the period March 1, 2011 through February 29, 2012. A system of quality control encompasses the office's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with government auditing standards. The design of the system and compliance with it are the responsibility of the office. Our responsibility is to express an opinion on the design of the system, and the office's compliance with the system based on our review.

We conducted our review in accordance with the policies and procedures for external peer reviews established by the National State Auditors Association (NSAA). In performing our review, we obtained an understanding of the office's system of quality control for engagements conducted in accordance with government auditing standards. In addition, we tested compliance with the office's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the office's policies and procedures on selected engagements. The engagements selected represented a reasonable cross-section of the office's engagements conducted in accordance with government auditing standards. We believe that the procedures we performed provide a reasonable basis for our opinion.

Our review was based on selective tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. Also, there are inherent limitations in the effectiveness of any system of quality control; therefore, noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control of the Commonwealth of Virginia, Office of the Auditor of Public Accounts in effect for the period March 1, 2011 through February 29, 2012 has been suitably designed and was complied with during the period to provide reasonable assurance of conforming with government auditing standards.

Team Leader
National State Auditors Association
External Peer Review Team

Concurring Reviewer
National State Auditors Association
External Peer Review Team