



JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

QUARTERLY REPORT SUMMARY APRIL 1, 2014 THROUGH JUNE 30, 2014

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350





APA

AUDITOR OF PUBLIC ACCOUNTS
COMMONWEALTH OF VIRGINIA
QUARTERLY REPORT

QUARTERLY REPORT SUMMARY - APRIL 1, 2014, TO JUNE 30, 2014

Audit Activities

The [Summary of Reports Issued](#) section at the end of this report lists all reports issued by this Office during the period April 1, 2014, to June 30, 2014. Below are highlights from select reports issued during the period. All reports listed in this document are available at our website at http://www.apa.virginia.gov/APA_Reports/Reports.aspx.

Special Reports

The Review of Transportation's Highway Asset Management and Maintenance is our fourth review in twelve years over Transportation's asset management processes. The reviews began in 2002 and found that Transportation did not have a systematic way to identify its maintenance needs and; therefore, could not reasonably determine or quantify its maintenance needs. We followed up on this issue over the years, monitoring Transportation's progress as they implemented the Asset Management System. Transportation met its performance targets over roads, bridges, and culverts in 2013. However, Transportation does not have a documented process to evaluate the targets periodically. In addition, Transportation does not always perform the appropriate level of maintenance activity, instead performing a less productive activity. Finally, Transportation has over 4,600 bridges and culverts that are on the verge of becoming structurally deficient, requiring prioritization of maintenance for these assets in the future. Access the [Full Report](#) or [Executive Summary](#) on our website.

In January 2014, the Virginia Senate Finance Committee requested that our Office initiate a Special Review of the Department of Conservation and Recreation. The objective of the special review was to identify internal control weaknesses and areas of non-compliance. Our review resulted in 93 recommendations to management across a variety of different business areas and agency functions. While this report is a complete list of issues that came to our attention during our review, due to a weak control environment at the agency, it is possible that management will uncover additional issues as they implement agency-wide controls. Access the [Full Report](#) or [Executive Summary](#) on our website.

Higher Education Institution Reports

During the quarter we completed audits of eight of the Commonwealth's higher education institutions. We issued unmodified opinions on the financial statements of each of these institutions. We included internal control and compliance recommendations in four of the eight audits addressing various issues that we summarize in the following table.

| Control and/or Compliance Area | Number of Recommendations |
|---|---------------------------|
| Information System Security | 4 |
| Administration of eVA (<i>the Commonwealth's electronic procurement system</i>) | 1 |
| Employee Termination Process | 1 |
| Physical Inventory Process | 1 |
| Management of Return of Title IV Funds | 1 |
| Vendor Payment Process | 1 |

Other Reports

In our Department of Emergency Management report, we identified a number of internal control weaknesses in the Finance area that are either due to poor overall management, staffing inadequacies, or a combination of both. We found several cash management and budgeting issues and our report includes an overall recommendation to improve financial management practices at the agency. In addition, we recommended the agency address overtime and staffing issues in the public assistance program. We also followed up on six internal control findings from our prior audit and found that the agency had fully resolved three of these findings and partially resolved the remaining findings which relate to petty cash, fuel card management, and reconciliation procedures. Access the [Full Report](#) or [Executive Summary](#) on our website.

Other Activities

New Look for our Reports

As a result of our Office's Reporting and Communicating Results strategic planning initiative we have recently updated our report format including redesigning our report covers and changing our report font to one that is easier to read electronically since most of our reports are now accessed in electronic format. We have also developed a one to two page "executive" summary to use for select reports, several of which we reference in the Audit Activities Section above. Beginning in June, we started to provide these summaries to members of the Joint Legislative Audit and Review Commission on a monthly basis.

Participation with State, Local, and Other Groups

In addition to our audit activities, we participate in other activities to assist in our mission to improve accountability and financial management in the Commonwealth. During the quarter we participated in the activities of various state, local, and other groups including providing information on a variety of topics and attending events as highlighted below.

| Group | Presentation Topic |
|--|--|
| Office of the State Inspector General | Review of APA's reports and other activities over the last year and planned projects for the coming year |
| College and University Auditors of Virginia | Overview of auditing the Banner system |
| Treasurers Association of Virginia | Overview of the audit process and common audit findings |
| Virginia Circuit Court Clerks Conference | Overview of fraud including reporting requirements, common schemes, importance of internal controls, and red flags |
| Virginia Government Finance Officers' Association | An auditor's perspective of the impact of new Governmental Accounting Standards Board pension accounting standards |
| Association of Government Accountants – Central Kentucky Chapter | Highlights on final federal grant reform changes |

In April we represented the Commonwealth of Virginia at the Single Audit Roundtable meeting in Washington D.C. At the twice-a-year event, Federal officials, a representative from the National State Auditors Association, representatives from all the major accounting firms and representatives from a few states audit organizations exchange ideas, problems, solutions, and best practices for performing Single Audits of federal programs.

Several members of the APA management team contributed to an article entitled "[Order From Chaos: How Virginia's Office of the Auditor of Public Accounts harnesses Big Data to find the answers it needs](#)" which was published in the July / August 2014 edition of the Virginia Society of Certified Public Accountants' Disclosures Magazine.

SUMMARY OF REPORTS ISSUED

The following reports on audit were released by this Office during the period April 1, 2014, to June 30, 2014. Those reports which included findings in the area of internal controls or compliance are indicated by an (*) asterisk.

Independent Agencies

Virginia Office of Protection and Advocacy for the period July 1, 2011, through December 31, 2013

Agriculture and Forestry

Virginia Department of Forestry for the year ended June 30, 2013

Commerce and Trade

Virginia Board of Accountancy for the year ended June 30, 2013
Virginia Small Business Financing Authority for the year ended June 30, 2013

Education

Gunston Hall for the years ended June 30, 2012 and June 30, 2013*
Jamestown-Yorktown Foundation for the years ended June 30, 2012, and June 30, 2013*

Colleges and Universities

Christopher Newport University for the year ended June 30, 2013*
George Mason University for the year ended June 30, 2013
James Madison University for the year ended June 30, 2013
Old Dominion University for the year ended June 30, 2013
Radford University for the year ended June 30, 2013
The College of William and Mary in Virginia for the year ended June 30, 2013*
Virginia Military Institute for the year ended June 30, 2013*
Virginia State University for the year ended June 30, 2013*

Health and Human Resources

Department of Health Professions for the year ended June 30, 2013*

Natural Resources

Potomac River Fisheries Commission for the year ended June 30, 2013*

Public Safety

Department of Corrections, Virginia Parole Board, and Virginia Correctional Enterprises for the year ended June 30, 2013*

Department of Fire Programs for the years ended June 30, 2012, and June 30, 2013

Virginia Department of Emergency Management for the year ended June 30, 2013*

Technology

Assistive Technology Loan Fund Authority for the year ended June 30, 2013

Special Reports

Report to the Joint Legislative Audit and Review Commission for the quarter
January 1, 2014, through March 31, 2014*

Review of Transportation's Highway Asset Management and Maintenance – May 2014*

Special Review of the Department of Conservation and Recreation – June 2014*

Clerks of the Circuit Courts

Cities:

City of Lynchburg – April 1, 2012, through March 31, 2014

City of Petersburg – January 1, 2012, through December 31, 2013*

City of Portsmouth – October 1, 2012, through December 31, 2013*

City of Radford – April 1, 2012, through December 31, 2013

City of Roanoke – January 1, 2013, through December 31, 2013

City of Salem – April 1, 2012, through March 31, 2014

Counties:

County of Brunswick – April 1, 2012, through December 31, 2013*

County of Carroll – January 1, 2012, through December 31, 2013*

County of Charlotte – January 1, 2012, through December 31, 2013*

County of Chesterfield (Turnover) – July 1, 2013, through March 31, 2014

County of Franklin – April 1, 2012, through December 31, 2013*

County of Goochland – April 1, 2012, through December 31, 2013

County of Grayson – July 1, 2012, through March 31, 2014

County of Henrico – July 1, 2012, through December 31, 2013
County of Loudoun – April 1, 2012, through December 31, 2013*
County of Montgomery – April 1, 2012, through March, 2014
County of New Kent – July 1, 2012, to March 31, 2014
County of Roanoke – April 1, 2012, through March 31, 2014
County of Rockingham – April 1, 2012, through June 30, 2013*
County of Southampton – April 1, 2012, through March 31, 2014
County of Washington – July 1, 2012, through March 31, 2014

State Accounts

Counties:

County of Prince William (Turnover) – May 14, 2014
County of Rappahannock (Turnover) as of April 30, 2014*

Combined General District Courts

Cities:

City of Colonial Heights – July 1, 2012, through June 30, 2013
City of Franklin – July 1, 2012, through June 30, 2013
City of Salem – July 1, 2012, through June 30, 2013

Counties:

County of Charles City – July 1, 2012, through June 30, 2013
County of Craig – July 1, 2012, through June 30, 2013
County of Dinwiddie – July 1, 2012, through June 30, 2013
County of Fluvanna – July 1, 2012, through June 30, 2013
County of Grayson – July 1, 2012, through June 30, 2013
County of Hopewell – July 1, 2012, through June 30, 2013*
County of Orange – July 1, 2012, through June 30, 2013*
County of Prince George – July 1, 2012, through June 30, 2013
County of Surry – July 1, 2012, through June 30, 2013

General District Courts

Cities:

City of Alexandria – July 1, 2012, through June 30, 2013
City of Bristol – July 1, 2012, through June 30, 2013
City of Fairfax – July 1, 2012, through June 30, 2013

City of Hampton – July 1, 2012, through June 30, 2013
City of Newport News – July 1, 2012, through June 30, 2013*
City of Norfolk – July 1, 2012, through June 30, 2013
City of Petersburg – July 1, 2012, through June 30, 2013
City of Portsmouth – July 1, 2012, through June 30, 2013
City of Richmond – Civil Division – July 1, 2012, through June 30, 2013
City of Virginia Beach – July 1, 2012, through June 30, 2013
City of Winchester – July 1, 2012, through June 30, 2013

Counties:

County of Arlington – July 1, 2012, through June 30, 2013
County of Campbell – July 1, 2012, through June 30, 2013
County of Carroll – July 1, 2012, through June 30, 2013
County of Culpeper – July 1, 2012, through June 30, 2013
County of Fauquier – July 1, 2012, through June 30, 2013*
County of Frederick – July 1, 2012, through June 30, 2013
County of Isle of Wight – July 1, 2012, through June 30, 2013*
County of King and Queen – July 1, 2012, through June 30, 2013
County of Loudoun – July 1, 2012, through June 30, 2013*
County of Mathews – July 1, 2012, through June 30, 2013
County of Mecklenburg – July 1, 2012, through June 30, 2013
County of Middlesex – July 1, 2012, through June 30, 2013
County of Montgomery – July 1, 2012, through June 30, 2013
County of Nelson – July 1, 2012, through June 30, 2013
County of Page – July 1, 2012, through June 30, 2013
County of Pulaski – July 1, 2012, through June 30, 2013
County of Roanoke – July 1, 2012, through June 30, 2013
County of Rockbridge – July 1, 2002, through June 30, 2013
County of Rockingham – July 1, 2012, through June 30, 2013
County of Shenandoah – July 1, 2012, through June 30, 2013
County of York – July 1, 2012, through June 30, 2013

Juvenile and Domestic Relations Courts

Cities:

City of Alexandria – July 1, 2012, through June 30, 2013
City of Newport News – July 1, 2012, through June 30, 2013
City of Norfolk – July 1, 2012, through June 30, 2013
City of Portsmouth – July 1, 2012, through June 30, 2013
City of Richmond – July 1, 2012, through June 30, 2013
City of Staunton – July 1, 2012, through June 30, 2013

City of Virginia Beach – July 1, 2012, through June 30, 2013
City of Winchester – July 1, 2012, through June 30, 2013

Counties:

County of Arlington – July 1, 2012, through June 30, 2013
County of Augusta – July 1, 2012, through June 30, 2013
County of Campbell – July 1, 2012, through June 30, 2013
County of Chesterfield – July 1, 2012, through June 30, 2013
County of Culpeper – July 1, 2012, through June 30, 2013
County of Fairfax – July 1, 2012, through June 30, 2013
County of Frederick – July 1, 2012, through June 30, 2013
County of Gloucester – July 1, 2012, through June 30, 2013
County of Henrico – July 1, 2012, through June 30, 2013
County of Isle of Wight – July 1, 2012, through June 30, 2013
County of King and Queen – July 1, 2012, through June 30, 2013
County of King William – July 1, 2012, through June 30, 2013
County of Loudoun – July 1, 2012, through June 30, 2013*
County of Mecklenburg – July 1, 2012, through June 30, 2013
County of Montgomery – July 1, 2012, through June 30, 2013
County of Nelson – July 1, 2012, through June 30, 2013
County of Page – July 1, 2012, through June 30, 2013
County of Roanoke – July 1, 2012, through June 30, 2013
County of Rockingham – July 1, 2012, through June 30, 2013
County of Spotsylvania – July 1, 2012, through June 30, 2013
County of Warren – July 1, 2012, through June 30, 2013
County of Wythe – July 1, 2012, through June 30, 2013

Magistrates

Cities:

City of Alexandria – July 1, 2012, through October 31, 2013
City of Hampton – July 1, 2012, through October 31, 2013
City of Newport News – July 1, 2012, through October 31, 2013
City of Norfolk – July 1, 2012, through October 31, 2013
City of Petersburg – July 1, 2012, through October 31, 2013
City of Portsmouth – July 1, 2012, through October 31, 2013
City of Virginia Beach – July 1, 2012, through June 30, 2013

Counties:

County of Arlington – July 1, 2012, through June 30, 2013
County of Carroll – July 1, 2012, through June 30, 2013

County of Charles City – July 1, 2012, through October 31, 2013
County of Fauquier – July 1, 2012, through October 31, 2013
County of Frederick – July 1, 2012, through October 31, 2013
County of Loudoun – July 1, 2012, through October 31, 2013
County of Mecklenburg – July 1, 2012, through June 30, 2013
County of Montgomery – July 1, 2012, through June 30, 2013
County of Page – July 1, 2012, through October 31, 2013
County of Pulaski – July 1, 2012, through October 31, 2013
County of Roanoke – July 1, 2012, through June 30, 2013
County of Rockbridge – July 1, 2012, through October 31, 2013
County of Rockingham – July 1, 2012, through October 31, 2013
County of Shenandoah – July 1, 2012, through October 31, 2013
County of York – July 1, 2012, through October 31, 2013

*Denotes management control finding