

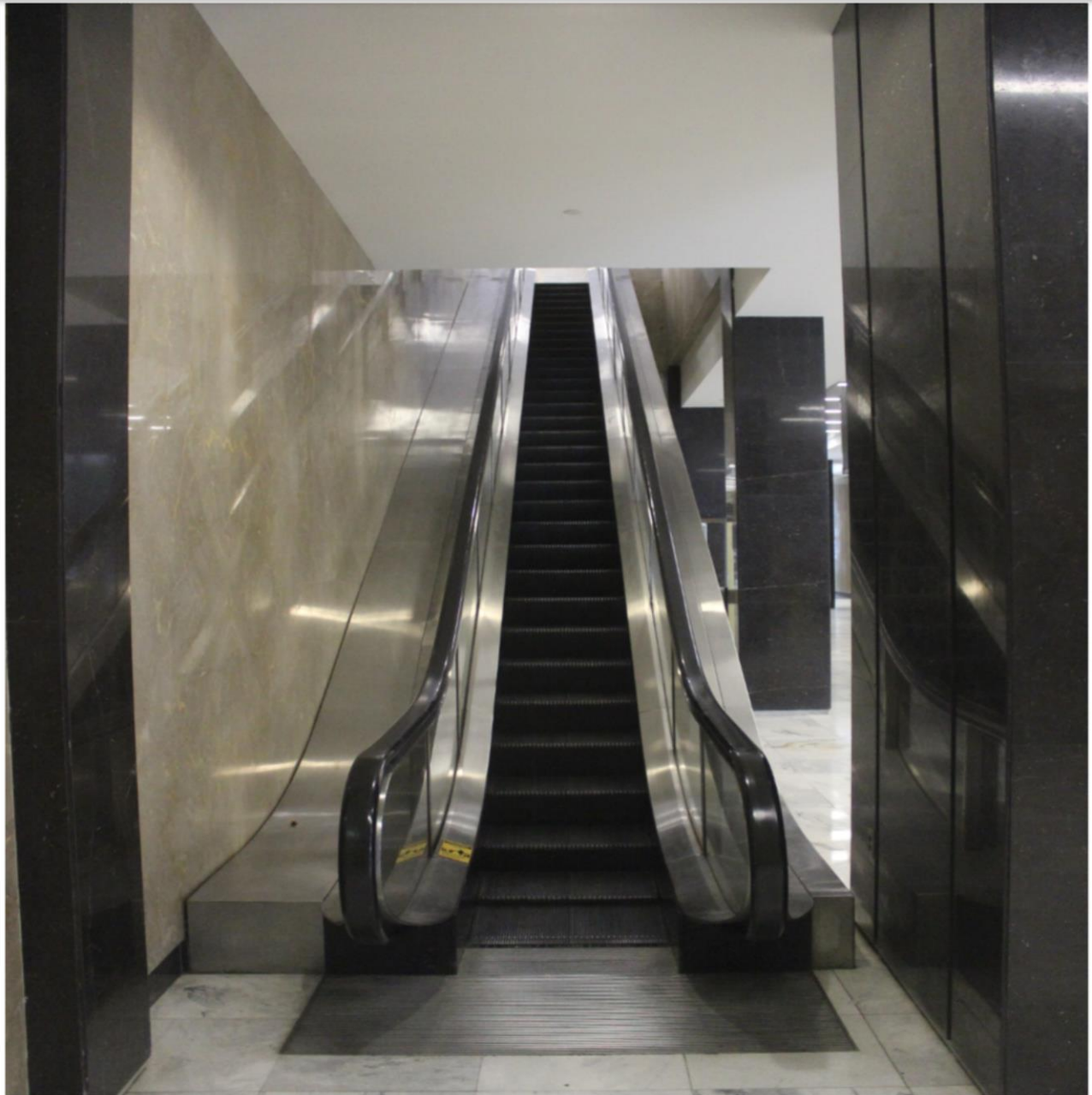


# Office of the City Auditor

*Committed to increasing government efficiency, effectiveness,  
accountability and transparency*

## **CITYWIDE ANNUAL FOLLOW-UP REPORT 2018**

**Report#: 2018-05**



Issue Date: January 9, 2018

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City of Richmond  
City Auditor

January 9, 2018

The Honorable Members of City Council  
City of Richmond, Virginia

**Subject: Annual Follow-Up Progress Report**

The City Auditor's Office has completed the Annual Follow-Up Review for recommendations with implementation dates on or before September 30, 2017, which included a total of 161 recommendations.

The City administration implemented 25% of the recommendations due to be implemented during this follow-up period. Over the past 10 years, the implementation rate shows a declining trend. Each year, a small fraction of recommendations are being implemented. During the current follow up period, the Audit Committee removed 54 open recommendations that were issued prior to January 1, 2012. Fifty-one of these recommendations were due for implementation during the current audit period. These recommendations, along with the risks to the City, were submitted to the Mayor for further action.

If you have any questions related to this report, please contact the City Auditor's Office.

Sincerely,

A handwritten signature in black ink, appearing to read "Barrett", written over a light gray dotted background.

William C. Barrett, MFAcc, CPA, CFF, ABV  
Interim City Auditor

## **Objectives, Scope, and Methodology**

In accordance with the 2018 Annual Audit Plan, the City Auditor's Office has completed a review of the status of outstanding audit recommendations. The primary objective of this review was to evaluate the timeliness and adequacy of implementing recommendations made in previous audits. During this review, the auditors interviewed management personnel associated with each recommendation and tested the results of the actions taken. The auditors reviewed all the audit reports issued by the Office of the City Auditor that had open recommendations with an implementation date through September 30, 2017.

This review was conducted in accordance with Generally Accepted Government Auditing Standards. Those Standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

### ***Highlights:***

During this follow up period, the City Auditor's Office would like to recognize accomplishments and challenges with the validation of open recommendations.

### **Accomplishments:**

The Department of Public Utilities (*Contract Compliance Audit – Report Number 2017-04*) – The Department was issued two recommendations in November 2016. Both recommendations have been implemented and were validated during this follow up audit. One of the recommendations called for the Department to recover a duplicate payment of \$11,351.49 from a contractor. The Department recovered the duplicate payment and conducted an internal review of all payments subsequent to the audit period for this contract. Their review identified additional duplicate payments totaling \$52,921.41, which have also been recovered. The Department will continue to conduct the internal review for duplicate payments on a monthly basis.

Emergency Management (*Report Number 2017-02*) – Four recommendations were issued to the Office of Emergency Management in August 2016. Emergency Management concurred with three of the recommendations. All three recommendations were implemented and validated during this follow up audit. The Office has implemented a process to ensure the City’s Continuity of Operations Plans are timely updated and that the Emergency Operations Center (EOC) training and Incident Command training is provided.

City Assessor’s Office (*Real Estate Assessment – Report Number 2017-07*) – One recommendation was issued to the City Assessor’s Office in January 2017 of which they concurred. The one recommendation was implemented and validated during this follow up audit. The Office has implemented procedures to ensure that tax exempt properties are tracked and the City’s triennial reviews of exempt statuses are completed.

The Department of Social Services (*Fraud Investigation Unit – Report Number 2015-06*) – Thirteen recommendations were issued to the Unit in March 2015. The Unit has worked diligently during the past two years to implement all the recommendations. The Unit implemented sixty-nine percent (9 out of 13) of their recommendations in 2016 and the remainder during 2017.

**Challenges:**

The Department of Finance and Procurement (*Accounts Payable – Report Number 2016-01*) – Twenty-two recommendations were issued in September 2015. The Departments concurred with all of the recommendations, except one. A total of ten recommendations have been validated and closed since the issuance of the report, six of which were during the current follow up audit. The implementation rate may be higher; however, the information and documentation requested to validate closure were not provided. The Department of Finance indicated that due to the external audit and preparation of the Comprehensive Annual Financial Report, documentation could not be provided within the requested timelines.

The auditors also made numerous attempts to obtain documentation to validate other open recommendations, however the following departments did not respond:

- The Department of Finance (*Electronic Equipment Purchases – Report Number 2017-06*) – 2 recommendations
- The Department of Finance (*Construction Work in Progress – Report Number 2017-05*) – 4 recommendations
- The Chief Administrative Officer (*Fiscal Sustainability – Report Number 2016-02*) – 6 recommendations
- The Department of Information Technology (*RAPIDS – Report Number 2014-04*) – 3 recommendations

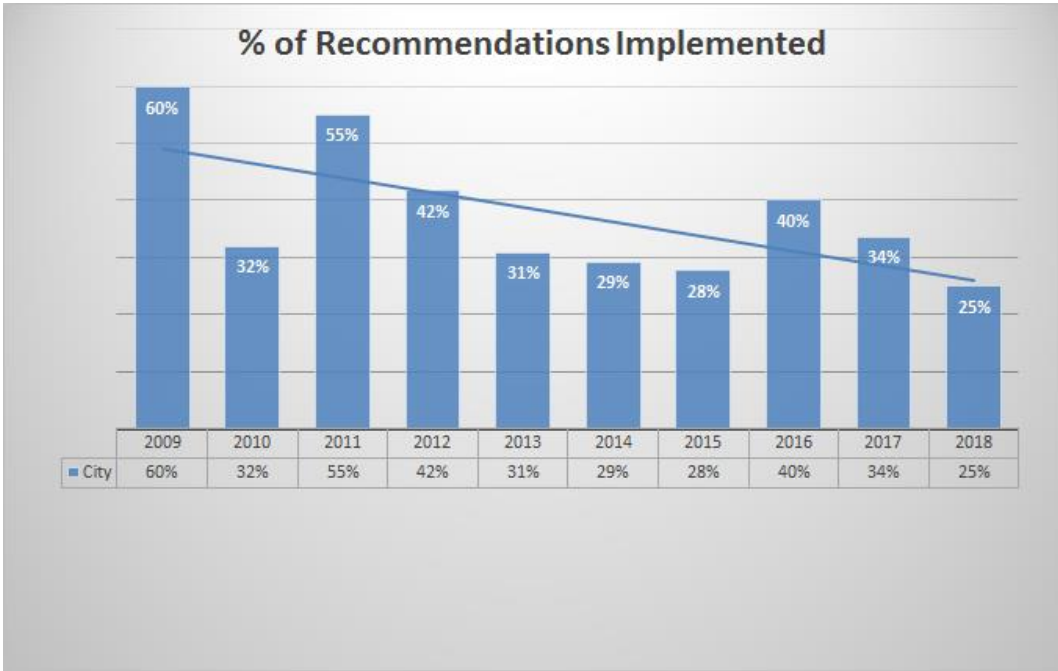
***Implementation Status of Open Recommendations:***

The auditors reviewed 161 outstanding recommendations for the City. The results of our review indicated the below statuses:

Status	# of Recommendations	Explanation
<b>Closed</b>	40	Recommendations were implemented
<b>Open</b>	55	Recommendations were not implemented
<b>Removed</b>	58	No further follow up to be completed by the City Auditor’s Office. Fifty one recommendations were forwarded to the Mayor and seven were agreed to be closed by the Auditor’s Office.
<b>Excluded</b>	8	Recommendations are being reviewed as part of the ongoing Revenue Audits.

Source: Auditor Prepared

During 2017, City management implemented 25% of their recommendations, which is a decrease from the prior years’ follow up results. The implementation rates show a declining trend in the past 10 years (from 2009 through 2018) as demonstrated below:



Source: Auditor Prepared

## Summary of Results

Department/Agency	Report Number	Total	Open	Closed	Removed	Excluded
<b>Assessor's Office</b>						
Real Estate Assessment	2017-07	1		1		
<b>Emergency Communications</b>						
Emergency Communications	2016-08	2	1	1		
<b>Emergency Management</b>						
Emergency Management	2017-02	3		3		
<b>Finance</b>						
Accounts Payable	2016-01	15	9	6		
Accounts Payable & Procurement	2008-04	2			2	
BPOL	2006-13	1			1	
Fixed Assets	2012-07	1	1			
MUNIS - Project Management Review	2010-09	5			5	
Revenue Administration	2012-08	9	1			8
Risk Management	2014-01	2	2			
<b>Human Resources</b>						
Payroll - Human Resources	2010-04	5			5	
Risk Management	2014-01	1	1			
Recruitment & Retention	2016-06	1	1			
<b>Information Technology</b>						
RAPIDS	2014-04	3	3			
<b>Office of Minority Business</b>						
Minority Business Development	2013-01	4	2	2		
<b>Parks, Recreation, &amp; Community Development</b>						
Capital Improvements Projects	2011-12	1			1	
Parks Maintenance	2011-07	5			5	
Recreation	2012-13	5	5			
<b>Planning &amp; Development Review</b>						
Development Process	2017-03	3	3			
Property Maintenance Code Enforcement	2017-09	2		2		
Code Enforcement	2010-08	2			2	
Permits and Inspections	2010-03	6			6	
<b>Procurement</b>						
Accounts Payable & Procurement	2008-04	6			6	
Accounts Payable	2016-01	2	2			



Department/Agency	Report Number	Total	Open	Closed	Removed	Excluded
<b>Public Works</b>						
Contract Administration	2015-09	3	1		2	
Facilities Management	2011-08	5			5	
Fleet Services	2015-04	3		2	1	
Roadway Maintenance	2012-04	1			1	
Sidewalks	2013-11	5		2	3	
Solid Waste Management	2012-11	1			1	
Towing	2011-04	3			3	
Urban Forestry	2010-07	3			3	
<b>Police</b>						
Operational Analysis	2011-02	3			3	
PISTOL	2012-10	5		5		
SID & AFU	2015-05	1	1			
Recruitment & Retention	2016-06	1	1			
<b>Public Utilities</b>						
Contract Compliance	2017-04	2		2		
Stormwater Division	2015-10	1		1		
<b>Social Services</b>						
CSA and Foster Care	2011-11	1			1	
Fraud Investigation Unit	2015-06	3		3		
<b>Citywide Audits</b>						
Computer Purchases	2011-14	2			2	
Electronic Equipment Purchases	2017-06	4	3	1		
Fiscal Sustainability	2016-02	6	5	1		
RAPIDS	2014-04	1		1		
Construction Work in Progress	2017-05	4	4			
Budgeting Process	2017-01	10	6	4		
<b>Economic Development</b>						
Economic Development Strategy	2016-07	6	3	3		
<b>Total Recommendations</b>		<b>161</b>	<b>55</b>	<b>40</b>	<b>58</b>	<b>8</b>