



2017 ANNUAL REPORT

AUDITOR OF PUBLIC ACCOUNTS

Auditor of Public Accounts
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November 1, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

I am pleased to submit the **2017 Annual Report of the Auditor of Public Accounts**, which primarily covers audits we completed from July 1, 2016, through June 30, 2017. Through the audits we perform and the other activities in which our staff engage, we strive to provide unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds. This Annual Report provides you with an overview of some of the more significant activities and results of audits from the past year. All of our reports are available on our agency website at www.apa.virginia.gov.

As detailed in our [2016 Annual Report](#), we finalized our 2015 through 2020 Strategic Plan in May 2016. Along with our new strategic plan, using a values-based leadership approach, we identified four core values that we believed best represented the Auditor of Public Accounts (Office) and staff. We have reflected throughout this report how we believe our Office demonstrated those values during the year.

I want to thank my staff for their hard work and dedication. They are key to the Office achieving its mission and accomplishing its work plan. For the fourth consecutive year, the Richmond Times-Dispatch recognized the Office as one of Richmond's Top Workplaces due in no small part to the working environment espoused by my management team and staff.



AUDITOR OF PUBLIC ACCOUNTS

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We are COLLABORATIVE

We work together to create greater value.

In addition to our auditing activities, we perform a variety of other functions throughout the year to assist in improving accountability and financial management in the Commonwealth. Some of these involve assisting the Commonwealth's local governments, including providing guidelines to the auditors of local government financial statements and reviewing the quality of their work. We also annually prepare a [Comparative Report of Local Government](#), which is a compilation of financial information provided by each locality in the Commonwealth. Further, we maintain Commonwealth Data Point, the Commonwealth's transparency website, provide information and data to General Assembly members and staff, and respond to related inquiries. In addition, we receive and follow up on reports of potential fraud. We highlight these activities in more detail below.

We also serve the Commonwealth by procuring certified public accounting firms and performing contract management for annual audits of legislative agencies and several other Commonwealth related entities. Besides the General Assembly and legislative agencies, we manage audit contracts for the Fort Monroe Authority, Hampton Roads Transportation Accountability Commission, Virginia Commercial Space Flight Authority, Virginia Port Authority (including Virginia International Terminals), Virginia Resources Authority, and the Virginia Tobacco Settlement Financing Corporation.

Supporting Local Government

Local Fiscal Distress Monitoring

Chapter 836 of the 2017 Virginia Acts of Assembly directs the Office to establish a prioritized early warning system to identify potential local fiscal distress within localities across Virginia and monitor accordingly on an annual basis. This year we developed criteria for making a preliminary determination of fiscal distress based on an analysis of calculating ten key financial ratios using audited financial statement data, as well as considering other qualitative factors, for the 171 localities required to annually report to our Office. This analysis, referred to as the Financial Assessment Model (FAM), ranks each locality's ratio results and converts the results into percentile rankings; the model then calculates an average of the ten percentile rankings to determine an overall composite FAM score for each locality. Our Office analyzed all cities, counties, and the two towns having a separate school system in one model, and analyzed the other 36 towns required to annually report audited financial statements in a separate model due to these towns generally not providing the breadth of services as the other localities.

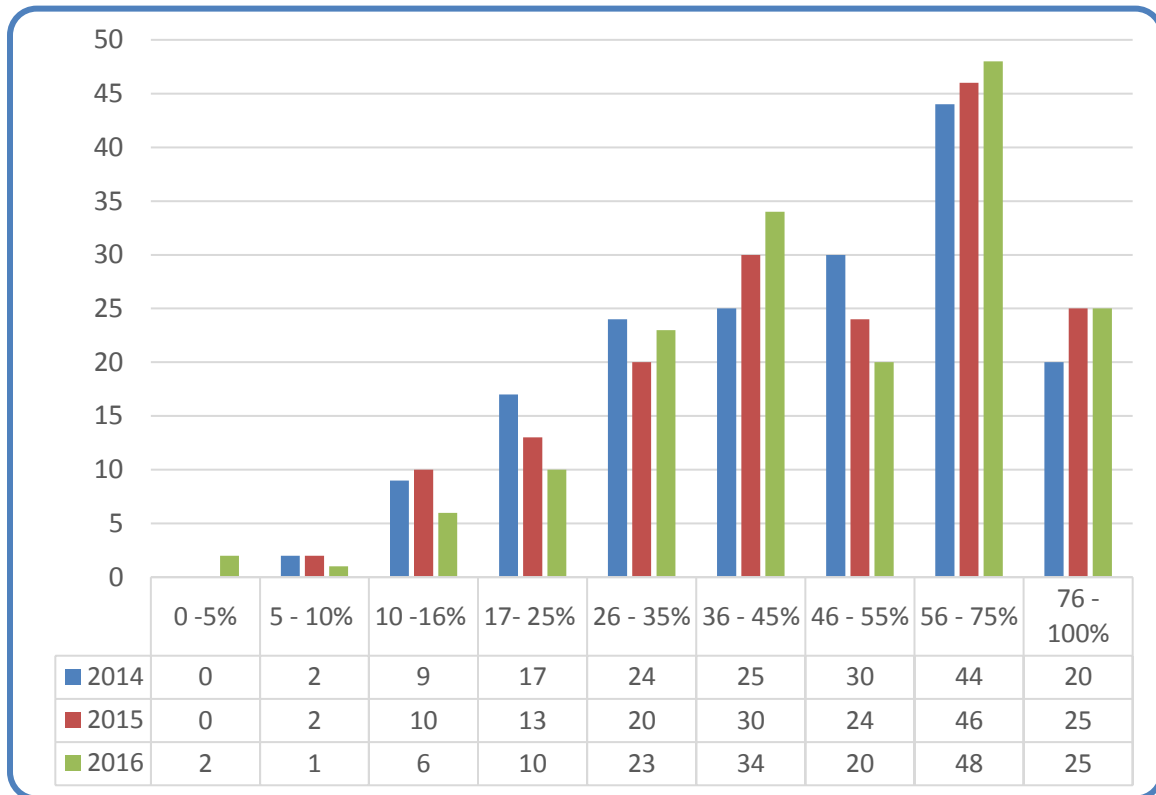
Our Office evaluated each locality's ratios and FAM score results over a three-year trend for fiscal years 2014, 2015, and 2016 audited financial statement data. Using the fiscal year 2016 FAM score results, we developed a threshold to use as an indicator for making our preliminary determination of the need to perform further follow up with a locality that appeared to show signs of potential fiscal distress. For all cities, counties, and the two towns having a separate school system, we set the threshold at a FAM score of less than or equal to 16 percent. We identified six localities, two cities and four counties, whose FAM score met this 16 percent threshold. Additionally, using a qualitative determination, we identified two other cities for follow up, as they remain delinquent in completing their fiscal year 2016 audited financial reports and therefore were not evaluated in our FAM analysis. We did not identify any

of the 36 towns evaluated in the separate model as having a FAM score that indicated a need for our Office to perform further review this year.

The chart shown below illustrates the trends and number of localities that fall within the various percentage categories for FAM score results across fiscal years 2014, 2015, and 2016. The chart includes the FAM score results for the model evaluating the cities, counties, and two towns having a separate school system, along with the separate model evaluating the remaining 36 towns.

Virginia Localities FAM Score Trends

Chart 1



For the eight localities where we made a determination of the need to perform additional follow up this year, we sent written notification to inform the local governing body and chief executive officer of our analysis and preliminary determination based on the fiscal year 2016 FAM score result. The notification explained that the locality must notify our Office regarding its decision of whether to allow our Office to perform further review of its financial position through completion of our financial assessment questionnaire. Additionally, we sent written notification to the governing bodies and management for all other localities to explain our process and analysis and to inform them that their FAM scores did not meet our threshold for further follow up.

Our follow up review focuses on information related to budget processes, debt, borrowing, expenses and payables, revenues and receivables, staffing, and any other external variables contributing to a locality's financial position through use of the financial assessment questionnaire and our further

discussions with locality management. The objective of our review is to further determine the extent of any potential fiscal distress and obtain an understanding of how the locality is responding to potential fiscal distress and what policy or plans it has in place to move forward and improve. After completion of our follow-up with a locality, we will evaluate and conclude as to whether or not a locality demonstrates signs of fiscal distress and make a determination of whether a locality may need further assistance from the state. If necessary, we will then formally notify the Governor, chairmen of the money committees, and the locality's governing body, in writing, concerning the specific issues or actions that would need to be addressed by state assistance or intervention. At that point, the process is administered by the Governor and chairmen of the money committees to develop a plan for state assistance. Additionally, should a locality decline any further follow-up and review from our Office as a result of our preliminary determination, we will notify the Governor and chairmen of the money committees accordingly.

For the localities identified for follow up in this year's analysis, our Office has performed review of completed questionnaires and held further discussions with locality management for several localities. We are currently working to summarize the results of this follow up and perform any additional correspondence and notification as necessary. In addition, we are in the process of gathering information from other localities to enable us to perform further review. We anticipate conclusion of our review with the applicable localities after they are able to complete their fiscal year 2017 audited financial reports in order to meet the statutory deadline for submission to our Office by November 30.

In support of the local fiscal distress monitoring process, our Office has performed various outreach efforts during the year through correspondence with the localities, along with giving presentations to multiple state, local, and national groups including the Joint Subcommittee on Local Government Fiscal Stress, Local Government Fiscal Distress Workgroup, Virginia Association of Counties, Virginia Municipal League, and a national Government Sustainability Workgroup hosted by the Michigan State University Extension Center for Local Government Finance and Policy. We have also had meetings with public officials from multiple cities and counties. As a result of this outreach, our Office has received valuable feedback and gained additional insight to consider and apply as we move forward with this initiative to further refine the early warning system we use to annually monitor the localities.

In support of the local fiscal distress monitoring process, our Office has performed various outreach during the year through correspondence with the localities, along with giving presentations to multiple state, local, and national groups.

After our Office completes the review with the localities identified for follow up this year, we will issue a formal report to summarize our process and the criteria and model used for our analysis this first year and to communicate any pertinent information we have learned as a result of individual follow up with localities. As our Office continues to identify and work through areas for improvement to this process, the report will also highlight any changes and refinements that we plan to implement in future years to enhance our ratio methodology and analysis and develop a more precise model for annually monitoring and identifying potential fiscal distress at the Commonwealth's localities.

Auditing Guidelines

While our Office does not audit the financial statements of the Commonwealth's local governments, we do establish guidelines, or specifications, that Certified Public Accounting (CPA) firms must follow when auditing local governments. The specifications assist state agencies in making sure that the firms understand and include audit procedures of state grants and contracts as well as detail how auditors should perform audit work unique to Virginia local governments.

Last year we organized a work group to begin reviewing the guidelines and audit requirements to determine where we can improve efficiencies to best meet the objectives of the specifications. This work group consists of key management and audit managers from our Office, a selection of CPA firms, and representatives of the applicable state agencies. We are currently working to facilitate discussions next year that will focus on how the firms approach the specifications through use of auditing best practices, materiality scopes, and sampling methodologies, as well as obtaining feedback regarding the state agencies' expectations and reliance on the audit procedures for the Virginia compliance requirements.

Providing Support for New Standards

As discussed later in the [Pensions and Other Postemployment Benefits](#) section of the report, the Commonwealth and its localities implemented Governmental Accounting Standards Board (GASB) Statement No. 68, which covers accounting and reporting of pension activity by employers, beginning in fiscal year 2015, and this standard had a significant impact on local government financial statements. Throughout fiscal year 2017, the third year of the pension accounting and financial reporting standards, our Office continued to provide local governments, as well as their CPA firms, critical information to ensure compliance with the pension standards for their financial statements.

Annually, the Virginia Retirement System (System) provides the actuarial valuation reports, schedules of the applicable pension amounts, footnote disclosure information, and other financial reporting guidance to the participating local government employers for their financial statements. Likewise, our Office publishes the reports that included our audit opinions over the plan schedules and applicable pension amounts for the Teachers' cost-sharing plan and the localities and political subdivisions' agent multiple plans. All of this information is available on the [Pension and OPEB Standards Resources](#) section of our website.

Our Office continued to provide hands-on support to assist the local governments in understanding the substantial changes involved with the pension standards by providing technical guidance and outreach to keep the local governments, political subdivisions, and CPA firms updated on important pension information. Additionally, our Office continued to educate local governments and their auditors about the upcoming implementation of other postemployment benefits accounting and financial reporting standards as discussed in the [Pensions and Other Postemployment Benefits](#) section. These standards closely mirror the pension standards and will have a significant impact on the liabilities reported in the localities financial statements as well as including additional note disclosures and supplementary information in the financial statements beginning in fiscal year 2018. As with pensions, our Office will provide similar support and critical financial reporting information for those

Commonwealth sponsored other postemployment benefit plans administered by the System. However, since local governments can administer their own plans or participate in other plans not administered by the System, our current outreach has continued to highlight the importance of the localities proactively communicating with the other plan administrators and external auditors to inquire about audit assurances and ensure they timely receive important financial reporting information for their financial statements.

Quality Control Reviews

The Office is not responsible for procuring a locality’s CPA firm or overseeing its work during the process. However, annually, our Office selects a sample of the CPA firms used by the localities and conducts a post issuance quality control review to ensure the firms’ audit work complies with auditing standards and the requirements of the federal government, if the local government receives federal funds, as well as the specifications mandated by our Office. This review is in addition to the peer reviews that CPA firms must periodically undergo. We communicate the results of our reviews to the firm, the applicable locality whose audit is selected for review, the Virginia Society of Certified Public Accountants, and the Virginia Board of Accountancy.

Firms can receive a rating of pass, pass with deficiencies, or fail. Firms that receive a rating of fail are scheduled for a repeat review in the following year. In 2017, the Office completed reviews of six local government audits at five CPA firms. We issued three reports with a rating of pass and two reports with a rating of pass with deficiencies. We noted the following deficiencies during the review of the firms that received a rating of pass with deficiencies.

CPA Firm Deficiencies

Table 1

Area of Deficiency	# of Firms Cited
Working Paper Documentation	2
Compliance with Federal Requirements in OMB Uniform Guidance	2

This year we continued to highlight guidance that recommends localities, in performing due diligence when contracting with a CPA firm, incorporate the review of our quality control reports issued for prospective firms. We also emphasized that localities should evaluate the quality of the firm by reviewing the American Institute of Certified Public Accountants (AICPA) most recently published peer review results of the firm, which are publicly available on the AICPA’s website. To further assist localities with their assessment to ensure they are contracting with a quality CPA firm for their financial statements audits, we have added a section to our website providing the quality control reports we have issued over firms auditing the Commonwealth’s localities for the last five years of reviews through our most current 2016 reviews. These reports are now available under the [Quality Control Review Reports](#) page on the Local Government section of our website.

Additionally, to specifically address compliance with the requirements over federal funds, we continued our analysis from the prior years to review the Single Audit reports related to federal funds

across 117 Virginia local governments that were required to issue this report for the fiscal year 2016. We obtained the localities' report data for the years 2014 through 2016 from the Federal Audit Clearinghouse and performed various data analytics designed to detect non-compliance with specific federal auditing and reporting requirements. Based on the results of our analysis over fiscal year 2016 audits, our Office found no discrepancies in the data that would indicate potential non-compliance related to Single Audit testing and reporting for the local government audits.

As Virginia local governments recently transitioned to new regulations over federal funds and their auditors have now implemented new auditing requirements for 2016 Single Audits, we believe the timing of this analysis continues to benefit local governments and their auditors by helping to ensure Single Audit quality. Additionally, throughout the various local government presentations our Office has given over the past year, we continued to discuss our analysis and focus over reviewing Single Audits, as well as highlight the changes with the new federal guidelines to further emphasize the increasing importance of Single Audit quality.

Local Report Information on Our Website

The Local Government section of our website already provides the audited financial statements and the internal control and compliance reports for the 171 localities required to annually report to the Office. In an effort to increase transparency and provide valuable information for the Commonwealth and its constituents, our Office is currently working to present additional local government information and reports that we receive annually.

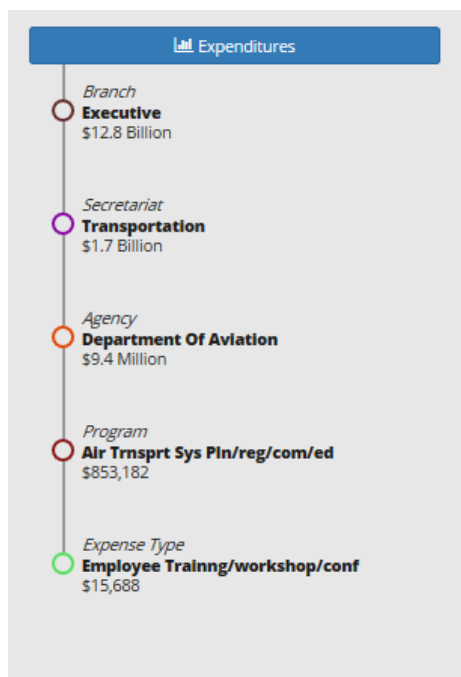
In addition to the locality's audited financial statements and reports on internal control and compliance, a locality may receive a written management letter from its auditor. A separate letter may be issued to emphasize other reporting matters that the CPA firm judges to be important enough to bring to management's attention but not at a significant level for inclusion in the locality's audit report. Chapter 836 of the 2017 Acts of Assembly now requires that our audit specifications include the requirement that any auditor communication related to other internal control deficiencies or financial matters, which merit the attention of locality management and the governing body, must be communicated in the form of an official, written management letter. Because this letter may provide additional insight regarding internal control deficiencies over financial matters, we believe that making the management letters available on our website provides useful information alongside the local governments' audited financial reports.

*To increase transparency,
we now include
management letters
issued by locality auditors
on our website.*

This year we continued to work on our initiative to soon provide on our website the audited financial reports that our Office receives annually from an authority, board, district, commission or other political subdivisions in accordance with §30-140 of the Code of Virginia. Additionally, Chapter 780 of the 2016 Acts of Assembly changed the annual local stormwater utility reporting, where an applicable locality having a stormwater utility program pursuant to §15.2-2114 of the Code of Virginia is now required to file its stormwater utility report with our Office beginning with the October 1, 2017, reporting. Accordingly, we are providing these reports on our website along with the other local government required annual reporting.

Maintaining Commonwealth Data Point

Section 30-133 of the Code of Virginia requires our Office to compile and maintain a searchable database on our website that contains certain state expenditure, revenue, and demographic information. We meet this Code requirement through our operation and maintenance of [Commonwealth Data Point](#). We update Commonwealth Data Point quarterly with data obtained from agencies, higher education institutions, and from other sources, as needed. We also include information about local government financial activity that we obtain from our Comparative Report on Local Government. In addition, we research and respond to citizen's inquiries about information on Commonwealth Data Point.



Welcome to Commonwealth Data Point

Financials

Expenditures	Revenue	Budget	Salaries
View the state's expenses by secretariat, agency, and more	See where the state is earning money per secretariat, agency, and more	Compare the budget set forth by the state, including any adjustments and transfers	Explore the salaries of state employees

Finances at a Glance

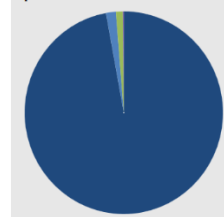
Fiscal Year

2018 •

Expenditures

Branch •

\$13.1 Billion

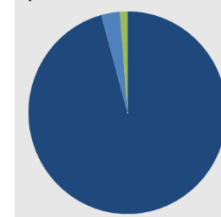


Explore Expenditures

Revenue

Branch •

\$11.7 Billion

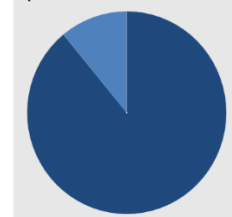


Explore Revenues

Budget

Budget Type •

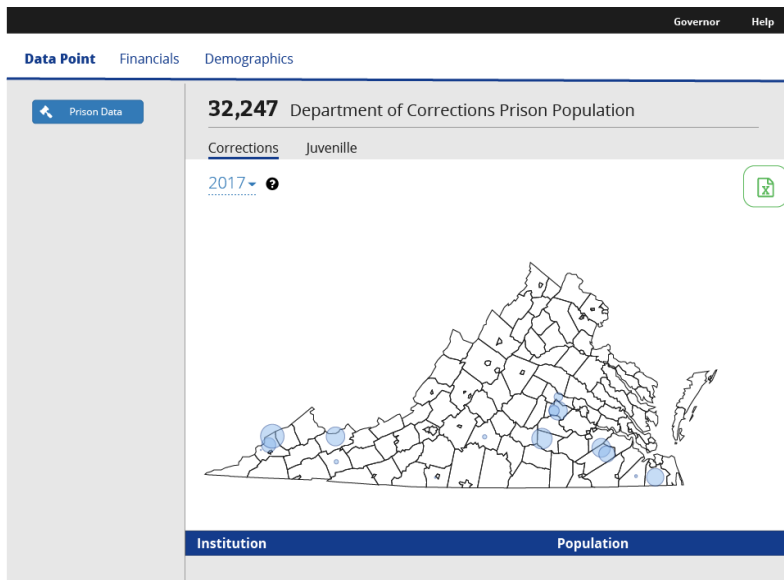
\$59.1 Billion



Explore the Budget

This past year, the Auditor of Public Accounts launched its first phase of a full redesign of Commonwealth Data Point. Our goals for phase one of the redesign were to implement features required by legislation passed in the 2016 and 2017 Sessions of the General Assembly, including four main fiscal dashboards — expenditures, revenues, budgets, and salaries; clear, concise visualizations; and contact information for each agency, all built upon a platform that complies with modern web standards.

The data currently used in Commonwealth Data Point comes primarily from the Commonwealth's accounting and financial reporting system. The fiscal dashboards include a visualized view of each discrete level of data, whether it is branches of government, the executive secretariats, specific agencies, or expense, revenue, or budget types. When a user begins to drill down in one of the fiscal dashboards, they are provided with a breadcrumb trail of what previous pages they've viewed. This allows users to see exactly how figures break down into subcategories.



For phase two of Commonwealth Data Point, we plan to implement a search feature along with transitioning the remaining financial and demographic data required by the Code of Virginia. New dashboards will be fitted with custom visualizations that best communicate the presented data. An example of this is shown to the left.

To access information relating to fiscal years prior to 2017, users can visit the archived version of Data Point, now known as Legacy Data Point. Commonwealth Data Point can be found at datapoint.apa.virginia.gov and Legacy

Data Point can be found at legacydatapoint.apa.virginia.gov.

Investigating Fraud

During the course of the year, in accordance with §30-138 of the Code of Virginia, we receive reports of circumstances indicating a reasonable possibility of fraudulent transactions. This Office conducts an initial review of all reports and, based on the nature and circumstances of each report, determines how best to proceed. The majority of reports and related situations result in this Office, the Office of the State Inspector General, and the State Police coordinating our activities with agency, institution, and locality officials, primarily internal auditors, and local law enforcement. Table 2 below outlines the volume of activity, including a breakdown of new reports by type of entity, during fiscal years 2015 through 2017.

Fraud Report Activity

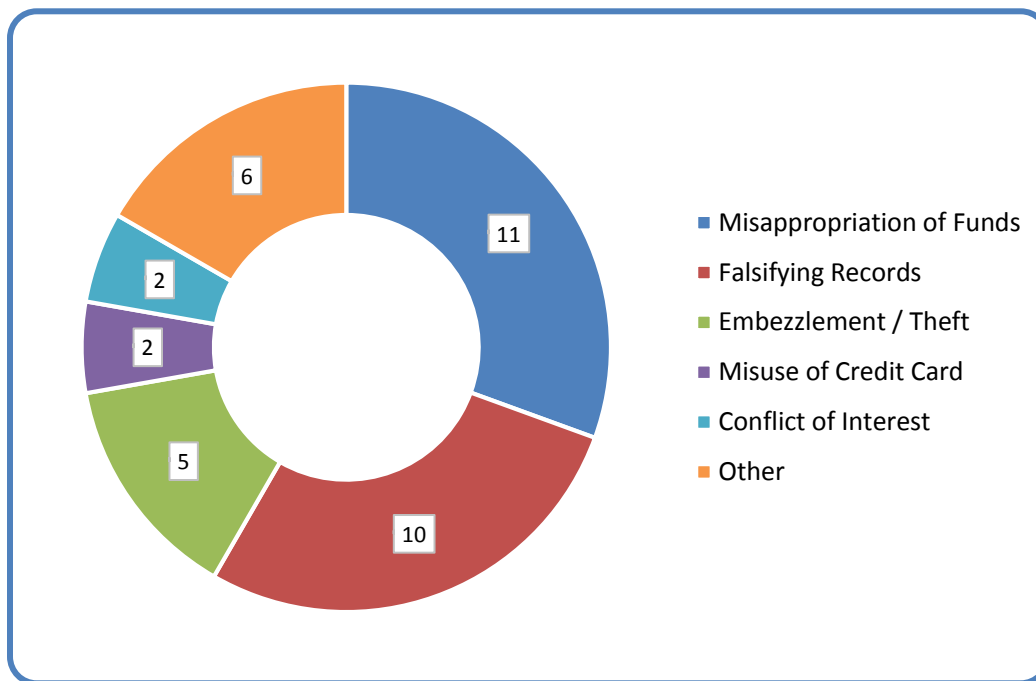
Table 2

	FY 2017	FY 2016	FY 2015
Outstanding cases at beginning of fiscal year	19	18	36
New reports:			
Courts	1	1	0
Local Governments	9	7	7
Institutions of Higher Education	13	12	14
State Agencies	13	8	19
Total New Reports	36	28	40
Closed reports	39	27	58
Active cases at end of fiscal year	16	19	18

Chart 2 provides a breakdown of the new reports received during fiscal year 2017 by type of fraud.

New Reports in Fiscal Year 2017 by Type of Fraud

Chart 2



During the year, we were able to resolve and close a number of reports. The frauds that resulted in conviction and recovery were related to employees improperly using grant funds and embezzling state funds. Table 3 below shows the breakdown of their resolution by fiscal year.

Closed Reports

Table 3

Disposition	FY 2017	FY 2016	FY 2015
No Conviction / Action	20	8	21
Conviction	1	4	8
Conviction and Recovery	2	1	4
Administrative Action	14	9	19
Administrative Action and Recovery	2	5	6
Total	39	27	58

We are ENGAGED

We see what needs to be done and participate or become involved.

The Office performs a variety of audits each year including financial, federal, and performance. We spend the majority of our time performing audits mandated by the Code of Virginia, federal regulations, and bond or accreditation requirements. Their results are used by various entities to evaluate the Commonwealth's fiscal management. To the extent our resources allow, we also perform special projects and other agency reviews covering a wide array of topics.

During 2017, our organization of 126 auditors and support staff:

- Issued nine special reports;
- Issued 86 reports for audits of state agencies and institutions, issuing findings for 35;
- Reviewed 217 General, Juvenile and Domestic Relations, and Combined District Courts, issuing findings for 48;
- Reviewed 88 Circuit Courts, issuing findings for 24;
- Reviewed 41 General Receivers and Magistrate Districts, issuing findings for two; and
- Reviewed Constitutional Officers at 136 localities, issuing findings for 29.

Our reports on these audits and other reviews include recommendations for improving internal controls and addressing non-compliance with state and federal regulations and provide information from Commonwealth, Secretarial, and Agency perspectives. Our special project topics in 2017 included travel expenses, information systems development, capital project cash flow requirements, and a review of the Department of Conservation and Recreation's Status of Corrective Action on implementing recommendation from our prior audit.

The following section features the results of some of these audits completed during fiscal year 2017. [Appendix B](#) contains a complete list of all audits we issued during the fiscal year.

REPORTING ON MANDATORY AUDITS

Most of our mandated audits are financial statement audits, including the audits of the Commonwealth's Comprehensive Annual Financial Report (CAFR), Higher Education Institutions, and the Virginia Retirement System. Our mandated audits also include the Single Audit of federal funds expended by the Commonwealth. We summarize our observations and findings for the more significant mandatory audits completed this year below.

CAFR and Single Audit

The Commonwealth's CAFR is an audit of the statewide financial statements used by bond rating agencies and others to assess the fiscal health of the Commonwealth. The Code of Virginia mandates the completion of the audit by December 15 each year. This past year, as a part of the CAFR audit, we performed testwork over the financial activity at over 29 different agencies and universities, obtaining coverage over \$56 billion in revenues and \$55 billion in expenses for the Commonwealth and its components. Through this work, we also gained coverage over \$39 billion in government assets, consisting primarily of capital assets, cash and investments, and receivables; \$76 billion in pension and other employee benefit trust fund assets; as well as \$17 billion in government liabilities.

The Single Audit report serves to communicate not only findings related to federal compliance testing for these and other agencies, but also internal control and compliance matters related to the CAFR audit.

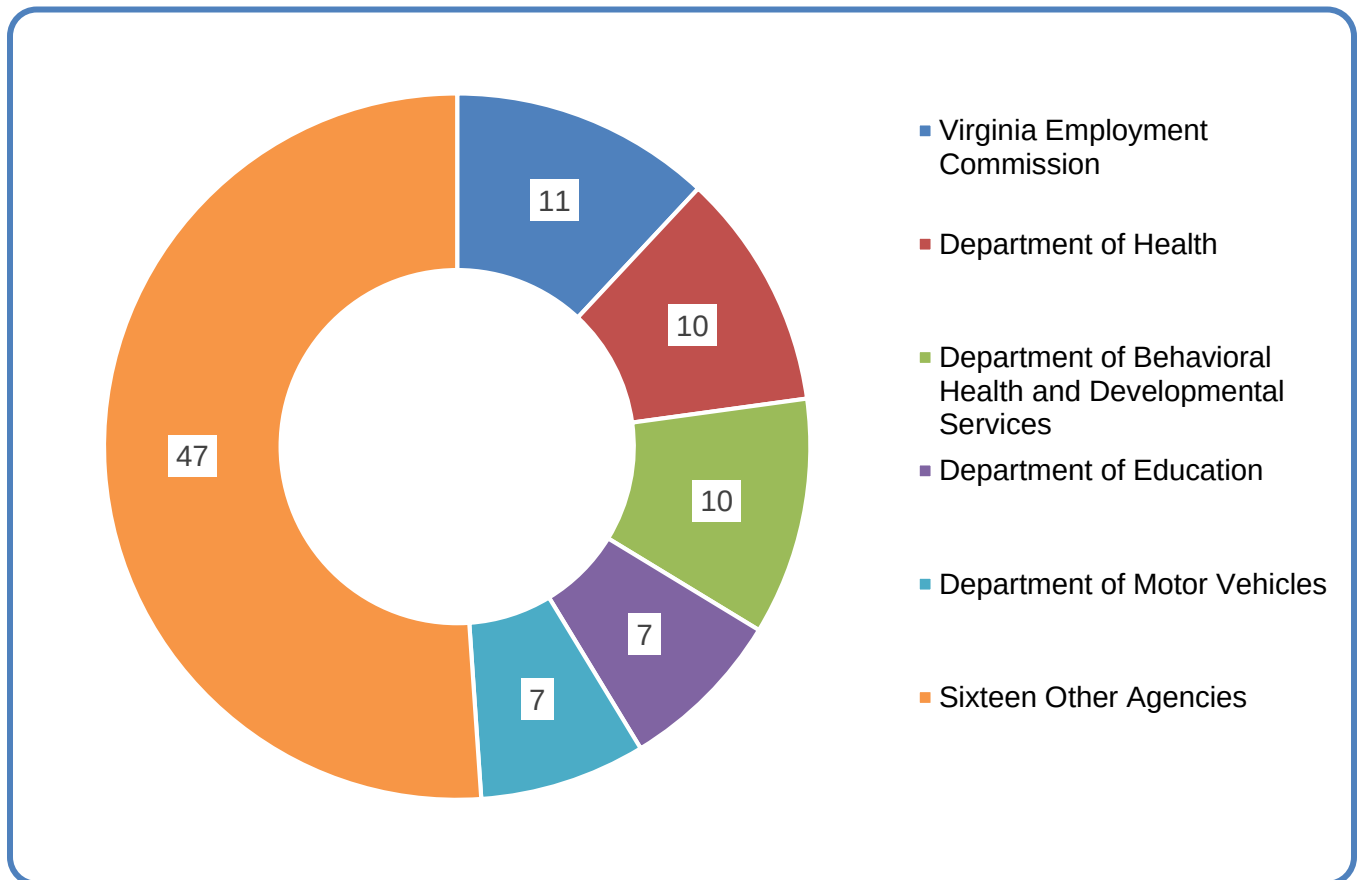
During our audits of the CAFR material agencies, we also perform work to support the Commonwealth's Single Audit of federal funds. The Single Audit report serves to communicate not only findings related to federal compliance testing for these and other agencies, but also internal control and compliance matters related to the CAFR audit. As a result, we complete this work in time to issue the Single Audit report within 60 days of the conclusion of the CAFR audit, which is approximately 45 days ahead of the federally mandated deadline.

The federal compliance testing we perform for the Single Audit is done to fulfill the audit requirement to which the Commonwealth commits when it accepts federal funds. Most state entities (agencies, authorities, boards, and commissions, etc.) that are part of the Commonwealth are subject to audit under the Single Audit. For fiscal year 2016, we evaluated \$13 billion in federal expenses for testing. To complete the Single Audit, we audited 18 federal programs administered by the Commonwealth.

Our testing for the CAFR and Single Audit resulted in 92 findings with recommendations. As seen in Chart 3, of the 92 findings, 45 findings, 49 percent, are from five agencies. Each of these agencies is material to the CAFR and, except for the Department of Motor Vehicles, is responsible for managing at least one of the federal programs that we audited for fiscal year 2016.

CAFR and Single Audit Findings by Agency

Chart 3



The auditing standards we follow require us to evaluate the severity of each internal control finding and classify them as a significant deficiency or material weakness, with material weakness being the most critical classification. We classify findings as a material weakness when there is a reasonable possibility that a material misstatement of the entity's financial information will not be prevented or detected and corrected on a timely basis due to a deficiency in internal control.

Chart 4 summarizes the numbers and severity of findings reported in the Single Audit for fiscal years 2014 through 2016. Overall, the number of findings issued for fiscal year 2016 decreased from fiscal year 2015; however, the number of material weaknesses increased from five to eleven.

**Number and Severity of Findings Reported in the Single Audit
Fiscal Years 2014 through 2016**

Chart 4



Table 4 shows the agencies with these 11 material weaknesses. The Department of Education (Education) has 45 percent of the Commonwealth's material weaknesses with five. Additionally, the schedule shows that five of the Commonwealth's material weaknesses are within the category of Financial Reporting. Finally, the schedule shows that five categories that are information systems security related collectively contribute five of the Commonwealth's material weaknesses.

Material Weaknesses by Agency and Category

Table 4

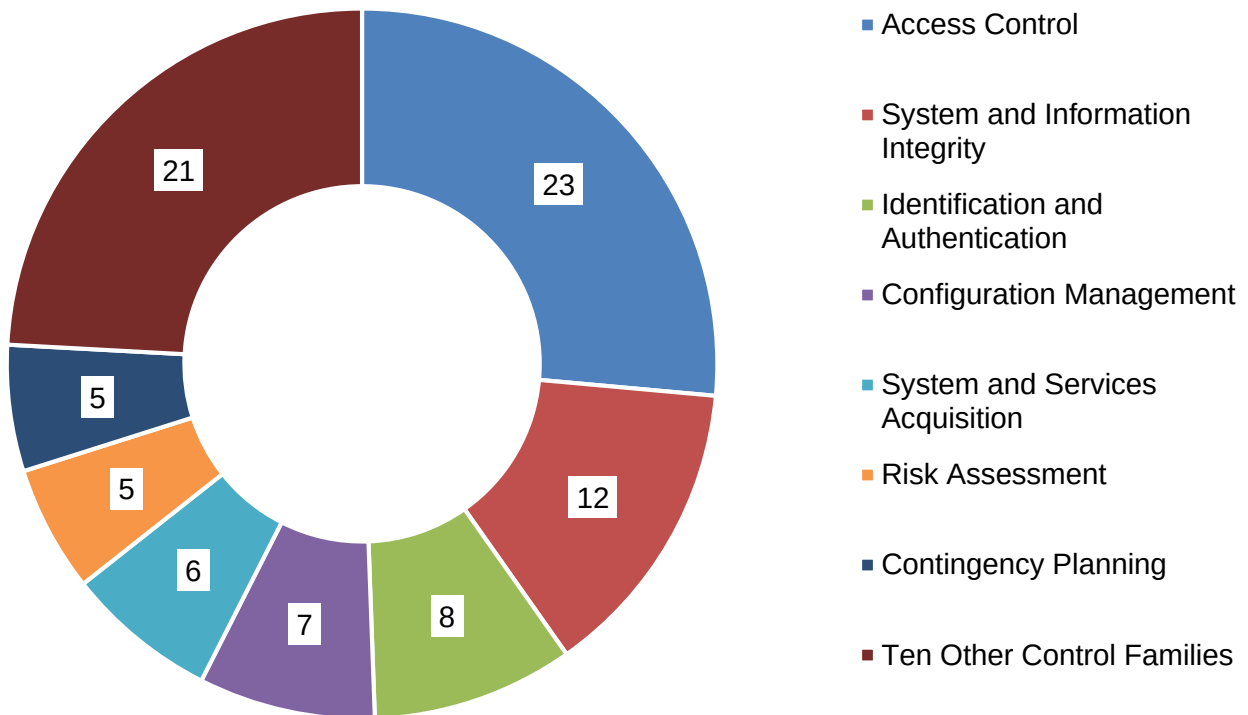
	Behavioral Health and Developmental Services	Education	General Services	Health	Motor Vehicles	Virginia Lottery	Grand Total
Financial Reporting	1	2	1		1		5
Inventory				1			1
Access Control						1	1
Information Security Roles and Responsibilities		1					1
Multiple Information System Security Control Families		1				1	2
System and Information Integrity		1					1
Grand Total	1	5	1	1	1	2	11

Information systems security related findings represent 61 (or 66 percent) of the total findings for the Commonwealth. We review information systems security controls as part of our audits since the information we audit is stored in systems. The specific information security controls that we audit in a particular fiscal year depend on overall audit objectives, scope, and risk. Therefore, we do not audit the same information systems security controls across all agencies in one fiscal year.

Chart 5 provides more information about the nature of these finding indicating the applicable control family. The Commonwealth of Virginia's Information Security Standard, SEC 501 (Security Standard) adopts the Information System Security Control Families from the National Institute of Standards and Technology (NIST) to categorize controls that the Commonwealth is required to apply to its information systems. According to NIST, a control family "contains security controls related to the general security topic of the family. Security controls may involve aspects of policy, oversight, supervision, manual processes, actions by individuals, or automated mechanisms implemented by information systems and devices."

Information Systems Security Findings by Control Family

Chart 5



Note: Ten findings reported deficiencies with multiple control families. For this graph, these deficiencies are broken-out to show each control family impacted.

Finally, new for this year we included two listings of all findings in Appendix II of the Single Audit. The first list organizes all findings by topical area and the second list organizes all findings by the applicable entity. A reader of the Single Audit report can use these lists to analyze audit findings by topical area or agency and to obtain a finding's number, which the reader can use to locate more information about a finding within the Single Audit report. Access the [Single Audit](#) report from our website.

Pensions and Other Postemployment Benefits

Pensions

In addition, to performing the annual audit of the Virginia Retirement System's (System's) financial statements, as a result of the implementation of GASB Statement No. 68, which covers accounting and reporting of pension activity by employers, we have included over three thousand additional hours in our annual work plan to audit the requirements of the new standards. This includes additional hours for the System audit and the individual agency and higher education institution audits.

Our annual work plan has increased by over three thousand hours as a result of new pension standards. We anticipate additional increases with the pending implementation of similar standards related to other post-employment benefits.

At the System, we have expanded our annual work to include a review of various schedules prepared by the System's actuary for use by the Commonwealth's agencies and higher education institutions as well as its localities. We also have to perform additional testing of census data maintained by the System. In addition, at the individual agency and higher education institution audits, we now have to perform audit work surrounding the census data they provide to the System and, where applicable, ensure they appropriately reported the activity in their individual financial statements. Further, we have expanded our guidance and reporting requirements related to local government audits. See the [Supporting Local Government](#) Section of this report for more information on our efforts with regard to the Commonwealth's localities.

Annually the Virginia Retirement System provides the actuarial valuation reports, schedules of the applicable pension amounts, footnote disclosure information, and other financial reporting guidance to the participating state and local government employers for their financial statements to enable them to comply with GASB Statement No. 68. Likewise, once our work is complete, our Office publishes the reports that include our audit opinions over the plan schedules and applicable pension amounts for the state employee, teachers, and political subdivision retirement plans. All of this information is available on the [Pension and OPEB Standards](#) section of our website.

Postemployment Benefits Other Than Pensions

Similar to the new standards addressing accounting and financial reporting for pension plans and pension activity by employers, GASB has issued new standards for accounting and reporting for postemployment benefits other than pensions. GASB Statement No. 74, which covers accounting and reporting by postemployment benefit plans other than pension plans, is effective for fiscal year 2017, and GASB Statement No. 75, which covers participating employer accounting and reporting of postemployment benefits other than pensions, is effective for fiscal year 2018. The new standards will have a significant impact on the liabilities reported in the financial statements of the Commonwealth and its localities beginning in fiscal year 2018.

The new standards for other postemployment benefits will have a significant impact on the liabilities reported in the financial statements of the Commonwealth and its localities beginning in fiscal year 2018.

The System administers all but one of the Commonwealth's other postemployment benefit plans including Group Life Insurance, the Retiree Health Insurance Credit Program, the Disability Insurance Trust Fund, the Line of Duty Death and Disability Program, and the Virginia Local Disability Program. The remaining program, Pre-Medicare Retiree Healthcare, is administered by the Department of Human Resource Management (Human Resource Management). Some state and local entities also administer their own plans or participate in plans administered by other entities, and they will be responsible for ensuring they comply with the new standards related to these plans.

We have been in communication with both the System and Human Resource Management concerning the Commonwealth's implementation of these standards. We anticipate we will be able to utilize most of the work we currently perform over census data on the System, agency, and higher education institution audits related to pensions to support our work over other postemployment benefits. However, these standards will also entail us auditing additional schedules for use by the Commonwealth's agencies and higher education institutions, as well as, its localities. Therefore, we do anticipate that this will result in additional increases to our work plan hours.

Higher Education Institution Audits

During the past year, we completed 11 financial statement audits related to the Commonwealth's higher education institutions, including the Virginia Community College System and its 23 community colleges. Three of these audits were for fiscal year 2015 and the remaining eight were for fiscal year 2016. While we issued unqualified opinions on the financial statements of each of these institutions, we included internal control and compliance recommendations in nine of the audit reports. Those recommendations addressed a variety of issues as summarized in the following table.

Higher Education Institution Audit Findings

Table 5

Control and/or Compliance Area	Number of Institutions with Findings
Federal Programs and Research	25
Information Systems Security	15
System Access	8
Retirement Reconciliation Process	4
Employee Termination Procedures	3
Capital Asset Inventory and Management	3
Third Party Service Provider Oversight	2
Miscellaneous Remaining Areas	7

We also performed a reaccreditation review at six community colleges and additional procedures at 12 higher education institutions over their National Collegiate Athletics' Association activities.

During the year, at the request of members of the General Assembly, we performed an investigation of the sources of funds comprising the University of Virginia's newly formed Strategic Investment Fund by reviewing detailed accounting system records and meeting with key members of management to determine the composition of the fund and its intended uses. We presented the results of our work to a Joint House Appropriations Higher Education and Senate Finance Education Subcommittee on [August 25, 2016](#). Subsequently, we also performed a survey of College and University operating balances in coordination with the State Council for Higher Education in Virginia and presented the results of the survey to the House Appropriations Committee on [November 15, 2016](#).

New Staffing Model for Higher Education Institution Audits

We audit our three largest higher education institutions to support our CAFR audit. These audits are completed prior to the December CAFR deadline. In order to improve timing and efficiency in our remaining higher education institution audits, we have recently implemented a new staffing approach that will begin in January 2018. This new approach will prioritize projects based on deadlines for board meetings or other mandatory deadlines and size in relation to our overall work plan. As a result of this new approach, a significant number of our staff will spend time during the period from January through April 2018 completing the remaining fiscal year 2017 audits of higher education institutions. After we complete our audits of the remaining institutions of higher education, we will use project risk, timing, and staff experience to allocate staff to the remaining projects in our work plan. In addition to improved timing and efficiency, we anticipate this new staffing method will provide improved flexibility in managing our work plan and allow us to better adapt to unanticipated additions to our work plan and changes in staffing levels.

PROVIDING INFORMATION TO THE GENERAL ASSEMBLY

Beyond making recommendations for improving internal controls and addressing noncompliance, we look for other opportunities to add value to the Commonwealth. Our reports on the results of audits will often include additional information that we believe will be useful to General Assembly members in the performance of their duties and responsibilities. We present information from Commonwealth, Secretarial, or Agency perspectives depending on the nature of the topic and the type of report being issued.

Being Innovative in our Approach to Non-mandatory Audits

There are approximately 55 agencies that are subject to audit by our Office that do not have a mandatory annual audit requirement and, generally these agencies do not have financial activity that is required to be audited in support of the CAFR or Single Audit of federal funds. Historically, we have audited these agencies on a three-year cycle focusing on the significant financial cycles of the agency.

We have developed a new process for auditing cycled agencies, which are agencies that do not have a mandatory annual audit requirement.

While we did perform some risk analysis in determining when to bring the agency into the audit cycle, the timing of audit was primarily driven by the time period that had elapsed since the last audit.

During the last year, in order to better utilize our Office's staffing resources, we have developed a new process for auditing these agencies, which we refer to as cycled agencies. We are now employing a new risk-based approach to auditing the cycled agencies. Under this approach, annually we will perform a risk analysis for all of the cycled agencies considering certain criteria including, but not limited to, relative amount of revenues and expenses, number of prior audit findings, and turnover in key positions. Based on this analysis, we divide the agencies into two pools based on the resulting risk rating. These pools are subject to change each year depending on the risk rating. Below we provide additional information on the approaches used for both pools.

Pool I

The agencies in this pool will be subject to audit every year under a special project that focuses on one 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 which agencies from Pool I will have detailed testwork completed in this area. We will perform limited procedures at the remaining agencies. We will issue a comprehensive report at the end of the project detailing the results for the agencies selected for review. All agencies will also be subject to an internal control questionnaire review with an on-site

Pool I agencies will be subject to audit annually under a special project that is determined to be significant for the agencies in this pool.

visit to verify controls at least once every three years. For 2016, payroll was the area of focus. This report was issued during the second quarter of fiscal year 2018 and will be included in next year’s annual report.

Pool II

We will perform an 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 on their inclusion in the pool, some agencies may be in the

We will perform an audit of Pool II agencies; however, the audit objectives and scope will be more limited than prior audits.

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 areas that we select for review, versus an agency-wide approach. This will allow us to cover selected areas in more depth and additional areas that we may not have previously covered as we were focused primarily on significant financial 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 at least once every three years.

During the period covered by this report, we issued reports for four Pool II agencies, including reports for the Virginia Department of Agriculture and Consumer Services and Virginia Land Conservation Foundation, the results of which are covered in the [Focusing on the Importance of Internal Controls](#) section below.

Internal Control Questionnaire Reviews

Each year our Office will conduct an Internal Control Questionnaire Review project. As noted above, all agencies in both pools will be included in this project at least once every three years. During the review, we will send the agency an Internal Control Questionnaire to complete covering significant organizational areas and activities including payroll and human resources; revenues and expenses; procurement and contract management; and information technology and security. The questionnaire focuses on key controls over these areas and activities.

All agencies in both pools will be included in our Internal Control Questionnaire Review Project at least once every three years.

We will review agency responses and supporting documentation and design procedures based on the results. The next step will include an auditor going on-site and validating the responses from the agency. The procedures performed will target risks or business functions deemed significant and involve reviewing internal policies and procedures. Depending on the results of our initial procedures, we may perform additional procedures including reviewing evidence to ascertain that select transactions are executed in accordance with the policies and procedures and conducting inquiries with management.

After we complete the on-site review, we will provide a letter to management stating the results and highlighting any key areas of interest. In addition, we will issue a report with the accumulated results for all agencies after the project is complete. We will use the results of this process in our risk-based analysis, which could result in the agency being included in Pool II or identify topics for our special project for Pool I agencies. During the first quarter of fiscal year 2018, our Office began issuing Internal Control Questionnaire Review Results Letters. The results of these reviews will be covered in next year's annual report.

Focusing on the Importance of Internal Controls

Sound internal control practices are the driving force behind the management of the Commonwealth's resources. Many factors play into an organization's ability to effectively and efficiently design and implement their internal controls to minimize the risk of mismanagement and fraud. Over the course of the past year, several of our audits have highlighted the importance of internal control and what can happen when it is lacking. We discuss a few of those reports here.

State Corporation Commission

During our audit of the State Corporation Commission (Commission) for the period July 1, 2014, through January 31, 2016, we identified multiple internal control and compliance findings related to weaknesses in information systems security. As a result of these weaknesses, we made the following

During our audit of the Commission, we identified multiple internal control and compliance findings related to information systems security.

recommendations to the Commission: Develop, Implement, and Maintain Information Security Controls; Improve Firewall Security Controls; Continue Improving the Information Security Program; Improve Logical Access Controls; Retain Evidence of VPN Access Reviews; Maintain and Improve Oversight of Third Party Service Providers; and Disable System Access in a Timely Manner. Additionally, the Commission is still working to address an issue we first reported in its 2012 report, and as a result, we provide a status update to a prior finding entitled: Follow Procurement Rules and Best Practices. Access the [Full Report](#) on our website.

Department of Elections

Our audit of the Department of Elections (Elections) for the period July 1, 2012, through June 30, 2015, identified four internal control and compliance findings requiring attention from management. Elections lacks policies and procedures for several critical business areas, including but not limited to, reimbursement payments for localities, reconciliations, and certain payroll functions. Elections did not maintain adequate documentation of calculations supporting payments to local registrars and electoral boards and reports to the Federal Elections Commission. Finally, Elections did not maintain adequate supporting documentation of its reconciliations between human resources records and the Virginia Retirement System's records for retirement contribution amounts. Elections should develop and implement internal policies and procedures over all critical business areas and maintain adequate supporting documentation for all transactions. Access the [Full Report](#) on our website.

Virginia Department of Agriculture and Consumer Services

Our audit of the Virginia Department of Agriculture and Consumer Services (Agriculture) for the year ended June 30, 2016, covered payroll operations, information systems security, and procurement workflow controls. During our audit, we noted Agriculture is making progress in addressing prior audit recommendations. However, it continues to lack adequate information technology risk management and contingency planning controls, specifically related to disaster recovery planning, baseline configurations, and data classifications. Additionally, Agriculture performed a major upgrade to a sensitive and mission critical database resulting in the absence of several information systems security controls, some of which include least functionality, account management, and system monitoring. Agriculture also lacks appropriate oversight controls for third party service providers that perform information security services. Agriculture should allocate the necessary resources to mitigate these weaknesses and reduce data security risk in the information technology environment. Access the [Full Report](#) on our website.

We noted Agriculture is making progress in addressing prior audit recommendations; however, it continues to lack adequate information technology internal controls in certain areas.

Virginia Land Conservation Foundation Audit of Accounts and Records

During our audit of the accounts and records of the Virginia Land Conservation Foundation (Foundation) as of June 30, 2016, we recommended that the Foundation obtain the amount of Land Preservation Tax Credit fee revenues collected by the Department of Taxation and the administrative costs incurred by the Departments of Taxation and Conservation and Recreation to ensure its accounts and records are complete. Additionally, to ensure the Foundation is meeting the intent of the Code of Virginia and the Appropriation Act, we issued two Comments to Management with recommendations. Access the [Full Report](#) on our website.

FOCUSING THE SPOTLIGHT

Special Studies are designed to highlight key areas of risk to the Commonwealth as identified by the Office, driven by specific requests of the legislature, or resulting from allegations of impropriety. The following summaries offer examples of such special studies performed during fiscal year 2017.

Statewide Review of Travel Expenses – July 2016

Our Statewide Review of Travel Expenses follows up on our [interim report](#), issued in January 2015. The Commonwealth spends close to \$200 million annually for travel, but the current approach to contracting and travel management does not fully leverage the purchasing power of the Commonwealth, and there are opportunities for efficiencies and cost savings. In looking at travel expenses statewide,

The current approach to contracting and travel management does not fully leverage the purchasing power of the Commonwealth, and there are opportunities for efficiencies and cost savings.

the significance of higher education travel as well as the Commonwealth's higher education restructuring efforts must be considered.

Higher education institutions account for close to 75 percent of statewide travel expenses, but restructuring efforts impact the ability of the Commonwealth to employ a statewide approach to travel management and contracting. The higher education community has been working towards leveraging their own purchasing; however, these strategies are currently limited to

only a certain segment of state government and not all colleges and universities can participate. From a statewide perspective, this is a fragmented approach, and we believe there are opportunities for potential savings and efficiencies in the Commonwealth's travel expenses. Our report includes the following recommendations:

- Higher education institutions and the Department of General Services should work together to develop cooperative approaches that will more fully maximize the state's purchasing power and also leverage the travel management experience of the higher education institutions.
- The General Assembly may want to consider strengthening language in the Code of Virginia to further require coordination between the Department of General Services and institutions when considering cooperative procurements.
- The Departments of Planning and Budget and Accounts should review the object code structure for travel expenses in the statewide financial reporting systems. Consideration should be given to whether the current structure meets the needs for modern day financial reporting and analysis.

Access the [Full Report](#) and [Executive Summary](#) on our website.

Progress Report on Selected System Development Projects in the Commonwealth

Our Progress Report on Selected System Development Projects reflects our on-going review of \$204 million in Commonwealth information technology system development projects. Our review goal is to detect problems at the earliest possible point and alert decision makers of this information, thereby reducing potential project failures. The report highlights five projects across four different agencies that are experiencing schedule delays, budget concerns, or have other risks: Virginia Employment Commission's unemployment insurance modernization, Department of Human Resource Management's personnel system migration from Unisys, Alcoholic Beverage Control's financial system replacement and licensing system replacement, and Department of Accounts' payroll project.

This report highlights five projects across four different agencies that are experiencing schedule delays, budget concerns, or have other risks.

For each of these highlighted projects, agency management is aware of the delays or concerns and the project team has been operating transparently to keep stakeholders aware of all associated risks. The project teams continue to inform us of decisions that affect these projects, invite us to attend project team meetings, and properly report the project's status to the Virginia Information Technologies Agency. Access the [Full Report](#) on our website.

Review of Capital Project Cash Flow Requirements

This is the Auditor of Public Accounts' third annual report on the adherence to the cash flow requirements for projects within Chapter 806 of the 2013 Acts of Assembly (Chapter 806). The capital project cash flow requirements process is effective. The Department of Planning and Budget's (Planning and Budget) processing time for CO-2s improved in fiscal year 2016. The Six-Year Capital Outlay Advisory Committee did not meet quarterly during fiscal year 2016; however, there is a process in place to advance projects between meetings that prevented any delays. The Departments of Planning and Budget, General Services, and the Treasury are monitoring the \$250 million annual debt limit, and to date Chapter 806 capital project expenditures have not exceeded the limit.

We did not review the Central Capital Planning Fund because no Chapter 806 projects received funding this year. However, we recommend Planning and Budget should do an analysis of upcoming projects that will need planning funds and their estimated timing to determine if there is adequate funding available within the Central Capital Planning Fund. If the analysis determines funding to be inadequate, Planning and Budget could make a recommendation to the General Assembly for how much the fund needs to prevent delays due to the availability of planning funds. Access the [Full Report](#) on our website.

Department of Conservation and Recreation's Status of Corrective Action from Prior Recommendations

We found that DCR accurately reported the status of its corrective actions resulting from the recommendations identified in our prior audit report.

During our audit of the Department of Conservation and Recreation's (DCR) Status of Corrective Action from Prior Recommendations (as of February 3, 2017), we tested certain key recommendations followed by a representative sample of the remaining recommendations to determine if DCR accurately determined and reported the status of its corrective actions. We found that DCR accurately reported the status of its corrective actions resulting from the 93 recommendations identified in the prior audit report titled "Special Review of the Department of Conservation and Recreation" issued in June 2014. Of the 93 recommendations, DCR reported 81, or 87 percent, as complete with the remainder reported as work-in-progress; and it continues to make progress in implementing the remaining 12 recommendations. Access the [Full Report](#) on our website.

We are KNOWLEDGEABLE

We are insightful and well informed.

We provide information to various state, local, and other professional organizations to ensure they are aware of changing accounting standards and federal regulations, activities of our Office, and results of our projects. Participating with these organizations also serves as a great way to gather information to help us continue improving our audits. In addition, we continuously follow the activities of various standard setting and regulatory bodies, providing feedback on proposed changes to help protect the interests of the Commonwealth and its localities.

Sharing Knowledge

We provide information on a variety of topics to various groups throughout the year including General Assembly members, state and local government officials and organizations, higher education groups, and other professional organizations. The tables on the following pages highlight the groups to which we provided information and the topics covered during the year.

Table 6

General Assembly Members	
House Appropriations Committee Meeting	• Provided information on financial oversight of the Commonwealth's local governments, including current requirements and additional procedures that Auditor of Public Accounts (APA) will perform using fiscal year 2016 data to assess local fiscal stress.
House Appropriations Committee Retreat	• Provided information on financial oversight of the Commonwealth's local governments, including current requirements and potential future requirements to assess local fiscal stress.
House Appropriations Committee Retreat	• Presented the results of a survey, conducted in coordination with the State Council of Higher Education in Virginia, related to college and university cash, cash equivalents, and investment balances.
Joint meeting of House Appropriations Higher Education Subcommittee and Senate Finance Education Subcommittee	• Presented information on the University of Virginia's Strategic Investment Fund.
Senate Finance Committee	• Provided information on financial oversight of the Commonwealth's local governments including current requirements and potential future requirements.

Table 7

State Government	
College and University Auditors of Virginia	• Provided updates on APA internal activities, the 2017 legislative session, and new accounting and auditing standards. Discussed audit results from the prior year and common areas reported involving frauds.
Department of Correction's Fiscal Officers Conference	• Presented information to the fiscal staff of correctional facilities and Correction's central office staff including the role of the APA. We also provide information on Correction's annual audit, including areas covered and recommendations for preparing for the audit.
Department of Human Resource Management (DHRM) State Agencies Human Resources (HR) Services Forum	• Provided an update on human resource topics, including frequent APA audit findings and management recommendations in HR and payroll areas, DHRM's Time and Leave System impact on financial reporting and internal controls, and importance of reconciliation process between HR systems and the retirement benefits system and its impact on census data and pension contributions.
Fiscal Officers of Colleges and Universities State Supported	• Provided an update on college and university audits, common findings, and changes to accounting standards. In addition, discussed the impact of potential changes in federal student financial aid audit regulations on the timing and extent of audit procedures performed by the APA.
Office of the State Inspector General's State Agency Update Conference	• Provided information about current APA organization and audit activities, recent trends in financial and information technology auditing, and new areas of focus for the upcoming year.
Virginia Community College System (VCCS) Administrative Services Conference	• Discussed items expected to impact higher education institutions during the upcoming year and items unique to the audit of VCCS and its colleges.

Table 8

Local Government Auditors and Organizations	
Auditor of Public Accounts Comparative Report Transmittal Training	• Provided annual training to local government and independent audit firm employees on how to prepare Comparative Report transmittal forms in accordance with the APA Uniform Financial Reporting Manual (UFRM).
Bristol Virginia Utility Authority Board of Directors Meeting	• Presented the results of our special review of the Authority.
Brown Edwards 20th Annual Governmental Conference	• Provided an update on various topics including the Commonwealth's new accounting system, local government Comparative Report transmittal form process, updates to APA Specifications and the UFRM, results of quality control reviews over firms auditing Virginia's local governments, fiscal stress monitoring over localities, and upcoming accounting and financial reporting standards.
Compensation Board New Constitutional Officers Training	• Presented information on financial oversight of the Commonwealth's local governments, including current requirements and potential future requirements.
KPMG LLP Government Audit Client Training	• Provided an update to local government employees on various topics including the Commonwealth's new accounting system, local government Comparative Report transmittal form process, updates to APA Specifications, results of quality control reviews over firms auditing Virginia's local governments, and new pension accounting and financial reporting standards.
Virginia Government Finance Officers' Association Central Regional Training	• Provided an update on various topics, including local government Comparative Report transmittal form process, new requirements from 2017 legislative session, updates to APA Specifications and the UFRM, results of quality control reviews over firms auditing Virginia's local governments, fiscal stress monitoring over localities, and upcoming accounting standards.
Virginia Government Finance Officers' Association Fall 2016 Conference	• Provided an update on various topics, including the Commonwealth's new accounting system, local government Comparative Report transmittal form process, updates to APA Specifications and the UFRM, results of quality control reviews over firms auditing Virginia's local governments, fiscal stress monitoring over localities, and upcoming other post-employment benefits accounting standards.

Table 9

Other Professional Organizations	
AGA 21st Annual South Atlantic Professional Development Training	• Provided training on free tools developed by the AGA Intergovernmental Partnership that government officials can use to ensure proper stewardship of public funds.
AGA National Professional Development Training	• Presented information on the interplay between the different standards that government auditors are required to follow. Also, in a separate session, provided information on the implementation of the DATA Act, including the challenges and questions the federal government will need to address.
AICPA Governmental Audit Quality Center	• Presented information during national webinar on developing and reporting audit findings under <i>Government Auditing Standards</i> and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance).
National Audit Office of Taiwan	• Several members of the APA staff met with a senior auditor from the National Audit Office of Taiwan to discuss ways the APA fulfills its oversight functions as part of a study on how to enhance the oversight function of audit organizations and promote good governance in the public sector.
National State Auditor's Association – Annual Conference	• Provided update on the U.S. Office of Management and Budget activities that are affecting the state auditor community.
National State Auditor's Association Information Technology Conference	• Several members of the APA staff made presentations to information technology auditors from other State Auditor Offices on topics including data analytics; information technology security auditing and reporting; and teambuilding and leadership.
New York State Society of CPAs Government Accounting and Auditing Conference	• Provided an update on the American Institute of CPAs Government Audit Quality Center.
Virginia Accounting and Auditing Conference co-sponsored by VSCPA and Virginia Tech	• Provided an update on prior and future studies of Single Audits and their impact on the profession. Also discussed new responsibilities for auditors and actions for enhancing audit quality.

AGA Association of Government Accountants
 AICPA American Institute of Certified Public Accountants
 NASACT National Association of State Auditors, Comptrollers, and Treasurers
 VSCPA Virginia Society of Certified Public Accountants

Being Leaders in Our Profession

In addition to making presentations to various state, local, and other groups, our staff also participate in leadership roles in various groups that are opportunities for professional development as well as opportunities to have a voice in the activities that impact our Office and the entities that we audit. Table 10 contains organizations in which our staff participate in leadership roles. Due to their relevance to the work we perform, in some cases, we have multiple staff involved in a particular committee.

Outside Organization Leadership Roles

Table 10

Organization	Leadership Role
AGA: Intergovernmental Partnership Steering Committee Intergovernmental Partnership Internal Control Work Group	Committee Member Work Group Member
AICPA: Awards Committee Governing Council Government Audit Quality Center Governmental Accounting and Auditing Update Conference Planning Committee	Committee Member Council Members Executive Committee Member Committee Member
Government Accountability Office: Yellow Book Advisory Council	Council Member
NASACT: Committee on Accounting, Reporting, and Auditing GASAC Subcommittee OPEB Standards Implementation Work Group Uniform Guidance Implementation Work Group	Committee Members Subcommittee Member Committee Members Co-Chair and Members
NSAA: Audit Standards and Reporting Committee Auditor Training E-Government Committee Excellence in Accountability Awards Committee Executive Committee Peer Review Committee Pension Audit Issues Work Group Single Audit Committee	Vice-Chair and Members Committee Members Vice-Chair and Members Committee Member Committee Member Committee Member Work Group Members Chair and Members
VSCPA: Accounting and Auditing Committee Awards Committee Board of Directors Disclosures Magazine Nominations Committee Young Professionals Advisory Council	Committee Member Committee Member Chair Columnist Committee Member Committee Member

AGA Association of Government Accountants
AICPA American Institute of Certified Public Accountants
GASAC Governmental Accounting Standards Advisory Council
NASACT National Association of State Auditors, Comptrollers, and Treasurers
NSAA National State Auditors Association
OPEB Other Post-Employment Benefits
VSCPA Virginia Society of Certified Public Accountants

Monitoring Standards and Regulations

During the year, our Office reviewed several documents issued for comment by the various standard setting bodies that govern the auditing standards we follow in performing our audits and the accounting standards that Virginia state and local governments must follow when reporting their financial activity. We also reviewed documents issued by federal oversight entities that establish regulations we must follow when auditing federal awards and state and local governments must follow when expending federal awards.

We follow the activities of various standard setting and regulatory bodies and provide feedback on proposed changes to help protect the interests of the Commonwealth.

Being a part of this process allows us to stay informed of upcoming changes so that we can provide technical advice to the General Assembly, state agencies and institutions, and local governments in the Commonwealth. In addition, by providing feedback to the standard setting and regulatory bodies on proposed changes, we help protect the interests of the Commonwealth in circumstances where we do not agree with the proposed changes. Table 11 summarizes the documents that we reviewed and to whom we provided responses during the year.

Table 11

Standard Setting Entity	Document Reviewed
AICPA	Exposure Draft: <i>Auditor Involvement with Exempt Offering Documents</i>
AICPA	Exposure Draft: <i>Proposed Revised Definitions of Client and Attest Client as well as Related Definitions, Interpretations, and Other Guidance</i>
AICPA	Exposure Draft: <i>The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern</i>
GASB	Exposure Draft: <i>Certain Debt Extinguishment Issues</i>
GASB	Exposure Draft: <i>Implementation Guide No. 201X-X, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>
GASB	Exposure Draft: <i>Implementation Guide No. 201X-Y, Implementation Guidance Update – 201X</i>
GASB	Exposure Draft: <i>Omnibus 201X</i>
GASB	Invitation to Comment: <i>Financial Reporting Model Improvements – Governmental Funds</i>
OMB	2017 Compliance Supplement

AICPA American Institute of Certified Public Accountants
GASB Government Accounting Standards Board
OMB Office of Management and Budget

In addition to responding to formal documents proposed, we represent the Commonwealth of Virginia at the Single Audit Roundtable meetings in Washington D.C. At this twice-a-year event, Federal officials, a representative from the National State Auditors Association (NSAA), 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.

Also, during the year the Auditor of Public Accounts and her staff jointly worked with the NSAA Single Audit Committee, the National Association of College and University Business Officers, and the AICPA in communicating concerns with the U.S. Department of Education regarding audit requirements for the student financial assistance program.

We are PROFESSIONAL

We act in a manner that reflects favorably on ourselves, our co-workers, and the APA.

Our mission drives us each day to support the Commonwealth in creative and new ways. Over the years, we have developed a solid organizational structure of professional staff on which to perform our constitutionally driven responsibilities. To learn more about our structure and the types of individuals that work at the Office, please see our Office Overview document at [Appendix A](#).

MISSION

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

We Value Our Staff

We recognize that our staff are key to achieving our mission. Therefore, we strive to create a positive work environment that will help us to recruit and retain talented staff. In addition, we work to ensure that we are providing our staff with the training they need to help us maintain a high level of quality on our audits and developing future leaders for our Office.

Maintaining a Positive Work Environment



Because we believe the APA is a great place to work, for the past four years we have participated in the Richmond's Top Workplaces event sponsored by the Richmond Times-Dispatch and Workplace Dynamics and were recognized as one of Richmond's Top Workplaces. To participate, employers and their employees completed anonymous surveys about their workplace. On March 5th, as a result of the feedback received from our staff, the Auditor of Public Accounts was recognized as one of Richmond's Top 60 Workplaces in the [Richmond Times Dispatch](#).

This is the fourth consecutive year that we have received this recognition, and the APA is one of only 19 employers that have been on the list for each of the four years it has been in existence. In addition to the positive impact we believe this recognition has on our recruiting efforts, the survey results, which were summarized and provided to all participating employers, provide a valuable tool for us to use to know areas where we have been successful and areas where we need to continue to make strides.

In May, we held our annual statewide meeting for our staff. We kicked off the day with introductions of staff that had joined the APA since our last meeting. During the day, we had several team building activities geared toward helping all staff learn some interesting facts about each other as well as learning to work together in different team environments. In addition, we had a session providing information on several fraud investigations our office conducted during the last year as well as a session on improving communication and coaching skills.



Our staff believe in giving back to the communities in which we live, volunteering with multiple local organizations during the year, including FeedMore Virginia, Habitat for Humanity (building sites as well as their retail store), and Ronald McDonald House of Richmond. In addition, multiple APA employees participated in the Virginia Society of Certified Public Accountants' CPA Day of Service volunteering at Maymont Park and St. Joseph's Villa. Also, our staff "adopted" a Richmond-area family in need donating cash, clothing, and household items. In addition, our Office participates in the Commonwealth of Virginia Campaign, which is a voluntary employee charitable giving program that raises funds for numerous nonprofit organizations throughout the Commonwealth.

[Continuing our Strategic Planning Initiatives](#)

As detailed in our [2016 Annual Report](#), we finalized our 2015 through 2020 Strategic Plan in May 2016. Our strategic plan is divided into four strategic goals with multiple tasks under each goal. These goals and their tasks are highly interrelated and will take several years to fully achieve. Following is a brief description of the tasks we accomplished during the year related to each of the four strategic goals.

The focus of the **Build Our Culture** strategic goal is to continue to build an internal culture aligned with our core values to guide how we approach our work, internally and externally, and to shape our

brand with our stakeholders. Since the **Build Our Culture** strategic goal establishes the foundation for the other goals, we planned to initially focus most of our efforts towards the tasks associated with this goal. During the year, we developed clear definitions for each of our core values and posted them on signs around the office as visual reinforcement of APA standards for employees and visitors of our office. We also held an office wide team building exercise at our annual statewide meeting in which the only way for participants to succeed was to embrace and act out each of APA's core values.

Further, to ensure our office is communicating our values to future employees, the **Build Our Culture** group evaluated our current recruiting practices at career fairs against other professional organizations and our core values. As a result of this effort, we have several initiatives underway to implement in the upcoming year, if resources allow. In an effort to continue to strengthen our culture around our core values, we plan to develop interactive training on the APA values. In the coming year, we plan to present this training to our new staff as part of their on-boarding process.



Under the **Strengthen and Retain Our Staff** strategic goal, we plan to increase our investment in developing our team, with an emphasis on developing current and future leaders and recruiting, training, and retaining the best talent. During the year, we revised the procedures and method of providing feedback to our staff, incorporating our values and their definitions as the foundation of this new process. We developed specific expectations, which tie to the office's core values. The revised feedback form aligns with the expectations and values and acts as a mechanism to provide timely and effective feedback to our staff. We also updated our policies and procedures surrounding flexible work schedules and teleworking options for our staff. Future tasks of the **Strengthen and Retain our Staff** strategic goal will focus on our recruiting efforts and training programs.

Another strategic goal of our Office is to **Be a Leader in the Profession** by remaining current and innovative in our work and practices. During the year, we implemented a new approach for the work we perform over cycled agencies and a new staffing

approach for our higher education institution audits, both of which were discussed earlier in the report in the [We are Engaged](#) section.

In addition, we held several "brown bag" lunches where we shared information on innovative approaches that are being used on various audits we perform. One of those approaches that we implemented during the year on several of our audits was the use of forecasting to predict financial activity at an agency, which we then compare to actual activity. We also held several collaboration

meetings among our audits focusing on the Commonwealth's investing activities to share approaches and discuss common accounting and financial reporting issues related to this area. In addition, as detailed in the [Being Leaders in Our Profession](#) section, we continued to encourage our staff to participate in outside organizations, as this is an opportunity to remain current and increase our knowledge related to new approaches being utilized by other audit organizations.

Finally, the objective of the **Communicate Our Value** strategic goal is to strengthen our relationships, emphasize our value, and enhance the ability of our stakeholders to utilize our work to make better decisions. During the year, we developed social media guidelines for our Office and began using Twitter to announce the release of key reports and other relevant activities of our Office. In addition, we have started to distribute select reports to applicable legislative committee members to ensure they are aware of issues relevant to the committees' activities. We also have continued our efforts to improve the format of reports by developing standardized formatting for charts and graphs and a classification structure for our audit findings to better indicated the nature and severity of the finding. We also began expansion of our existing database for collecting findings related to the CAFR and Single Audit of federal funds to include all findings we issue to make it easier to analyze crosscutting and pervasive issues impacting the Commonwealth.

Administrative and Financial Highlights

Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all non-legislative state entities of the Commonwealth. The General Assembly elects the Auditor to serve a four-year term, and the Auditor reports to the General Assembly through the Joint Legislative Audit and Review Commission. Virginia's Constitution and the Code of Virginia define the Auditor's duties. This structure provides independence from the agencies and institutions audited.

The Auditor's Office receives about 90 percent of its funding from the General Fund of the Commonwealth with the remaining ten percent resulting from billings for federal audit work. Additionally, the Auditor annually bills and directly deposits revenue into the General Fund for local court and select agency audits, which was approximately \$200,000 during fiscal year 2017. Personnel costs make up approximately 90 percent of our budgeted expenses.

Recruiting and Retaining Staff

We have continued our efforts to rebuild our staffing levels and as shown in the table below, over the last three years we have been successful in recruiting and hiring new staff. Since the market for accounting and auditing positions remains strong, we have continued to actively recruit new staff. In addition, as discussed in the [Continuing our Strategic Planning Initiatives](#) section of our report, our Strengthen and Retain Our Staff strategic goal is focused on strengthening our recruiting efforts and enhancing our training opportunities and retention programs.

We perform many of our audits because they have statutory mandates, support federal regulations, or fulfill bond covenant requirements. Other work performed by our Office, such as maintaining Commonwealth Data Point, fulfills additional statutory mandates. Reduced staffing levels, coupled with mandated activities, has limited the time available for our risk based auditing activities. Ideally, we would prefer to have more resources available to focus on our non-mandatory work.

Table 12

Staffing Overview	
Approved staffing level	132
Actual Staff	
June 30, 2013	112
June 30, 2014	111
June 30, 2015	121
June 30, 2016	122
June 30, 2017	126

Our the last few years, the number of mandatory hours in our work plan has increased related to new standards, regulations, and legislation, some of which we have discussed in the sections above. Therefore, in recent years, we have had to strategically manage our resources to ensure we accomplish our required work. To the extent feasible, we continue to build risk-based audits into our work plan. While we have looked for new approaches that allow us to continue to review financial activity and internal controls at agencies without mandatory annual audit requirements, we have had to limit the number of new risk-based projects in order to focus on our mandatory responsibilities. As we are able to increase our staffing levels, we will rededicate resources to these types of audits. However, as it takes time to train new staff, we will not immediately be able to increase our work plan.

Being Good Stewards

As reflected above, we strive to make the most of our available resources while ensuring we remain good stewards of the Commonwealth's funds. The table below reflects our budget to actual performance for fiscal year 2017.

Analysis of APA Original and Adjusted Budget verses Actual Expenses by Funding Source

For the Year Ending June 30, 2017

Table 13

Funding Source	Original Budget	Adjusted Budget	Actual Expenses	Variance
General Fund	\$11,800,799	\$11,888,238	\$11,806,302	\$ 81,936
Special Revenue	1,006,845	1,206,845	1,006,845	200,000
Total	\$12,807,644	\$13,095,083	\$12,813,147	\$281,936

Table 14 reflects our original budget for fiscal year 2018. As the amount of federal audit work we perform has increased in the past few years, we have received additional revenue from our federal billings and have increased our special revenue appropriations to reflect this increase. This increase is reflected in the fiscal year 2017 adjusted budget and fiscal year 2018 original budget. This will provide additional resources to enable us to continue to increase our staffing levels to address our increasing workload.

APA Original Budget

For the Year Ending June 30, 2018

Table 14

Funding Source	Original Budget
General Fund	\$11,801,167
Special Revenue	1,256,883
Total	\$13,058,050

In 2018, we will continue to focus on rebuilding our staffing resources, so that we may expand the valuable work our Office performs, allowing us to address projects resulting from new legislative and regulatory mandates, as well as projects identified through our risk assessment process.



Martha S. Mavredes, CPA

An Overview of the APA

Insight into the Agency

Martha.Mavredes@apa.virginia.gov

Our Mission

The Auditor of Public Accounts serves Virginia citizens and decision-makers by providing unbiased, accurate information and sound recommendations to improve accountability and financial management of public funds.

Office Overview

Providing sound reliable information and alternatives helps the Commonwealth's leaders address the challenges facing Virginia today. The Office of the Auditor of Public Accounts serves as the General Assembly's eyes and ears, monitoring and reporting how state agencies and institutions spend taxpayers' money.

As the Commonwealth's Board of Directors, the General Assembly directs the work of the Auditor's Office, either through specific study language or through an annually approved work plan.

General Assembly members can also request technical assistance from the Auditor's Office in understanding the financial operations of the Commonwealth and its localities. Likewise, state agencies and institutions can make similar requests regarding specific areas of focus for review within their organizations.

The bottom line: The Auditor's Office is here to meet your needs and those of the Commonwealth's citizens.

What Do We Typically Do?

The first part of our year predominantly focuses on addressing Code of Virginia and federally mandated audits such as the Commonwealth's Comprehensive Annual Financial Report (CAFR), the Statewide Single Audit of federal funds, and numerous other operational and financial statement audits.

For the remainder of the year, in order to ensure audit efficiency and cover the greatest number of agencies and institutions not mandated for review, the Auditor completes a risk assessment of the agencies and institutions and evaluates key issues facing the Commonwealth. Based on this assessment, projects are selected for completion within the confines of our available resources.

Most non-mandated audits and reviews are designed to ensure an agency has internal controls in place to protect the public's money and that they spend it the way the General Assembly planned. We also evaluate agency and institutional compliance with significant state and federal laws and regulations.

The Office's remaining resources are dedicated to special projects focused on emerging issues that may require General Assembly consideration or action. However, the Office remains fluid enough to address other areas of concern as they arise throughout the year.

More than Auditors:

- Created and provides ongoing support for **Commonwealth Data Point**, an online resource showing where and how the Commonwealth spends its funds.
- Monitors major IT projects and contracts, which gives the General Assembly the opportunity to measure their progress and determine when they need adjustment.
- Provides technology-related vulnerability and penetration testing services when requested.
- Works with local, agency and institutional internal auditors investigating frauds and disposing of these cases.
- Reviews the entire court system from the Supreme Court of Virginia to every local court.
- Examines the state accounts and records of every locality handling state funds at least once every two years.
- Maintains oversight responsibility for local government audits performed by public accounting firms.



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Structure and Funding

The Auditor of Public Accounts is a constitutional officer, serving as the external auditor for all state entities of the Commonwealth much like a corporation's CPA firm. In many respects, the Auditor's Office operates like a CPA firm, with the Auditor serving as the managing partner.

The General Assembly elects the Auditor to serve a four-year term and the Auditor reports to the General Assembly through the Joint Legislative Audit and Review Commission (JLARC).

Virginia's Constitution and the Code of Virginia define the Auditor's duties. This structure provides independence from the agencies and institutions audited.

The Auditor's Office receives about 90% of its funding from the General Fund of the Commonwealth with the remaining 10% resulting from billings for federal audit work. Additionally, the Auditor bills and directly deposits into the General Fund approximately \$400,000 annually for local court audits.

Our Relationship with JLARC

As noted earlier, the Auditor reports to the General Assembly through JLARC.

As a result, JLARC is responsible for approving the Auditor's Annual Work Plan.

Typically presented at JLARC's May meeting, the work plan sets out our mandated audit activities and highlights the special reviews the Auditor's Office will perform in the coming year.

At the same meeting, the Auditor will also seek JLARC's approval for any modifications to the Office's staffing and salary levels.

Further, as requested, the Auditor's Office will work with or provide support to JLARC's staff in the execution of their economy, efficiency, and program results reviews.

Our Staff

The Auditor's Office is comprised of a diverse group of professionals working together to issue sound, reliable audit reports that assist the stakeholders and decision makers of Virginia. The agency attracts a variety of individuals with a wide range of educational and professional backgrounds, ranging from undergraduate and graduate degrees in Accounting, Business Administration, Finance, and Information Technology, just to name a few.

Staff demographics reflect an office culture that promotes diversity with employees of all ages, cultural backgrounds and years of service.

Focused on the Issues

Our reports regularly provide process and policy change recommendations through which the Commonwealth could avoid costs or enhance their fiscal management of agency programs. Each year in the fall, the APA submits an Annual Report to the General Assembly, which highlights the previous years reports and emerging issues. This and all reports issued by our Office since 1998 are available on our website at apa.virginia.gov.

Need Information or Technical Assistance?

Simply call or e-mail the Auditor directly with your question or request. Depending on the nature of your inquiry, we often have the information you need readily at hand. However, if your inquiry will require substantial time, we will request you provide it in writing, and may ask for the approval of JLARC to change our work plan.

Experience

From CPA's to MBA's, our staff hold over twenty different types of professional certifications and are actively involved in relevant local and national professional organizations such as the National Association of State Auditors, Comptrollers, and Treasurers.

Specialization

To ensure the Auditor's Office is qualified to meet its mission, the Auditor has divided the organization into eleven specialty teams, each trained in the specific skill sets needed to perform their assignments. Areas of specialization include:

- Acquisitions and Contract Management
- Budgeting and Performance Management
- Capital Asset Management
- Compliance Assurance
- Data Analysis
- Higher Education Programs
- IT Project Management
- IT Systems Security
- Local Government and Judicial Systems
- Reporting and Standards
- Strategic Risk Management



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Issued Reports and Audited Courts

Appendix B

The following is a listing of all Agencies and Institutions reports issued by the Auditor of Public Accounts during the fiscal year ended June 30, 2017. An asterisk (*) indicates the report includes audit findings and recommendations.

Agencies and Institutions	
Agency	Audit Period
Judicial Branch	
Virginia Board of Bar Examiners	July 1, 2014 through June 30, 2015
Independent Agencies	
GenEdge Alliance	July 1, 2012 through June 30, 2015
Internal Control Report on Local Government Investment Pool, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority	July 1, 2015 through June 30, 2016
State Corporation Commission*	July 1, 2014 through January 31, 2016
Virginia College Savings Plan	July 1, 2015 through June 30, 2016
Virginia Lottery*	July 1, 2015 through June 30, 2016
Virginia Lottery – Reports on Applying of Agreed-Upon Procedures	April 2015 through March 2016
“Cash4Life”	April 2015 through March 2016
“Mega Millions”	April 2015 through March 2016
“Megaplier”	April 2015 through March 2016
“Power Ball”	April 2015 through March 2016
“Power Play”	April 2015 through March 2016
Virginia Retirement System*#	July 1, 2015 through June 30, 2016
Executive Departments	
Division of Selected Agency Support Services*	July 1, 2015 through June 30, 2016
Governor’s Cabinet Secretaries	July 1, 2015 through June 30, 2016
Office of the Attorney General and Department of Law and Division of Debt Collection*	July 1, 2015 through June 30, 2016
Office of the Governor	July 1, 2015 through June 30, 2016
Office of the Lieutenant Governor	July 1, 2015 through June 30, 2016
Administration	
Department of Elections*	July 1, 2012 through June 30, 2015*
Department of General Services’ Division of Real Estate Services*	July 1, 2015 through June 30, 2016*
Department of Human Resource Management*	July 1, 2015 through June 30, 2016

Agriculture and Forestry	
Virginia Department of Agriculture and Consumer Services*	July 1, 2015 through June 30, 2016
Virginia Land Conservation Foundation Audit of Accounts and Records*	July 1, 2015 through June 30, 2016
Commerce and Trade	
Department of Housing and Community Development*	July 1, 2012 through January 31, 2016
Tobacco Region Revitalization Commission*	July 1, 2014 through June 30, 2015
Virginia Biotechnology Research Partnership Authority	July 1, 2015 through June 30, 2016
Virginia Board of Accountancy	July 1, 2015 through June 30, 2016
Virginia Economic Development Partnership	July 1, 2015 through June 30, 2016
Virginia Employment Commission*	July 1, 2015 through June 30, 2016
Virginia Racing Commission	July 1, 2015 through June 30, 2016
Virginia Removal or Rehabilitation of Derelict Structures Fund	July 1, 2014 through June 30, 2015
Virginia Small Business Financing Authority	July 1, 2014 through June 30, 2015
Virginia Tourism Authority	July 1, 2015 through June 30, 2016
Education	
Department of Education, including Direct Aid to Public Education*	July 1, 2015 through June 30, 2016
Department of Historic Resources	July 1, 2012 through June 30, 2016
Social Services Block Grant Office of Children's Services*	July 1, 2015 through June 30, 2016
Colleges and Universities	
Christopher Newport University*	July 1, 2015 through June 30, 2016
George Mason University*	July 1, 2015 through June 30, 2016
George Mason University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Germanna Community College Review	July 1, 2015 through June 30, 2016
James Madison University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Longwood University*	July 1, 2014 through June 30, 2015
Longwood University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Lord Fairfax Community College Review	July 1, 2015 through June 30, 2016
New River Community College Review	July 1, 2015 through June 30, 2016
Norfolk State University*	July 1, 2015 through June 30, 2016

Colleges and Universities (cont.)	
Norfolk State University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Old Dominion University	July 1, 2014 through June 30, 2015
Old Dominion University*	July 1, 2015 through June 30, 2016
Old Dominion University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Patrick Henry Community College Review	July 1, 2015 through June 30, 2016
Radford University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Southern Virginia Higher Education Center*	July 1, 2012 through June 30, 2015
Southside Virginia Community College Review	July 1, 2015 through June 30, 2016
Southwest Virginia Higher Education Center	July 1, 2012 through June 30, 2015
The College of William and Mary in Virginia Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
The University of Mary Washington*	July 1, 2014 through June 30, 2015
University of Virginia*	July 1, 2015 through June 30, 2016
University of Virginia Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
University of Virginia's College at Wise Perkins Loan Program Liquidation	As of April 6, 2017
Virginia Commonwealth University*	July 1, 2015 through June 30, 2016
Virginia Commonwealth University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Virginia Community College System*	July 1, 2014 through June 30, 2015
Virginia Highlands Community College Review	July 1, 2015 through June 30, 2016
Virginia Military Institute Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Virginia Polytechnic Institute and State University	July 1, 2015 through June 30, 2016
Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Virginia State University Intercollegiate Athletics Programs	July 1, 2015 through June 30, 2016
Finance	
Agencies of the Secretary of Finance*	July 1, 2015 through June 30, 2016
Payroll Service Bureau	July 1, 2014 through June 30, 2015

Health and Human Resources	
Agencies of the Secretary of Health and Human Resources for the year ended June 30, 2016*	July 1, 2015 through June 30, 2016
Commonwealth Health Research Board	July 1, 2012 through January 31, 2016
Departments for Aging and Rehabilitative Services and the Blind and Vision Impaired – Disability Insurance/Social Security Income, Aging Cluster, and the Vocational Rehabilitation Federal Programs*	July 1, 2015 through June 30, 2016
Virginia Foundation for Healthy Youth	July 1, 2015 through June 30, 2016
Virginia Health Workforce Development Authority*	July 1, 2014 through June 30, 2015
Public Safety and Homeland Security	
Department of Alcoholic Beverage Control*	July 1, 2015 through June 30, 2016
Department of Emergency Management*	July 1, 2013 through January 31, 2016
Department of Veterans Services Audit of Payroll Operations*	July 1, 2015 through June 30, 2016
Veterans Services Foundation*	January 1, 2015 through December 31, 2015
Veterans Services Foundation*	January 1, 2016 through December 31, 2016
Technology	
9-1-1 Services Board	July 1, 2015 through June 30, 2016
Assistive Technology Loan Fund Authority	July 1, 2014 through June 30, 2015
Assistive Technology Loan Fund Authority	July 1, 2015 through June 30, 2016
E-911 Services Board	July 1, 2014 through June 30, 2015
Innovation and Entrepreneurship Investment Authority, including its blended component unit, the Center for Innovative Technology	July 1, 2015 through June 30, 2016
Transportation	
Agencies of the Secretary of Transportation*	July 1, 2015 through June 30, 2016
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants Federal Program	July 1, 2015 through June 30, 2016
Special Reports	
2016 Annual Report of the Auditor of Public Accounts	July 1, 2015 through June 30, 2016
Commonwealth of Virginia Single Audit Report*	July 1, 2015 through June 30, 2016
Department of Conservation and Recreation's Status of Corrective Action from Prior Recommendations*	As of February 3, 2017

Special Reports (cont.)	
Progress Report on Selected System Development Projects in the Commonwealth*	December 31, 2016
Report on Collections of Commonwealth Revenues by Local Constitutional Officers*	July 1, 2015 through June 30, 2016
Report to the Joint Legislative Audit and Review Commission	April 1, 2016 through June 30, 2016
Report to the Joint Legislative Audit and Review Commission	July 1, 2016 through September 30, 2016
Report to the Joint Legislative Audit and Review Commission	October 1, 2016 through December 31, 2016
Report to the Joint Legislative Audit and Review Commission	January 1, 2017 through March 31, 2017
Revenue Stabilization Fund Calculations*	July 1, 2015 through June 30, 2016
Review of Agency Performance Measures*	July 1, 2014 through June 30, 2015
Review of Bristol Virginia Utilities Authority*	October 2016
Review of Capital Project Cash Flow Requirements*	July 1, 2015 through June 30, 2016
Statewide Review of Travel Expenses*	July 2016

#Virginia Retirement System audit also includes GASB Statement No. 68 related reports:

The Virginia Retirement System has prepared schedules of information that state and local employers and their auditors will need when preparing the employers' financial statements. We audited those schedules and the results of our audit are included in the reports issued by the Virginia Retirement System.

Political Subdivision Retirement Plans for the fiscal year ended June 30, 2015

State Employee Retirement Plan for the fiscal year ended June 30, 2015

Teacher Retirement Plan for the fiscal year ended June 30, 2015

Virginia Retirement System Management's Assertions Related to Census Data for the year ended June 30, 2015

The following lists the general receivers, courts, magistrates, and state accounts audited during the period July 1, 2016 through June 30, 2017. An asterisk (*) indicates the report includes audit findings and recommendations. A hashtag (#) indicates an entity for which we issued two or more reports during the audit period.

Judicial and State Accounts			
Circuit Courts			
Albemarle*	Clarke*	Hopewell	Rappahannock*
Alexandria*	Colonial Heights	Isle of Wight	Richmond, City
Alleghany	Craig	King and Queen*	Roanoke
Amelia	Culpeper	King George*	Rockbridge
Amherst	Cumberland	Lee*	Russell
Augusta	Dickenson*	Madison	Scott
Bath*	Fauquier	Mathews	Shenandoah*
Bedford	Floyd	Mecklenburg	Smyth
Bland	Fluvanna	Middlesex	Southampton
Botetourt	Franklin*	Nelson*	Spotsylvania
Bristol*	Frederick	New Kent*	Staunton
Brunswick	Giles	Newport News*	Surry*
Buchanan	Gloucester	Norfolk	Sussex
Buckingham	Grayson	Northampton	Warren
Buena Vista	Greene*	Northampton	Washington
Campbell*	Greensville	Northumberland	Waynesboro
Carroll*	Halifax	Patrick	Winchester
Charles City*	Hampton*	Portsmouth*	Wise
Charlotte	Hanover	Prince Edward	Wythe*
Charlottesville*	Henry	Pulaski	
Chesapeake#	Highland	Radford	
Circuit Court – Clerk Turnover Audits			
Chesapeake	Nelson	Prince William	
Louisa	Patrick		
General Receivers			
Arlington	Charlottesville*	Loudoun	Russell
Buchanan	Lee	Lynchburg	Wise-Norton
General Receiver – Turnover Audits			
Buchanan			

General District Courts			
Accomack	Fairfax, City#	Montgomery*	Richmond, City (Traffic Division)*
Albemarle*	Fairfax, County	Nelson	Roanoke, City
Alexandria*	Fauquier*	New Kent*#	Rockingham
Arlington*#	Franklin, County#	Newport News (Civil Division)	Shenandoah
Bedford*	Fredericksburg	Newport News (Criminal Division)	Smyth
Bristol#	Gloucester	Newport News (Traffic Division)	Stafford
Campbell	Hampton	Norfolk	Suffolk
Caroline	Hanover	Northampton	Tazewell
Carroll	Henrico	Northumberland	Virginia Beach
Charlotte	Henry*#	Page	Warren*#
Charlottesville*	King and Queen	Patrick#	Washington
Chesapeake	King William	Petersburg	Waynesboro
Chesterfield	Lancaster	Pittsylvania#	Westmoreland
Clarke	Loudoun	Portsmouth*	Williamsburg/James City County
Colonial Heights	Louisa	Pulaski*	Winchester
Culpeper	Lynchburg*	Richmond, City (Civil Division)	Wise*#
Danville#	Martinsville*#	Richmond, City (Criminal Division)#	
Dinwiddie#	Mathews	Richmond, City (Manchester Division)#	
Juvenile and Domestic Relations Courts			
Accomack	Franklin, County	Martinsville#	Roanoke, City*
Albemarle*	Frederick#	Mathews	Roanoke, County*
Alexandria	Fredericksburg	Mecklenburg	Rockbridge*
Amherst*	Galax	Middlesex	Rockingham
Appomattox	Gloucester	Montgomery	Shenandoah
Arlington#	Grayson	Nelson	Spotsylvania*#
Augusta	Halifax	New Kent	Stafford*
Bristol	Hampton#	Newport News*	Staunton
Campbell*#	Hanover	Norfolk	Suffolk
Carroll	Henrico	Northampton*	Surry
Charlotte	Henry*#	Northumberland	Tazewell*
Charlottesville*	Isle of Wight*#	Page	Virginia Beach
Chesterfield	James City/City of Williamsburg	Patrick	Washington

Juvenile and Domestic Relations Courts <i>(cont.)</i>			
Clarke	King and Queen	Petersburg	Waynesboro
Colonial Heights	King William	Pittsylvania	Westmoreland
Culpeper*	Lancaster	Portsmouth	Winchester
Danville*#	Loudoun*	Pulaski	Wythe*#
Fairfax, County*#	Louisa	Radford	York
Fauquier*	Lynchburg*	Richmond, City*	
Combined General District Courts			
Alleghany	Cumberland*#	Greensville	Prince George*
Amelia	Dickenson	Highland	Rappahannock
Bath*	Emporia	Hopewell	Richmond, County
Bland	Essex	King George	Russell
Botetourt	Falls Church*#	Lee	Salem*#
Brunswick	Floyd	Lunenburg	Scott*
Buchanan	Fluvanna	Madison	Southampton
Buckingham*#	Franklin, City	Nottoway	Sussex*#
Buena Vista	Giles*#	Orange*#	Warren
Charles City	Goochland	Powhatan	
Craig	Greene	Prince Edward	
State Accounts			
Accomack	Dickenson	King William	Prince William
Albemarle	Dinwiddie	Lancaster	Pulaski
Alexandria	Emporia	Lee*	Radford
Alleghany*	Essex	Lexington	Rappahannock
Amelia	Fairfax, City	Loudoun	Richmond, City*
Amherst*	Fairfax, County	Louisa	Richmond, County
Appomattox	Falls Church	Lunenburg	Roanoke, City*
Arlington	Fauquier	Lynchburg	Roanoke, County
Augusta	Floyd	Madison	Rockbridge
Bath	Fluvanna*	Manassas Park	Rockingham*
Bedford	Franklin, County*	Martinsville	Russell*
Bland*	Franklin, City	Mathews	Salem*
Botetourt	Frederick	Mecklenburg	Scott*
Bristol*	Fredericksburg	Middlesex	Shenandoah
Brunswick	Giles	Montgomery*	Smyth
Buchanan	Gloucester	Nelson*	Southampton
Buckingham	Goochland	New Kent	Spotsylvania*
Buena Vista*	Grayson*	Newport News	Stafford
Campbell	Greene	Norfolk*	Staunton
Caroline	Greensville	Northampton	Suffolk#

State Accounts (cont.)			
Carroll	Dickenson	Northumberland	Surry
Charles City	Halifax*	Norton	Sussex
Charlotte	Hampton*	Nottoway	Tazewell
Charlottesville*	Hanover	Orange*	Virginia Beach*
Chesapeake	Harrisonburg	Page	Warren
Chesterfield	Henrico*	Patrick	Washington*
Clarke	Henry	Petersburg	Waynesboro
Colonial Heights	Highland	Pittsylvania	Williamsburg
Covington	Hopewell	Poquoson	Winchester
Craig	Isle of Wight	Portsmouth	Wise
Culpeper*	James City	Powhatan*	Wythe
Cumberland	King and Queen	Prince Edward	York
Danville	King George*	Prince George	
State Accounts – Turnover Audits			
Chesterfield	Hampton	Norfolk#	Westmoreland
Magistrates			
District 1: City of Chesapeake			
District 2: City of Virginia Beach			
District 2A: Counties of Accomack and Northampton			
District 3: City of Portsmouth			
District 5: Cities of Franklin and Suffolk; Counties of Isle of Wight and Southampton			
District 6: Cities of Hopewell and Emporia; Counties of Brunswick, Greenville, Prince George, Surry, and Sussex			
District 7: City of Newport News			
District 7: City of Norfolk			
District 8: City of Hampton			
District 9: City of Williamsburg; and Counties of Charles City, Gloucester, James City, King and Queen, King William, Mathews, Middlesex, New Kent, and York			
District 10: Counties of Appomattox, Buckingham, Charlotte, Cumberland, Halifax, Lunenburg, Mecklenburg, and Prince Edward#			
District 11: City of Petersburg; Counties of Amelia, Dinwiddie, Nottoway, and Powhatan			
District 12: City of Colonial Heights; and County of Chesterfield			
District 13: City of Richmond			
District 14: County of Henrico			
District 16: City of Charlottesville; Counties of Albemarle, Culpeper, Fluvanna, Goochland, Greene, Louisa, Madison, and Orange			
District 17: County of Arlington#			
District 18: City of Alexandria			
District 19: City of Fairfax and County of Fairfax			

Magistrates *(cont.)*

District 19: City of Fairfax

District 19: County of Fairfax

District 20: Counties of Fauquier and Loudoun

District 21: City of Martinsville; Counties of Henry and Patrick

District 22: City of Danville; Counties of Franklin and Pittsylvania

District 23: City of Roanoke; City of Salem; County of Roanoke

District 24: City of Lynchburg; Counties of Amherst, Bedford, Campbell, and Nelson*

District 25: Cities of Buena Vista, Staunton, and Waynesboro; Counties of Alleghany, Augusta, Bath, Botetourt, Craig, Highland, and Rockbridge

District 27: Cities of Galax and Radford; Counties of Carroll, Floyd, Giles, Grayson, Montgomery and Pulaski

District 28: City of Bristol; Counties of Bland, Russell, Smyth, Tazewell, Washington, and Wythe

District 30: City of Norton; Counties of Buchanan, Dickenson, Lee, Scott, and Wise

APA Staff



Acquisitions and Contract Management

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Elizabeth Cannon, Auditor
Carl Fisher, Auditor

Helen Henson, Auditor
Jonathan South, Auditor
Tyler Morris, Associate Auditor

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Dylan Ilvento, Web Developer

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Tatum Taylor, Auditor
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Human Resources and Business Operations

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Christina Hansen, ACCT/HR Senior Specialist
Ashley Newman, Associate Accountant

Procurement

Carnell Bagley, Manager

Human Resources

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Ashley Unger, Receptionist/Admin Assistant

Report Processing

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Chardon Jones, Senior Specialist

Information Systems and Office Technology

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Danese Seabourne, Senior Auditor
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Robert Gibbons, IT Staff
Wendy Hudson, IT Staff
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Susan Bagato, Auditor
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William Fox, Auditor
Stacy Pappas, Auditor
Aaqila Wise, Auditor

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Lauren Griemsman, Senior Auditor	Anthony Reynolds, Associate Auditor
Stephen Peeks, Senior Auditor	Chad Matthews, Associate Database Administrator