



# Office of the City Auditor Annual Update

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**Office of the City Auditor (OCA)**

*An Independent Office of the Richmond City Council*

*"PROMOTING OPEN AND ACCOUNTABLE CITY GOVERNMENT THROUGH INDEPENDENT AUDIT SERVICES."*

**SEPTEMBER 24, 2025**



# Authority and Role of the OCA

## Audit Plan

The Audit Plan is intended to be a flexible, living document. While it is based on the best information available at the time of development, new information, changing risks, emerging priorities, and unforeseen events may require adjustments. As a result, some audits included in this plan may not be conducted during the fiscal year, while others not currently listed may be added as circumstances evolve.

Projects may also be deferred, canceled, or modified due to factors such as external reviews, shifts in risk assessments, resource constraints, or changes in City priorities. This approach ensures the Office of the City Auditor remains responsive, strategic, and focused on delivering the greatest value to the City.

### Audits in Progress as of July 1, 2025

| Project   | Preliminary Objectives  | Projected Hours |
|---|---|-----------------|
| Street Light Maintenance Phase II                 | Evaluate the expenditures, efficiency, effectiveness, and maintenance of streetlights.  | 300             |
| Warehousing & Inventory Management Phase III      | Evaluate the warehouse inventory management controls and efficiency regarding duplication/ordering for the main warehouses operated by the City.  | 300             |
| Security of City Facilities                       | To assess whether the City has practices in place to ensure the security of City facilities, employees, and the public, and to determine whether contracted security services are in compliance with the City's contract. | 1000            |
| Non-Audit Service: Real Estate Tax Rebate Process | Assess the rebate calculation in accordance with Ordinance 2024-276 and determine the cause(s) for the rebate issues identified in the rebate process and offer recommendations.  | 500             |
| Non-Audit Service: Affordable Housing Trust Fund  | Determine the City's compliance with the code section 12-46 regarding funding the Affordable Housing Trust Fund.  | 500             |

### Audits Planned to Be Initiated During Fiscal Year 2026 (carryovers and new)

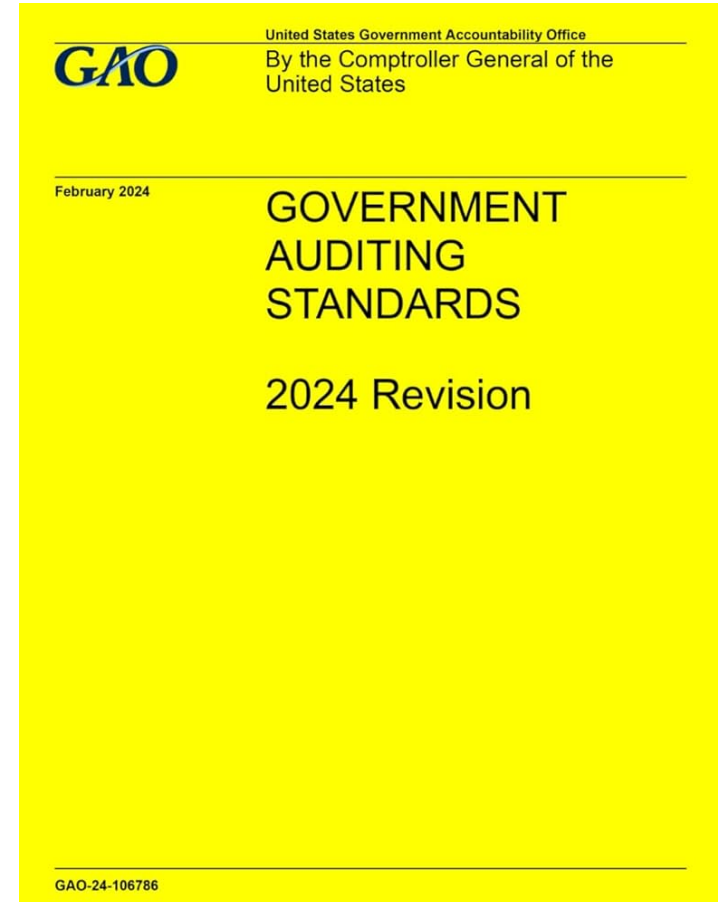
| Project  | Preliminary Objectives   | Projected Hours |
|--|--|-----------------|
| Personal Property Tax Assessment and Collections – Follow up | Evaluate the process and controls in place for assessing, billing, and collecting personal property taxes.       | 1000            |
| Fire and Emergency Services - Payroll                        | Evaluate the controls in place over the payroll process and the accuracy of payroll payments and leave accruals. | 1000            |

- The most significant role of the OCA is to perform periodic audits of City government.
- As required by code, the OCA develops an annual audit plan that is approved by the City's Audit Committee.
- The audit plan can and will change throughout the year based on emerging risks and requests and on-demand requests for audits.
- To perform these audits and other projects, City code allows the OCA access to any and all records of the City.
- Audits provide independent analysis to improve programs, reduce costs, ensure compliance, strengthen controls, and support informed decision-making and public accountability.



# Authority and Role of the OCA- Continued

- The OCA performs audits in compliance with Government Auditing Standards (GAS).
- Among other things, GAS requires auditors to assess the risk of fraud in every audit and develop procedures to determine if fraud has likely occurred.





# Authority and Role of the OCA- Continued

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- Since the City has a separate OIG office, if the OCA has determined that fraud has potentially occurred, the issue is referred to the OIG for investigation and the OCA will assist.
- The OCA also refers issues to the OIG when further review beyond what can be conducted using the OCA's authority is needed or if it would be more efficient for them to do the review.
- In FY 2025, the OCA made multiple referrals to the OIG stemming from 5 different audits.



# Types of Reports

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The OCA issues various types of reports including:

**Audit Reports:** Our audit reports are comprehensive evaluations of City operations, focused on identifying control weaknesses, improving efficiency, and reducing risks of waste, fraud, and abuse. These reports include detailed findings supported by evidence and offer targeted recommendations for improvement.

**Special Project Reports:** These are limited-scope reviews or advisory engagements, often initiated at the request of leadership, focused on specific issues or operational questions.

**Quarterly Follow-up Reports:** These track the City's progress in implementing prior audit recommendations. They help ensure that corrective actions are taken and sustained over time.

**Confidential IT Reports:** These reports assess the security and effectiveness of the City's IT systems. Due to their sensitive nature, they are not publicly released but are shared with appropriate officials to support risk mitigation.



# FY 2025 Accomplishments – Reports

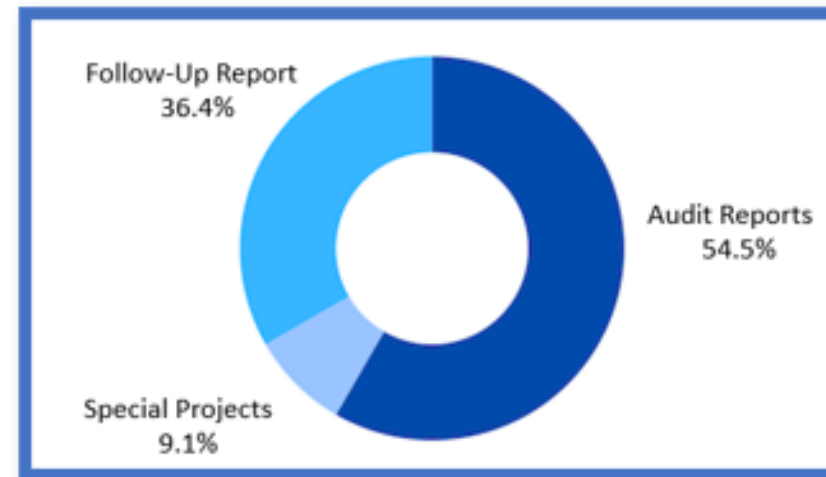
In FY 2025, the OCA issued a total of 11 reports, as shown below.

**11** reports issued in FY 2025

**6** audit reports

**4** recommendation follow-up reports

**1** special project report





# FY 2025 Accomplishments Recommendations

The OCA develops practical, forward-looking recommendations to help City leadership improve operations and safeguard public resources.

In FY 2025, **72 recommendations were issued** — City Administration agreed to implement 68 and partially agreed to 4.





# FY 2025 Accomplishments Recommendations - Continued

**45 Issued**  
**High Priority**

The recommendation addresses critical issues that are occurring that pose significant risks to the organization, including significant internal control weaknesses, non-compliance with laws and regulations, financial losses, fraud, and costly or detrimental operational inefficiencies.

**19 Issued**  
**Medium  
Priority**

The recommendation addresses moderate issues that could escalate into larger problems if left unaddressed. While they may not pose an immediate risk, they could lead to significant financial losses or costly operational inefficiencies over time. There is potential to strengthen or improve internal controls.

**8 Issued**  
**Low Priority**

The recommendation improves overall efficiency, accuracy, or performance in City operations.





# FY 2025 Accomplishments – Audit Committees

- Per City Code, an Audit Committee was established to assist City Council in its responsibilities for the financial management of the City. The Audit Committee consists of seven members appointed by City Council. Two of the seven members are members of City Council, and five members are appointed from the business community of the City.
- With regards to the OCA, the Audit Committee’s responsibilities include but are not limited to overseeing audit functions and reviewing and approving the annual work plan of the OCA.
- All audit reports are presented to the audit committee and discussed by the audit committee members. In FY 2025, audit committee meetings occurred on the following dates:





# FY 2025 Accomplishments – Audit Results

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- In Fiscal Year 2025, the OCA’s audits identified financial exceptions totaling approximately **\$10.8 million**, related to:
  - Violations of policy,
  - Insufficient documentation or unclear policy guidance,
  - Inaccurate and unaccounted for inventory,
  - Improper payments,
  - Overbillings on contracts, and
  - Inefficient use of resources.
- Of this total, over **\$6 million** was referred to the OIG for further review.
- The OCA’s work has led to measurable improvements in City operations.
  - In FY 2025, **City departments implemented 59 recommendations** from prior and current audits and reported **recovering approximately \$228,000** in costs.

# FY 2025 Accomplishments – Audit Results Continued

| Audit Name   | # of Recs. | Status   |
|--|------------|--|
| Audit of the Department of Public Utilities (DPU) Main Warehouse                     | 13         | 3 recommendations have been implemented from this audit.   |
| Audit of the DPU Wastewater Treatment Plant (WWTP) Warehouse                         | 18         | 5 recommendations have been implemented from this audit.   |
| Audit of a Streetlight Maintenance Division Contract                                 | 7          | The City ended its contract with the vendor.<br>3 recommendations have been implemented from this audit.   |
| Audit of Non-Departmental Charitable Organizations Application and Oversight Process | 9          | City Administration committed to introducing a new grant awarding process to ensure transparency, impact, and fiscal accountability.                                 |
| Audit of the Richmond Retirement System (RRS) 1099-R Process                         | 9          | RRS has implemented a new system to identify deceased retirees more accurately and timely.   |
| Audit of the Purchasing Card (P-Card) Program  | 16         | The Department of Procurement Services began a ground-up overhaul of the program intended to produce a replacement that is firmly rooted in industry best practices. |
| Special Project – APA Comparative Cost Report  | N/A        | The OCA conducted a high-level review of the FY 2023 Comparative Report of Local Government Revenues and Expenditures  |



# 2025 Accomplishments – Audit Results Continued

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## Quarterly Follow-up on Open Recommendations

### Summarized Conclusion:

In FY 2025, the Office of the City Auditor issued four quarterly reports as part of its ongoing follow-up process on open recommendations. By working collaboratively with departments throughout the year, the OCA confirmed the closure of 59 recommendations. Of these, **13 were high priority, 28 were medium priority, and 18 were low priority.**

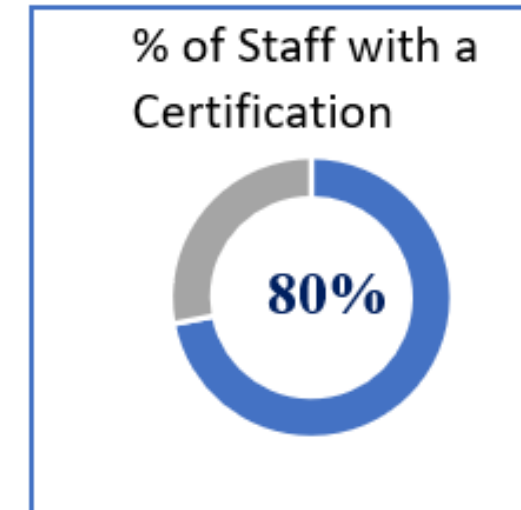
This continuous follow-up process promotes accountability, helps maintain momentum on corrective actions, and ensures that progress on high-priority issues are monitored throughout the year.



# The Audit Team

The most valuable asset of the OCA is its people. Staff members bring specialized expertise in areas including accounting, auditing, taxation, information technology, procurement, data analysis, and fraud detection. OCA team members maintain a wide range of respected certifications and advanced degrees, including:

- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Inspector General Auditor (CIGA)
- Certified Fraud Examiner (CFE)
- Certified Information Systems Auditor (CISA)
- Certified Government Auditing Professional (CGAP)
- Certification in Risk Management Assurance (CRMA)
- Virginia Contracting Associate Officer (VCA)
- Master's Degrees





# The Audit Team - Continued

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The OCA remains actively engaged in the auditing profession in the Greater Richmond Region and across the Commonwealth of Virginia. In FY 2025, OCA staff held key leadership roles in several professional associations, including:

- President, Vice President, and Committee Member of the Virginia Local Government Auditors Association (VLGAA)
- Board Member of the Central Virginia Chapter of the Institute of Internal Auditors (IIA)
- Treasurer of the Virginia Chapter of ISACA (Information Systems Audit and Control Association)

Additionally, an OCA Deputy Director and Senior Auditor were featured speakers at the VLGAA Spring Conference, where they delivered a session on identifying red flags in invoice reviews and shared practical recommendations to enhance audit impact.



# Peer Review

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In FY 2025, the Office of the City Auditor successfully passed its most recent peer review. Conducted every three years by members of the Association of Local Government Auditors (ALGA), this external review ensures our compliance with auditing standards. In essence, it functions as an “audit of the auditor,” reinforcing our commitment to independent, high-quality work. The review team commended the OCA for several strengths, including:

- A well-documented planning process supported by standardized templates that promote clear communication.
- Robust continuing education opportunities available to staff.
- Strong internal communication practices, including weekly team meetings, “lessons learned” sessions, and structured project updates.



# Peer Review - Continued



**The Association of Local Government Auditors  
Awards this**

## ***Certificate of Compliance*** **to the**

**City of Richmond  
Office of the City Auditor**

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for engagements during the period July 1, 2021 through June 30, 2024.

*Corrie Stokes*

Corrie Stokes  
ALGA Peer Review Committee Chair





# Looking Ahead

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Currently, the OCA is:

- Updating our audit manual (policies and procedures) to ensure our audit practices stay in alignment with the new auditing standards and process changes.
- Developing more robust templates that will help make the audit process more in-depth and efficient.
- Focused on staff development, especially helping staff develop the skills and knowledge necessary for advanced audit engagements.
- Working on the FY 2026 audit plan that was approved by the audit committee.
- Working with City Administration to develop a better tool and process to manage and monitor open recommendations.



# Questions & Comments

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