



CITY OF RICHMOND  
CITY AUDITOR

October 30, 2018

The Honorable Members of City Council  
City of Richmond, Virginia

**Subject: Annual Follow-Up Review**

The City Auditor's Office has completed the Annual Follow-Up Review for all open recommendations for audit reports issued by the Office of the City Auditor through September 30, 2018, which included a total of 176 recommendations. This represents an increase in the number of recommendations reviewed as in prior years we only followed up on items with implementation dates on or before September 30<sup>th</sup> of each year. Of the 176 recommendations reviewed 89 were from audits issued in the first nine months of CY2018.

The City Administration implemented 55% of the open recommendations during this follow-up period. This represents an increase over last year's implementation rate of 25% and above the average for the last 10 years of 37%. This increase shows improvement in closure of recommendations especially considering 11 or 14% of the 76 open recommendations have not reached their original projected implementation date. During the current follow up period, four open recommendations were removed and six were replaced with new recommendations from a more recent audit of the same area.

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

Sincerely,

*Louis G. Lassiter*

Louis G. Lassiter, CPA  
City Auditor

Attachment

cc: The Richmond Audit Committee  
Ms. Selena Cuffee-Glenn, Chief Administrative Officer

## Objectives, Scope, and Methodology

In accordance with the 2019 Annual Audit Plan, the City Auditor's Office has completed a review of the status of outstanding audit recommendations. The primary objective of this review was to evaluate the timeliness and adequacy of implementing recommendations made from previous audits. During this review, the auditors interviewed management personnel associated with these recommendations and reviewed documentation submitted regarding the results of the actions taken. The auditors reviewed all the open recommendations for audit reports issued by the Office of the City Auditor through September 30, 2018. This represents an increase in the number of recommendations reviewed as in prior years we only followed up on items with implementation dates on or before September 30<sup>th</sup> of each year. Of the 176 recommendations reviewed 89 were from audits issued in the first nine months of CY2018.

This review was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives. During this follow up period, the City Auditor's Office would like to recognize accomplishments and challenges with the validation of open recommendations.

### Accomplishments:

The Department of Parks, Recreation and Community Facilities closed 11 recommendations that were outstanding from two audits. The Department of Budget and Strategic Planning addressed eight of eight recommendations that were outstanding and the Department of Finance staff addressed 35 of 56 recommendations from several audits. We would like to recognize the Administrations' staff that worked to achieve the closure of these open audit recommendations.

### Challenges:

While significant progress has been made there are still 76 recommendations that remain open including some that date back a few years and will require continued focus moving forward.

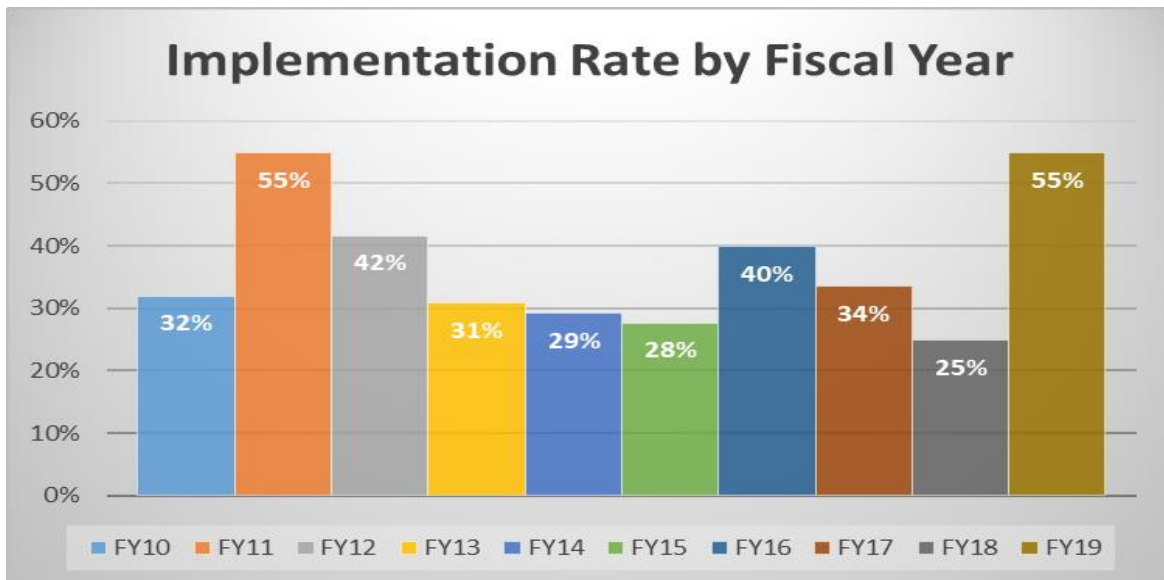
### Implementation Status of Open Recommendations:

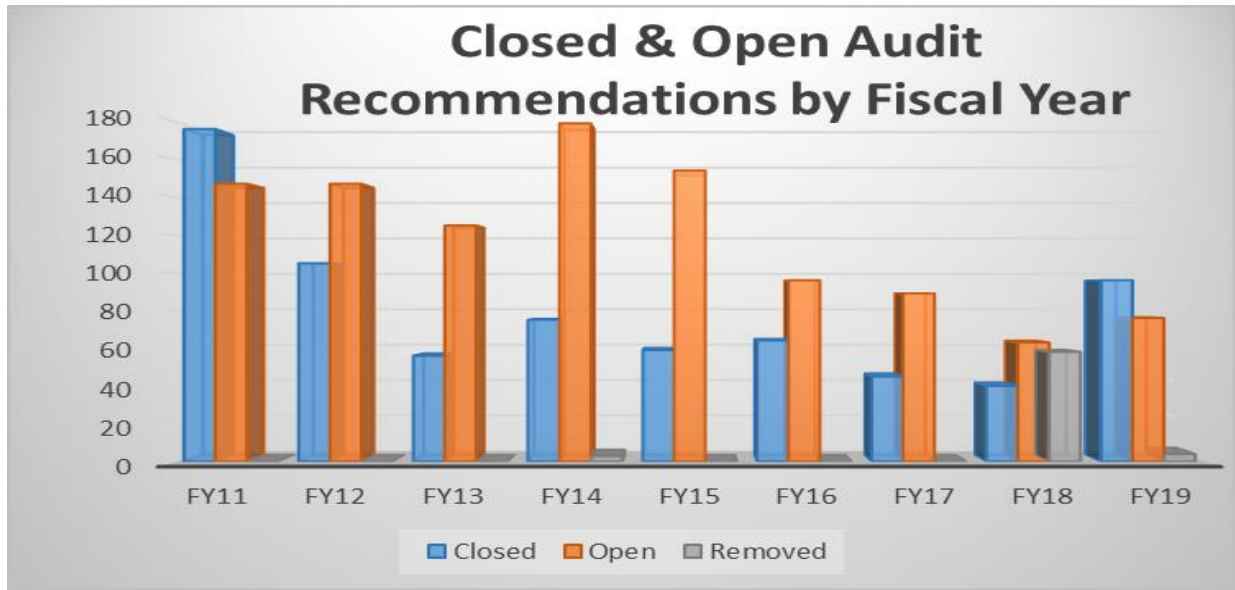
The auditors reviewed 176 outstanding recommendations. The results of our review indicated the below statuses:

| Status         | # of Recommendations | Explanation   |
|----------------|----------------------|---|
| <b>Closed</b>  | 96                   | Recommendations were implemented.   |
| <b>Open</b>    | 76                   | Recommendations have not been completed of these 11 had not past their original due date. |
| <b>Removed</b> | 4                    | No further follow up to be completed by the City Auditor's Office.                        |
| <b>Total</b>   | 176                  |   |

Source: Auditor Prepared

During 2018, City Administration implemented 55% of their recommendations, this represented an increase over last year's implementation rate of 25% and above the average closure rate for the last 10 years of 37%. This increase shows improvement especially considering 11 or 14% of the 76 open recommendations have not reached their original projected implementation date. During the current follow up period, four open recommendations were removed and six findings were replaced with new recommendations from a more recent audit of the same area.





We would like to acknowledge management’s efforts during this follow up process where they provided documentation of corrective actions.

## Summary of Results

| FY19  |               |       |      |        |         |
|---|---------------|-------|------|--------|---------|
| Department/Agency                                     | Report Number | Total | Open | Closed | Removed |
| <b>Economic &amp; Community Development</b>           |               |       |      |        |         |
| Economic Development Strategy                         | 2016-07       | 3     | 3    |        |         |
| Leigh Street Development Projects                     | 2018-10       | 4     | 3    | 1      |         |
| <b>Emergency Communications</b>                       |               |       |      |        |         |
| Emergency Communications                              | 2016-08       | 2     |      | 2      |         |
| <b>Finance</b>  |               |       |      |        |         |
| Accounts Payable                                      | 2016-01       | 9     |      | 9      |         |
| Fixed Assets  | 2012-07       | 1     | 1    |        |         |
| Revenue Administration                                | 2012-08       | 3     |      | 3      |         |
| Risk Management                                       | 2014-01       | 4     | 2    | 2      |         |
| Tax Audit and Enforcement Units                       | 2018-07       | 13    | 4    | 9      |         |
| Delinquent collections and Cash Operation Units       | 2018-09       | 13    | 9    | 4      |         |
| Vehicle Personal Property Unit                        | 2018-12       | 6     | 3    | 3      |         |
| <b>Human Resources</b>                                |               |       |      |        |         |
| Recruitment & Retention                               | 2016-06       | 1     |      | 1      |         |
| <b>Information Technology</b>                         |               |       |      |        |         |
| RAPIDS  | 2014-04       | 3     | 2    | 1      |         |
| <b>Office of Minority Business</b>                    |               |       |      |        |         |
| Minority Business Development                         | 2013-01       | 2     |      |        | 2       |
| <b>Parks, Recreation, &amp; Community Development</b> |               |       |      |        |         |
| Recreation  | 2012-13       | 5     |      | 5      |         |
| <b>Planning &amp; Development Review</b>              |               |       |      |        |         |
| Development Process                                   | 2017-03       | 4     | 3    | 1      |         |
| Property Maintenance Code Enforcement                 | 2017-09       | 1     | 1    |        |         |
| <b>Procurement</b>                                    |               |       |      |        |         |
| Accounts Payable                                      | 2016-01       | 2     | 2    |        |         |
| <b>Public Works</b>                                   |               |       |      |        |         |
| Contract Administration                               | 2015-09       | 5     | 5    |        |         |
| Solid Waste Management                                | 2012-11       | 1     | 1    |        |         |
| <b>Police</b>   |               |       |      |        |         |
| SID & AFU   | 2015-05       | 1     |      | 1      |         |
| Recruitment & Retention                               | 2016-06       | 1     | 1    |        |         |
| <b>Public Utilities</b>                               |               |       |      |        |         |
| Stormwater Division                                   | 2015-10       | 3     |      | 1      | 2       |
| Billing and Collections Process                       | 2018-04       | 3     | 3    |        |         |
| Utility cuts  | 2019-02       | 6     | 5    | 1      |         |
| <b>Social Services</b>                                |               |       |      |        |         |
| Laser Reimbursement Process                           | 2019-03       | 2     | 2    |        |         |
| Special Funds-Health Start Initiative & Shelter Plus  | 2018-11       | 1     |      | 1      |         |
| <b>Citywide Audits</b>                                |               |       |      |        |         |
| Electronic Equipment Purchases                        | 2017-06       | 3     | 2    | 1      |         |
| Fiscal Sustainability                                 | 2016-02       | 8     |      | 8      |         |
| Construction Work in Progress                         | 2017-05       | 4     | 4    |        |         |
| Budgeting Process                                     | 2017-01       | 8     |      | 8      |         |
| Employee Travel Expenditures                          | 2018-01       | 6     |      | 6      |         |
| Temporary Services Contract compliance                | 2018-03       | 4     | 3    | 1      |         |
| Facilities Maintenance                                | 2018-06       | 25    | 10   | 15     |         |
| Citywide Grants                                       | 2018-08       | 19    | 7    | 12     |         |
| <b>Total Recommendations</b>                          |               | 176   | 76   | 96     | 4       |