

May 24, 2007

The Honorable Members of City Council
City of Richmond, Virginia

Subject: Annual Follow-up Audit

The City Auditor's Office has completed the Annual Follow-up Audit. The objective was to determine whether (and to what extent) appropriate and timely corrective actions had been taken to implement outstanding audit recommendations. The Follow-Up Review is important because it reports the efforts made by City agencies to implement audit recommendations.

Background:

To help ensure the financial integrity and operational efficiency of the City, the City Auditor's Office reviews the actions taken by department administration in regard to recommendations made in prior audits. Auditors reviewed all the audit reports the City Auditor issued through December 31, 2006, that had open recommendations with an implementation date of December 31, 2006 or prior, and the items still open from our earlier Follow-Up Review report dated August 18, 2006.

Methodology:

During this review, Auditors interviewed the management personnel associated with each recommendation and tested the results of the actions they had taken. The audit was conducted in accordance with Generally Accepted Government Auditing Standards.

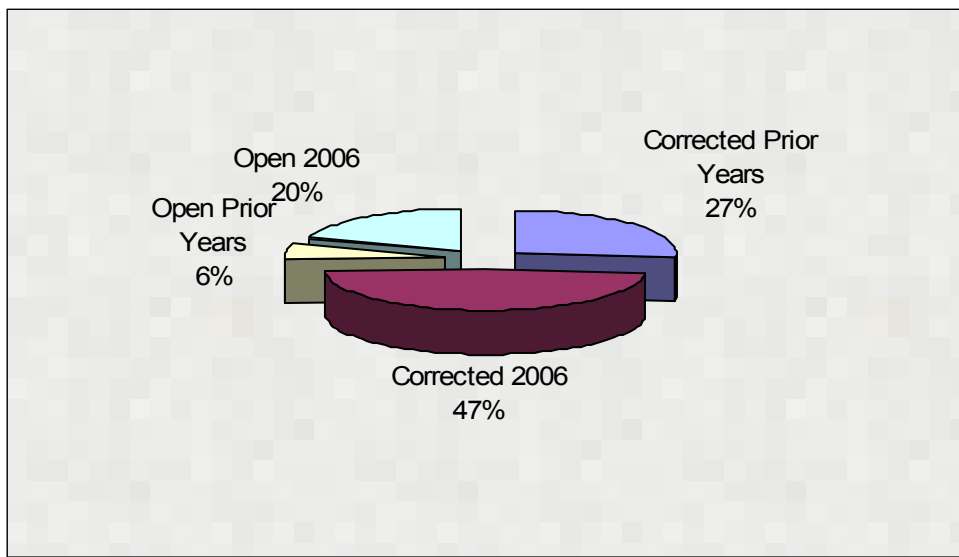
Conclusions:

- The auditors reviewed 115 outstanding recommendations including 77 from reports issued in fiscal year 2006 and 38 from prior years' reports.
- A total of 85 of the 115 recommendations were corrected and 30 recommendations remained open.

- The following schedule compares the results noted in the Follow-Up Reports for the last four years:

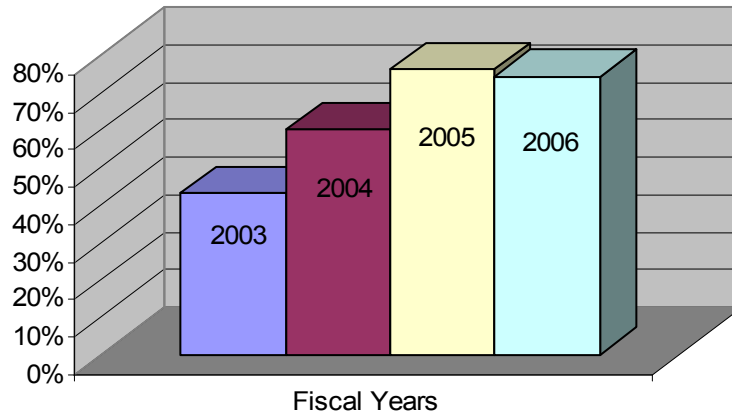
STATUS OF RECOMMENDATIONS FISCAL YR ENDED	2006	2005	2004	2003
OPEN	30	31	42	56
CORRECTED	85	99	63	50
TOTAL RECOMMENDATIONS OUTSTANDING	115	130	105	106
% Corrected in current year that had been carried forward from prior years	82%	72%	55%	39%
% Corrected in first year after the audit	70%	78%	65%	51%

The current year's results are depicted in the following pie-chart:



The departments and agencies have made great strides implementing their recommendations. The chart below depicts the overall implementation history over the last four years:

Implementation Rates from Prior Years



Impact:

City management continues to be responsive to our audit comments, as Department Directors have either implemented most recommendations or have planned corrective actions within a reasonable amount of time. The City benefits from increased efficiency and dollar savings as a result. If you have any questions related to this report, please contact the City Auditor’s Office.

Umesh Dalal, CPA, CIA, CA
City Auditor

STATUS OF OUTSTANDING AUDIT COMMENTS

Statistical Summary

Report Number	Audit Report	Recommendations		
		Total	Open	Corrected
<u>Reports Before</u>				
<u>FY2006</u>				
02-04	Finance - Disbursements	1	0	1
03-05	DPW - Fleet Management	1	0	1
03-06	DPU - Payment Arrangements	1	1	0
03-10	Finance-Collections:Returned Checks	1	0	1
04-02	Procurement Services - Vendor Files	2	2	0
04-07	Finance - License Assessment Unit	3	2	1
05-05	Grants Process			
	- Budget	4	0	4
	- Commonwealth Attorney	6	0	6
	- Finance	3	0	3
05-06	DCD - Code Compliance Programs	5	0	5
05-08	Assessor - Tax Rehabilitation	2	0	2
05-10	DSS - Child Day Care Services	3	0	3
05-11	DPU - Capitalization Policy	1	0	1
05-12	CDA	1	0	1
05-14	DPW - Custodial Services Unit	3	2	1
<u>Major Items - Reports before</u>				
<u>FY2005</u>				
04-02	Finance Vendor Files	1	0	1
	TOTAL	38	7	31
	PERCENT OF TOTAL	100%	18%	82%
<u>FY2006 Reports^a</u>				
06-01	Library - City Library	3	0	3
06-03	JJS	1	0	1
06-06	DCD - Financial Skills	1	0	1
06-06	Finance - Financial Skills	1	1	0
06-08	DPU - Metro Care Program	1	0	1
06-10	Procurement – Reclad Contract	2	1	1
06-11	DPU - Gas & Water Leak Repairs Contract	4	0	4
06-12	Sheriff - Special Request	18	0	18
06-13	Finance - BPOL & Parking Tickets	7	4	3
06-13	Police - BPOL & Parking Tickets	3	0	3
06-14	DPW - Council Capital District Accounts	1	0	1
06-15	DPU - WWTP Contract	2	0	2
06-16	Commonwealth Attorney	3	0	3
07-02	MBD - MBE Compliance	8	8	0
07-03	PRCF - Cemeteries	11	6	5
07-05	DPU - Natural Gas Hedging	2	2	0
<u>Major Items FY2006</u>				
06-03	JJS - Administration	1	0	1
06-12	Sheriff - Special Request	8	1	7
	TOTAL	77	23	54
	PERCENT OF TOTAL	100%	30%	70%
	TOTAL ALL REPORTS & Major	115	30	85
	PERCENT OF TOTAL	100%	26%	74%

^a includes all FY2007 audit recommendations that had an implementation date by December 31, 2006.



City Auditor Report Evaluation Form

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Help Us Serve the City of Richmond Better

We strive to provide professional independent auditing services to City Agencies in order to promote full financial accountability, efficiency and effectiveness of operations and programs and compliance with relevant laws and regulations. The City Auditor's Office will help support management's internal control structures and thereby assist the City Council and City Administration to achieve their goals and objectives.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, ideas, thoughts: _____

Name (Optional): _____

Thanks for taking the time to help us.

Fax: 804.646.2230
Mail: City Auditor's Office, 900 E. Broad Street, Room 806, Richmond, VA 23219
Call: Umesh V. Dalal, CPA, City Auditor, 804.646.5640
Email: askcityauditor@ci.richmond.va.us
Hotline: 804.646.5697