



# Richmond City Council

*The Voice of the People.*

*Richmond, Virginia*

## OFFICE OF THE CITY AUDITOR

**Audit Report # 2009-03**  
*on the*

### **City of Richmond, Virginia** **Annual Follow-up Audit**

September 2008

## OFFICIAL GOVERNMENT REPORT

*Richmond City Council*

### **OFFICE OF THE CITY AUDITOR**

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*Committed to increasing government efficiency, effectiveness,  
and accountability on behalf of the Citizens of Richmond.*

September 2, 2008

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 Audit 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, 2007 that had open recommendations with an implementation date of December 31, 2007 or prior, and the items still open from our earlier Follow-Up Review report dated May 24, 2007.

***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.

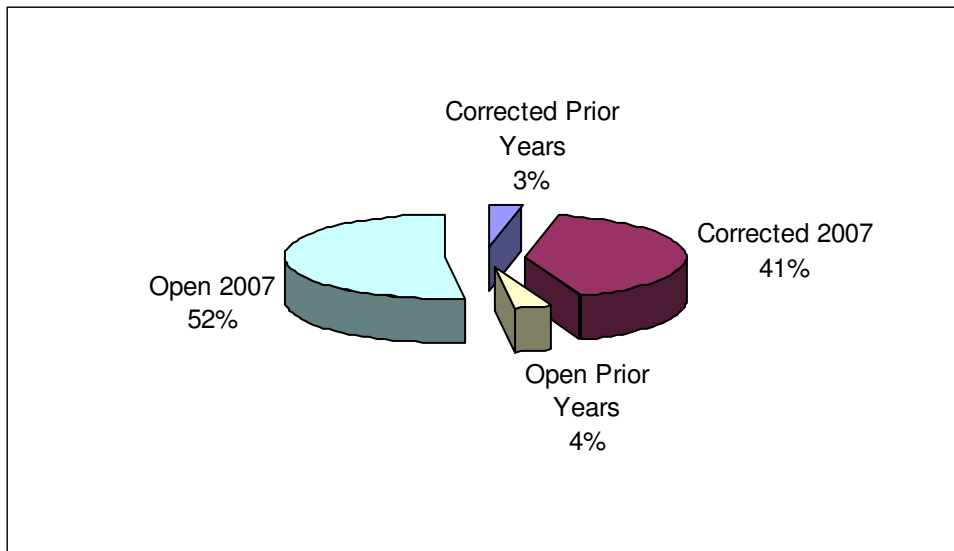
***Conclusions:***

- The auditors reviewed 187 outstanding recommendations including 157 from reports issued in fiscal year 2007, 17 from fiscal year 2008 and 13 from prior years' reports.
- A total of 83 of the 187 recommendations were corrected and 104 recommendations remain open.

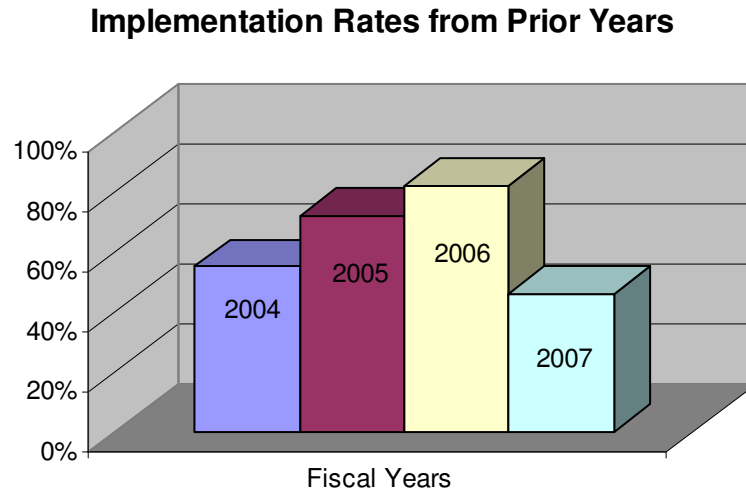
The following schedule compares the results noted in the Follow-Up Reports for the last four years:

<b>STATUS OF RECOMMENDATIONS FISCAL YR ENDED</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>TOTAL RECOMMENDATIONS OUTSTANDING</b>	187	115	130	105
CORRECTED	83	85	99	63
OPEN	104	30	31	42
% Corrected in current year that had been carried forward from prior years	46%	82%	72%	55%
% Corrected in first year after the audit	44%	70%	78%	65%

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:



***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. We would like to point out that the implementation rate decreased in FY07 mostly due to the Fleet and the Richmond Public Schools audits. The City benefits from increased efficiency and dollar savings as a result. The Richmond Public Schools audit realized savings of approximately \$4.2 millions due to the reduction in force. 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**

<b>Report Number</b>	<b>Audit Report</b>	<b>Recommendations</b>		
		<b>Total</b>	<b>Open</b>	<b>Corrected</b>
<b><u>Reports Before</u></b>				
<b><u>FY2007</u></b>				
03-06	DPU Payment Arrangements	1	1	0
04-03	Finance - Tax Audit Unit	2	1	1
04-07	Finance - License Assessment Unit	2	1	1
05-14	DPW - Custodial Services Unit	2	1	1
06-06	Finance - Financial Skills, Training & Resources	1	0	1
06-10	Procurement - City Hall Reclad	1	1	0
06-12	Sheriff – Special Request	1	0	1
06-13	Finance – BPOL & Parking Tickets	3	2	1
	<b>TOTAL</b>	<b>13</b>	<b>7</b>	<b>6</b>
	<b>PERCENT OF TOTAL</b>	<b>100%</b>	<b>54%</b>	<b>46%</b>
<b><u>FY2007 Reports</u></b> <sup>a</sup>				
07-02	MBD – MBE Compliance	8	0	8
07-03	PRCF - Cemeteries	9	3	6
07-04	Microsoft Windows Security Audit	19	10	9
07-05	DPU – Natural Gas Hedging	3	1	2
07-06	Richmond Public Schools	47	30	17
07-07	DIT Software Licensing	2	1	1
07-08	DIT Help Desk Audit	13	2	11
07-09	Radio Shop	7	0	7
07-10	Fleet Audit	49	39	10
08-02	Grants Administration - Parks	17	11	6
	<b>TOTAL</b>	<b>174</b>	<b>97</b>	<b>77</b>
	<b>PERCENT OF TOTAL</b>	<b>100%</b>	<b>56%</b>	<b>44%</b>
	<b>TOTAL ALL REPORTS</b>	<b>187</b>	<b>104</b>	<b>83</b>
	<b>PERCENT OF TOTAL</b>	<b>100%</b>	<b>56%</b>	<b>44%</b>

<sup>a</sup> Includes all FY2008 audit recommendations that had an implementation date by December 31, 2007.