

Source : City of Virginia Beach

A N N U A L

R E P O R T



07/01/2021 - 06/30/2022

OFFICE OF THE CITY AUDITOR

To promote accountability and integrity in City operations
by providing quality audit services.

WEBSITE :



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City Auditor
Lyndon Remias,
CPA, CIA

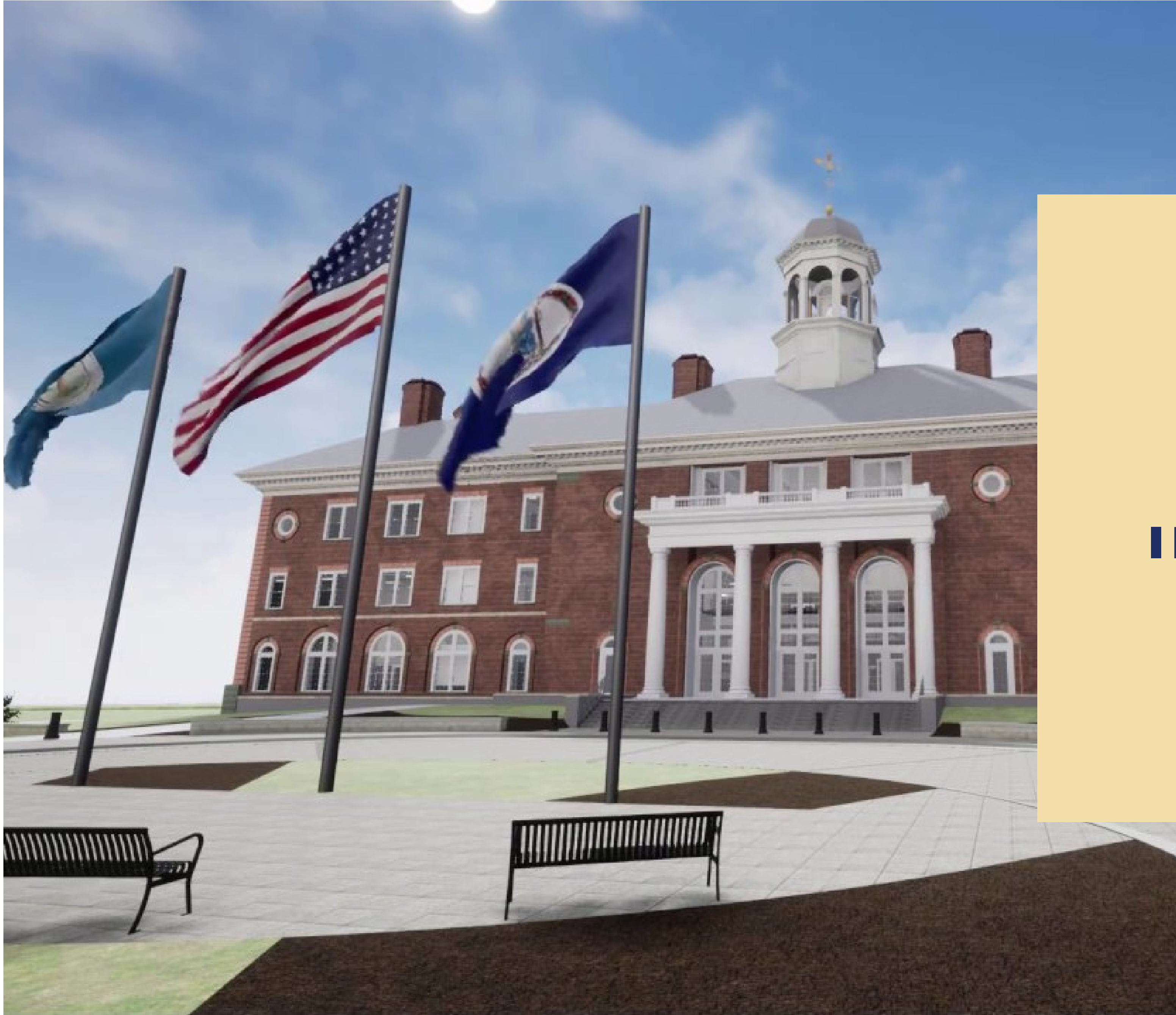
Message from the City Auditor

It is my pleasure to present the FY 22 Annual Report for the Office of the City Auditor. This report highlights our major accomplishments and initiatives over the past year along with other key information.

During the year, we moved our offices to the new City Hall. We are excited to continue serving the City in our new home.

As you will see in this report, the Office of the City Auditor was busy throughout the year continuing our mission of promoting accountability and transparency in City operations. Despite all the challenges related to moving during the year, we were able to complete multiple audits, investigations, and other special projects detailed within this report.

I would like to thank the City Council, Audit Committee, City management, and all the hardworking City employees and Volunteers who help make the City of Virginia Beach one of the best run cities in America.



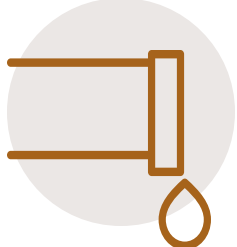


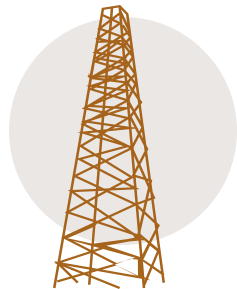

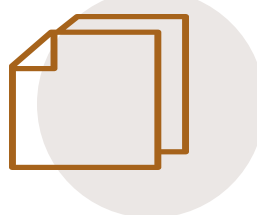
FY 22 IN REVIEW

Source: The Virginian Pilot



Audit Reports Issued in FY 22

Each year, the Office of the City Auditor develops a schedule of planned audits based on an overall assessment of risk.

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <h3>Stormwater Regulatory and Inspection Programs</h3> <p>Assessed compliance with the City's MS4 Permit as it pertains to Stormwater Management Facility (SWMF) inspections.</p> |  <h3>Police Body Worn Camera Program</h3> <p>Assessed compliance with the Police Department's body-worn camera policy including review of training, video retention, and oversight.</p> |
|  <h3>City Garage Parts Operations</h3> <p>Assessed the City Garage Parts Unit's operations to determine whether internal controls are operating efficiently and effectively.</p> |  <h3>Revenue from Cell Towers</h3> <p>Assessed revenue from cell towers to determine whether complete and in accordance with the respective lease agreements.</p> |
|  <h3>Follow-Up Review of the 2018 Audit of the City of Virginia Beach Development Authority</h3> <p>Follow-up review to determine whether our audit recommendations were implemented from 2018.</p> |  <h3>Unemployment Insurance Claims</h3> <p>Identified risk claims and initiated a process for alerting current members that a potentially fraudulent UI claim had been filed in their name and what steps they should take to remedy the situation.</p> |

Other Projects & Activities

- ✓ External Audit Contract Administration
- ✓ Follow-up of Prior Year Audit Recommendations
- ✓ Information Technology General Controls Review
- ✓ Volunteer Resources Annual Report
- ✓ Healthcare Claims
- ✓ Vanguard Landing

Our audit reports are available on our website at www.vbgov.com/cityauditor



Highlights

01 | WE MOVED - NEW CITY HALL



On April 22, 2022, the Office of the City Auditor moved into the New City Hall. Come see us! You can find us on the third floor in Room 3017.

02 | AUDIT COMMITTEE UPDATE

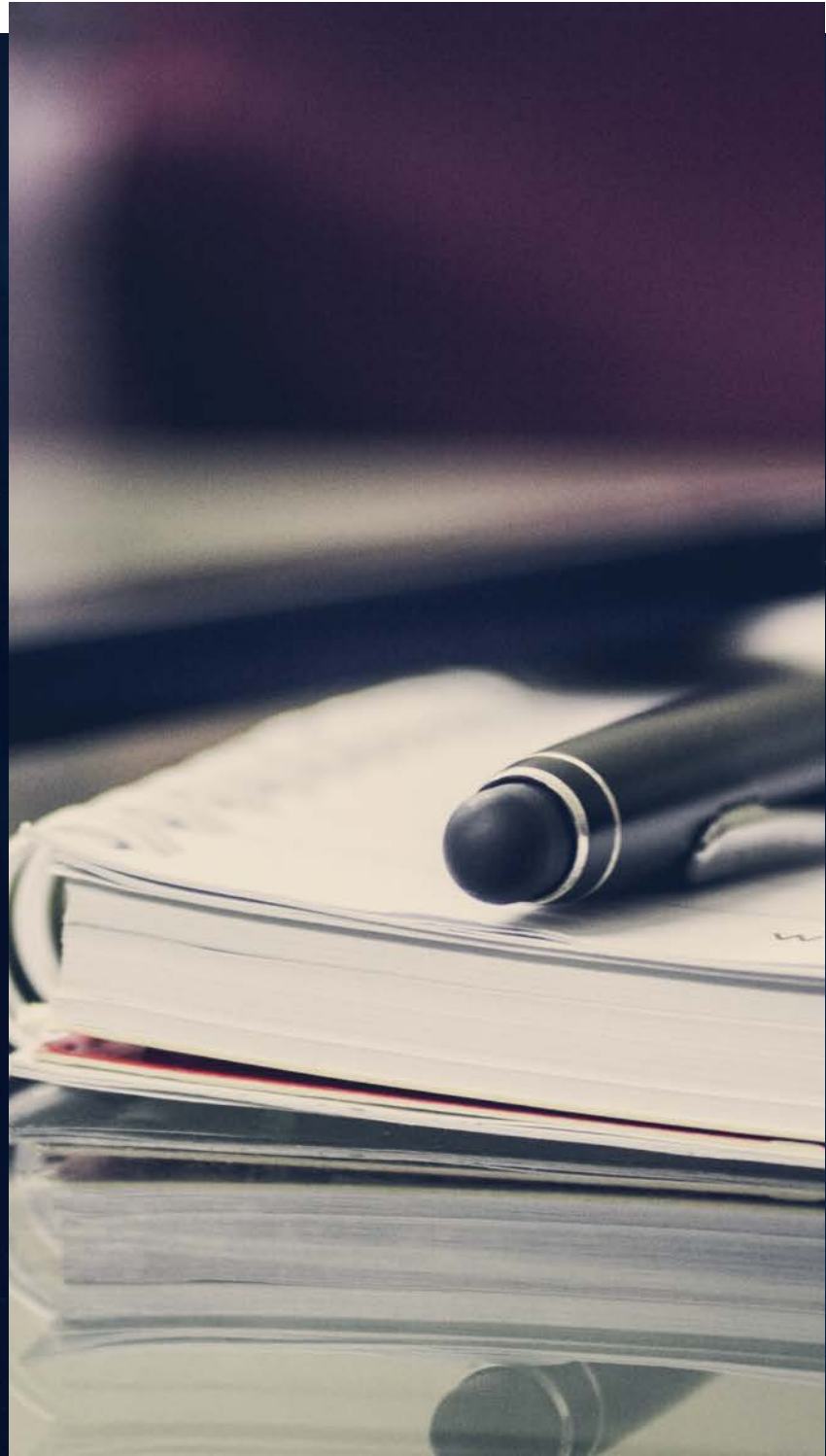
The Audit Committee plays an important role in providing governance and oversight of the audit function. We would like to thank Sharon Brown for her nine years of service on the Audit Committee. Ms. Brown's term ended in May 2022. We would also like to thank former Vice Mayor Jim Wood for his time on the Audit Committee. Council Member Guy Tower joined the Audit Committee this January.



Please welcome our newest Audit Committee Member Steven Sandoval. Audit Committee Members left to right Emil Espiritu, Karen Hill, and Steven Sandoval. (Not pictured - City Council Members, Guy Tower and Louis Jones)

Our office would like to express our deepest condolences to the family of the late Council Member Louis Jones.

Highlights



03 NEW STAFF MEMBERS

- **Keith Piper, Senior Auditor**

We are pleased to announce the addition of Keith Piper to our audit team. He joined the office on February 24, 2022. Keith was previously a business license auditor with the Commissioner of the Revenue.



- **Sheng O'Halloran, Administrative Assistant**

Our office is participating in the DOD's Skillbridge program. Please welcome United States Navy, Petty Officer Second Class, Sheng O'Halloran.

Sheng is in the process of retiring from the military and working with our office to gain civilian work experience that she can use in her future endeavors. Sheng will be working with FID as an Administrative Assistant for the next sixteen weeks.



04 PROMOTIONS

- **Sharon Hayes' received a title change in June. She is now a Deputy City Auditor.** Congratulations Sharon on your new title!
- **Rosana Clark was promoted to Administrative Specialist II in April.** Congratulations Rosana! We couldn't accomplish all that we do without you!
- **Lyndon Remias is now serving as a Regional Peer Review Coordinator for Association of Local Government Auditors ALGA**



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**UPCOMING FOR
FY 23**

Source : City of Virginia Beach



Upcoming
Audits for FY 23



**Virginia Beach
Sports Center**



**Sandler Center
for the
Performing Arts**



**Short Term
Rentals**



**Virginia Beach
Convention Center**



**2022 Actuarial
Valuation of
Other
Postemployment
Benefits (OPEB)**



**VBTime: Time
and Attendance
Management**



**Communications
Office:
Multimedia
Services**

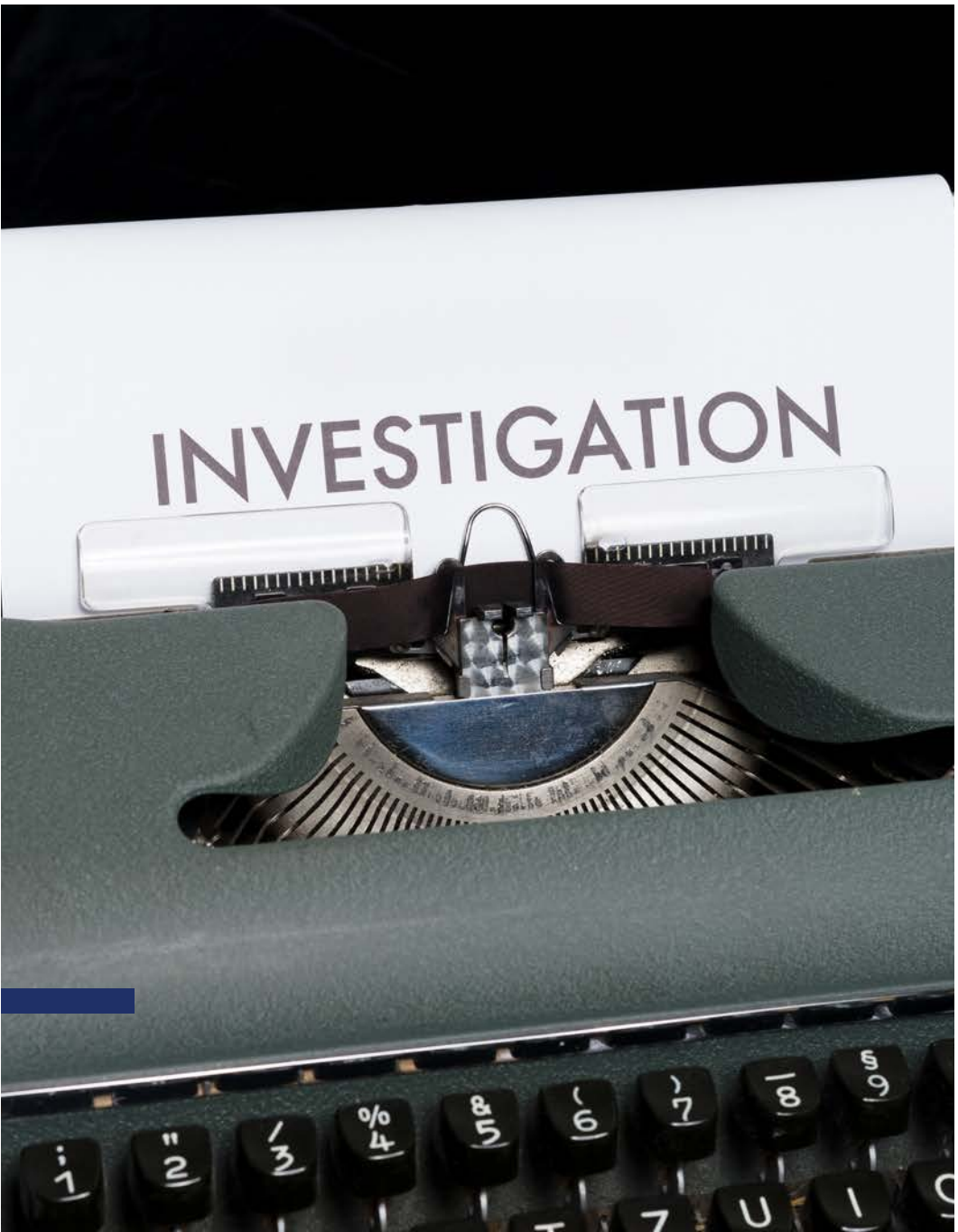
Other Projects

- ☒ Review of District Voting Preparation Pre/Post Election Analysis
- ☒ Review of Status of Atlantic Park
- ☒ Review of Safariland Holsters
- ☒ Volunteer Resources Report
- ☒ Healthcare Claims Contingency
- ☒ Information Technology General Controls Review
- ☒ External Audit Contract Administration
- ☒ Follow-Up on Prior Year Audit Recommendations
- ☒ Yellow Book Peer Review



Fraud, Waste & Abuse

Source : City of Virginia Beach



FID

**Forensic
Investigation
Division**

FRAUD PERSPECTIVE

Change is necessary and FID is no exception. Let’s start with our name, we are no longer the Forensic Audit Division, we are now the Fraud Investigation Division (FID). We are in the process of implementing changes to ensure that the investigation process is more efficient and effective. Some changes to anticipate are the redesign of our reports and memorandums.

Unfortunately, fraudulent activity continues, our office works diligently to help prevent fraud from occurring and methods to detect fraud sooner.

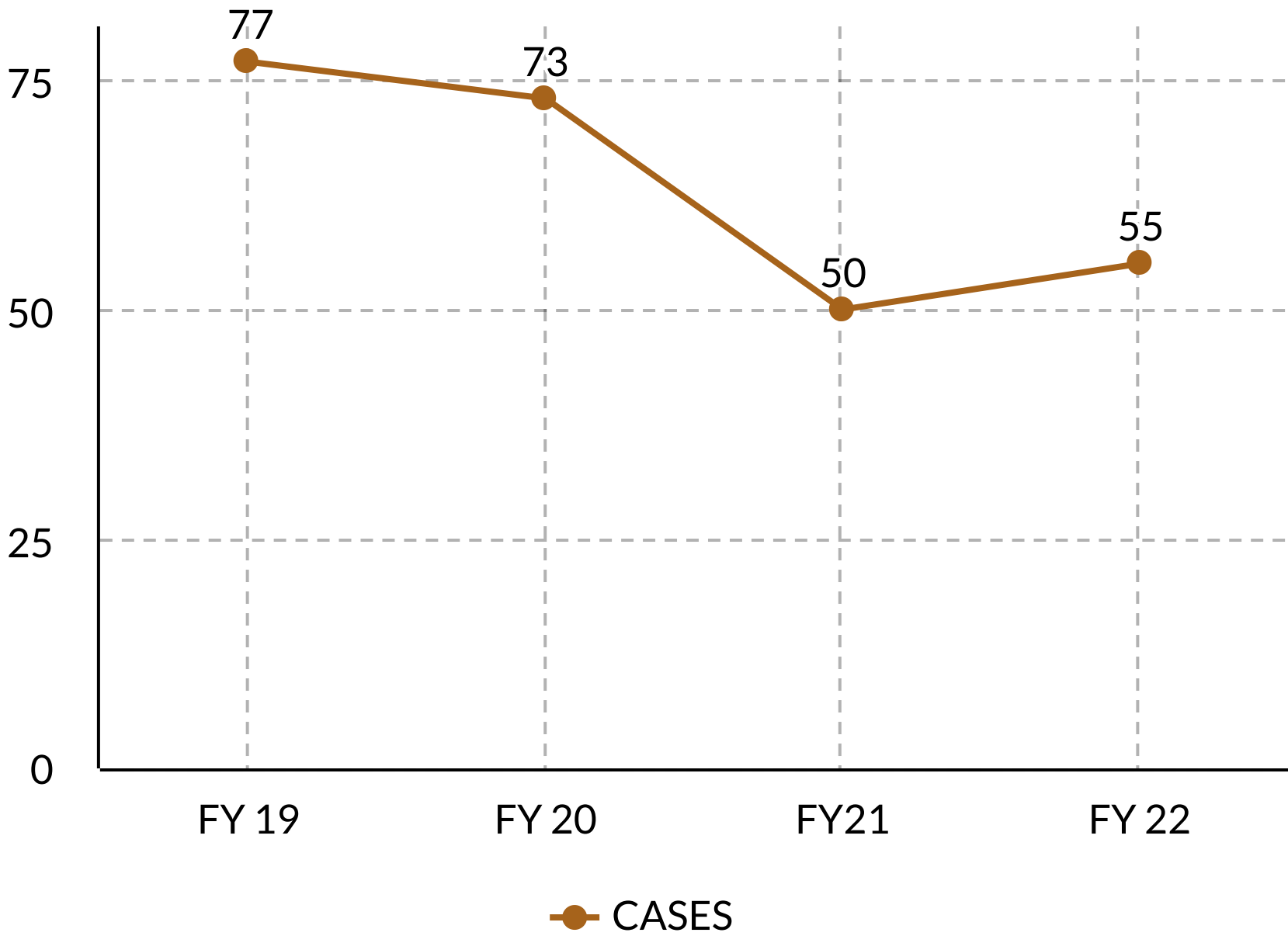
In FY22, we had several cases that impacted our employees’ health. We are glad to report that with the assistance of several departments and outside agencies, we were able to resolve the cases quickly. We would also like to recognize the efforts and due diligence of staff to expediently address the issues noted. The City has some very diligent employees who show their expertise in what they do and how much they care about the City.

Doing the right thing is imperative; if you have any concerns on what the right thing may be, please reach out to us first and we will be more than happy to assist you.

Thank you to everyone who serves the City of Virginia Beach.

Sharon A. Hayes, Deputy City Auditor, FID Division

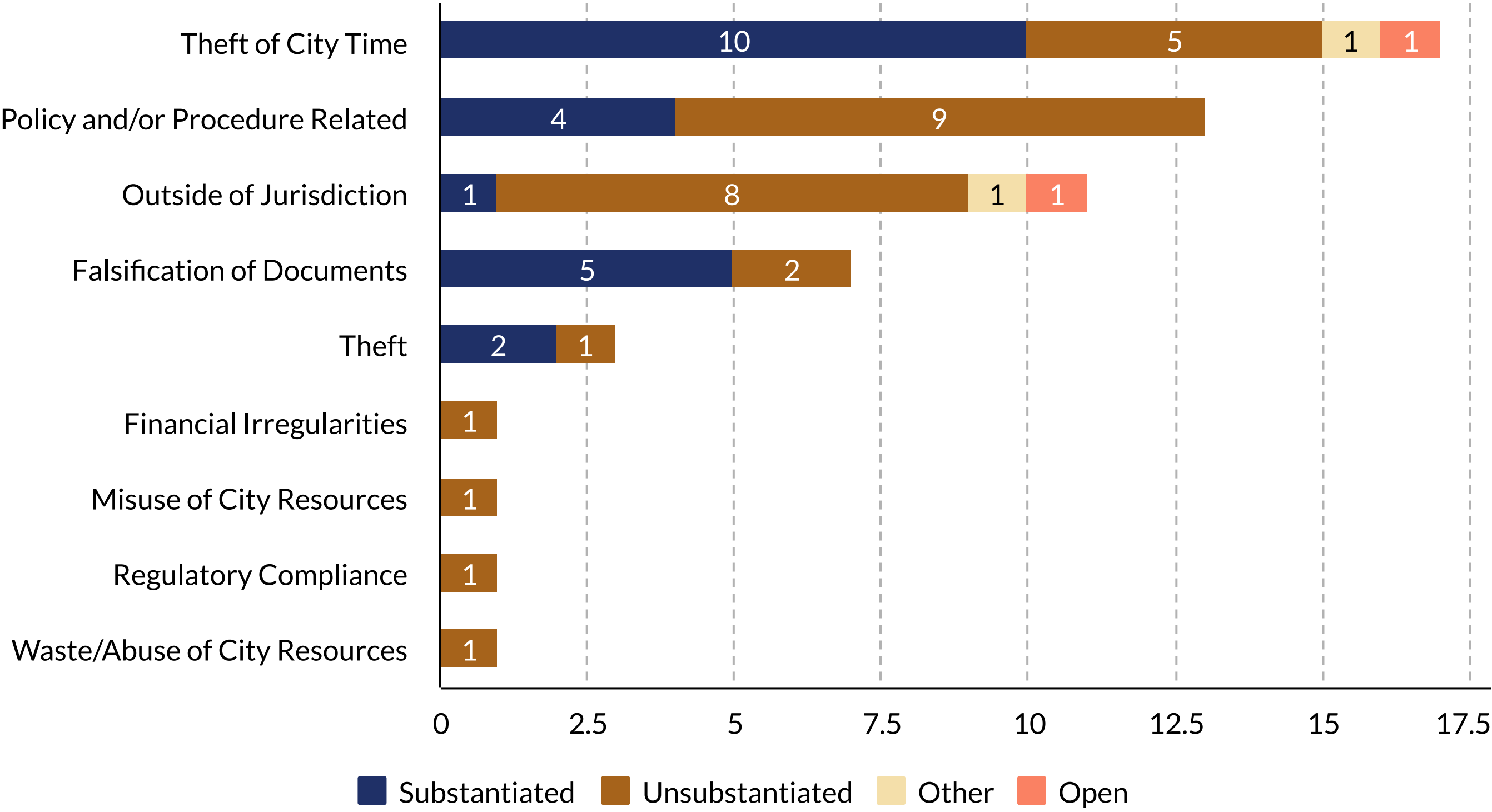
HOW MANY ALLEGATIONS DID WE RECEIVE IN FY 22?



TO REPORT FRAUDULENT ACTIVITY :

- **Confidential Hotline:**
757-468-3330
- **Confidential Email:**
ReportVBFraud@vbgov.com

ALLEGATIONS RECEIVED BY TYPE AND STATUS



SUBJECT OF THE ALLEGATION:



WHAT WAS REPORTED?

| CATERGORY | DESCRIPTION | TOTAL |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------|-------|
| Falsification of Documents | Falsification of official documents such as work orders, work documents, work logs, client records, etc. | 7 |
| Financial Irregularities | Irregularities in financial reporting. | 1 |
| Misuse of City Resources | Misuse of City assets and resources, including misappropriation of assets. | 1 |
| Outside of Jurisdiction (Referrals) | Benefits fraud (i.e., Section 8, SNAP, TANF, etc.), human resource issues, referrals to outside agencies, etc. | 11 |
| Policy and/or Procedure | Violations of established policies and procedures. | 13 |
| Related Regulatory | Violations of federal, state and local laws and regulations. | 1 |
| Compliance Theft | Theft of City assets and resources, including cash. | 3 |
| Theft of City Time | Employee time theft (i.e., conducting personal business, excessive tardiness, falsifying hours worked, etc.). | 17 |
| Waste/Abuse of City Resources | Excessive waste and/or abuse of City assets and resources. | 1 |
| TOTAL | | 55 |



**FY 22 Case
Summaries**

Source : City of Virginia Beach

FY 22 Summary of Substantiated Fraud, Waste, and Abuse Cases

01

Human Services

Allegation: Falsification of Documents

Employee did not properly document notes in a clients' case file. Employee was placed on a Performance Improvement Plan (PIP) and was provided with additional training on documentation standards.

02

Public Utilities

Allegation: Theft of Time

Employee falsified documents and incorrectly logged time worked. Employee received a 40 hour suspension.

03

Parks & Recreation

Allegation: Falsification of Documents

Employee falsified a doctor's note. Management spoke with the employee but no disciplinary action was taken due to extenuating circumstances.

04

Human Services

Allegation: Policies & Procedures Related

Employee did not follow departmental family client access policies. Employee received a written reprimand and was required to take refresher training pertaining to client records and expectations.

05

Public Utilities

Allegation: Falsification of Documents

Employee falsified a doctor's note to justify absence from work. Employee resigned pending discipline.

FY 22 Summary of Substantiated Fraud, Waste, and Abuse Cases


A dark, low-key photograph of a person's face, possibly a firefighter, with the number 06 overlaid in white.

06

Fire

Allegation: Theft

Employee stole blank COVID-19 vaccination cards for unvaccinated family members. Federal officials were notified. Employee received a 240 hour (10 day) suspension.

A dark, low-key photograph of a person's face, possibly a city employee, with the number 07 overlaid in white.

07

Citywide

Allegation: Policies & Procedures

Handful of City employees at a City sponsored COVID-19 vaccination clinic received an improper dose of the Moderna vaccine booster as specified by CDC guidelines. All employees who were affected were notified, and the Department of Public Health worked with those employees to alleviate any concerns. The employee who oversaw the program resigned pending termination. Note: This clinic was only for City/School Employees.

A dark, low-key photograph of a person's face, possibly a human services worker, with the number 08 overlaid in white.

08

Human Services

Allegation: Falsification of Documents

Employee falsely documented notes in a client case file. Employee was terminated.

A dark, low-key photograph of a person's face, possibly a public utilities worker, with the number 09 overlaid in white.

09

Public Utilities

Allegation: Theft of Time

Employee falsified their timecard. The employee was required to submit PTO for hours not worked.

A dark, low-key photograph of a person's face, possibly a public works worker, with the number 10 overlaid in white.

10

Public Works

Allegation: Theft of Time

Employee falsified time worked. The employee resigned during the investigation.

FY 22 Summary of Substantiated Fraud, Waste, and Abuse Cases

11

Human Services

Allegation: Outside of Jurisdiction – Benefits Fraud – Section 8

Resident enrolled in the Section 8 Housing program violated terms of the program. Department is in process of removing the resident from the program.

12

Human Services

Allegation: Policies & Procedures

Employee did not follow departmental policy regarding use of City email. The department discussed this issue with employee and no further action was deemed necessary.

13

Public Works

Allegation: Falsification of Documents


Employee falsified documents for bereavement leave. The employee resigned pending termination.

14

Public Works

Allegation: Theft of Time

Employee had excessive tardiness. Employee received a one-day suspension.

15

Public Works

Allegation: Theft of Time

Employee did not submit leave for work hours missed. Management counseled the employee.

FY 22 Summary of Substantiated Fraud, Waste, and Abuse Cases

16

Public Utilities

Allegation: Theft of Time

Employee falsified hours worked. The employee retired during the investigation.

17

Public Utilities

Allegation: Theft of Time

Employee falsified hours worked. The employee resigned during the investigation.

18

Public Utilities

Allegation: Policies & Procedures

Employee violated departmental policy regarding family account access. Employee received a 40 hour suspension.

19

Public Works

Allegation: Theft of Time

Four employees falsified their timecards of hours worked. No disciplinary action has been taken yet, as this is still pending discussion with the department.

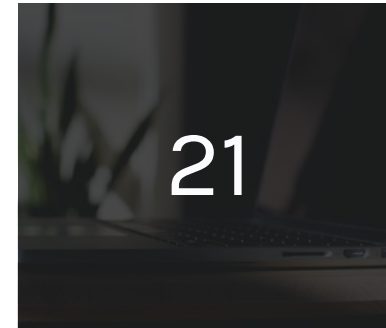
20

Public Works

Allegation: Theft of Time

Employee falsified hours worked. No disciplinary action has been taken yet, as this is still pending discussion with the department.

FY 22 Summary of Substantiated Fraud, Waste, and Abuse Cases



Human Services

Allegation: Theft of Time

Employee falsified their timecard. No disciplinary action was taken as the employee resigned during the investigation.



Human Services

Allegation: Theft

Department had a theft of their petty cash fund. No disciplinary action was taken since it was not determined who stole the funds. The department's petty cash fund was closed.

Note: The Office of the City Auditor does not determine the disciplinary action to be taken with any employee. Management of each respective department makes the final determination of any disciplinary action.

**THANK
YOU**



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