



ANNUAL REPORT

07/01/2024 - 06/30/2025

Promoting Accountability and
Integrity in City Operations

MESSAGE FROM THE CITY AUDITOR

I am honored to present this year's Annual Report on behalf of the Office of the City Auditor. Our mission remains steadfast: to serve the citizens of Virginia Beach by promoting accountability and integrity in city operations.

This year, we continued to demonstrate how strong, independent oversight adds real value to our community. Through a combination of performance audits, operational reviews, and investigations, our small but dedicated team identified opportunities to improve efficiency, enhance internal controls, and ensure public resources are used responsibly and effectively.

Over the past year, we completed numerous audits that led to actionable recommendations—many of which have already been implemented—improving city programs, safeguarding assets, and optimizing services that directly affect our residents. In addition, our work in investigating allegations of fraud, waste, and abuse has not only protected taxpayer dollars but also strengthened the public's trust in city government.

Through collaboration with departments across the city, we helped uncover cost-saving opportunities, reduce risk exposure, and improve service delivery. These efforts have translated into meaningful savings and long-term value for the citizens of Virginia Beach.

I am proud of the professionalism, integrity, and dedication demonstrated by every member of the Office of the City Auditor. Their work continues to make a lasting impact, and their commitment to excellence drives continuous improvement throughout our organization.

As we look ahead, we remain committed to upholding the principles of good governance and accountability. Together, we are building a stronger, more transparent government—one that earns and keeps the trust of its people.



Lyndon S Remias, CPA, CIA
City Auditor

REPORTS ISSUED IN FY 25

REVIEW OF THE VIRGINIA AQUARIUM & MARINE SCIENCE CENTER

Assessed whether financial operations and operating costs were in compliance with the operating agreement between the Virginia Aquarium and the Virginia Aquarium & Marine Science Center Foundation, Inc.

2024 FOLLOW-UP REVIEW OF THE STATUS OF THE ATLANTIC PARK PROJECT EXPENDITURES

Reviewed expenses and identified Capital Improvement Projects (CIP) related to the Atlantic Park Project.

REVIEW OF CITY'S MOBILE DEVICE MANAGEMENT PROCESS - PHASE 1

Reviewed the internal controls for managing City-issued mobile devices.

AUDIT OF GRANTS TO ORGANIZATIONS

Assessed the policies and processes of awarding community organization grants to non-profits.

AUDIT OF THE VETERANS UNITED HOME LOANS AMPHITHEATER

Assessed the policies, processes, procedures, and controls in place directly related to revenues from performances used to calculate rent payments due to VBDA and taxes due to the City during the 2023 and 2024 concert seasons.

AUDIT OF THE VIRGINIA BEACH FARMERS MARKET

Assessed the adequacy and effectiveness of financial and operating controls at the Virginia Beach Farmers Market.

AUDIT OF THE CITY'S SIDEWALK REPAIR PROGRAM

Assessed the adequacy and effectiveness of the City's sidewalk repair policies, processes, procedures, and controls in place at the time of the audit and directly related to Cartegraph work orders entered between July 1, 2021, and March 13, 2025.

REPORTS ISSUED IN FY 25

CITY-WIDE VEHICLE FUEL PROGRAM AUDIT

Assessed the controls and accountability of the city's vehicle fuel program.

AUDIT OF VB TIME

Assessed the adequacy and effectiveness of the processes and controls for managing employee time and attendance.

AUP APPLIED TO 2024 ACTUARIAL VALUATION OF OPEB

Performed agreed-upon procedures relating to actuarial valuation.

OTHER PROJECTS

- Optima Healthcare Claims (2023)
- Annual Audit Follow-Up Activities for Audits Issued Through December 31, 2024
- Thirdline - Consultants' review of City expenditures of duplicate payments
- Troy and Banks - Consultants' review of City utility expenses
- Volunteer Resources Annual Report

AUDIT COMMITTEE UPDATE

The Audit Committee's mission is to ensure the independence of the audit function. The City Auditor reports directly to the Audit Committee on all audit-related issues and organizationally to the City Council.

The Audit Committee consists of five (5) members: two (2) non-voting City Council Members and three (3) voting citizen members who are appointed by City Council. The current members are:

- City Council Liaison Stacy Cummings, Jr
- City Council Liaison Joashua Schulman
- Emilson Espiritu, Chairperson
- Steven Sandoval, CPA
- Tressa Shiflett

The Audit Committee plays an important role in providing governance and oversight of the audit function.



From left to right, Tressa Shiflett, Emilson Espiritu, Steven Sandoval



From left to right, Lyndon Remias welcomed City Council Member Stacy Cummings, Jr. to the Audit Committee.

The Audit Committee meets quarterly in City Hall, Building 1, Room 3016. Meeting dates and times can be found online at <https://auditor.virginiabeach.gov/city-auditors-office/audit-committee>

CHAMPION OF CHUCK FY 25



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FY 25 HIGHLIGHTS



SUMMER YOUTH EMPLOYMENT PROGRAM

Our office took part in this year's Summer Youth Employment Program, collaborating with Cole Villanueva, a college student from VCU, and Jeramy Marcelo, a college student from ODU.

VLGAA 2025 SPRING TRAINING

On April 14 and 15, 2025, our office hosted the VLGAA 2025 Spring Training, a gathering of 60 local government and internal auditors from across the Commonwealth. Guest speakers included the City's Human Resources Administrator, Johnna Coleman-Yates, MPA.



VLGAA 2024 FALL CONFERENCE

In October 2024, Lyndon Remias served as a guest speaker at the Fall VLGAA Conference, which took place in Hanover, VA.

UPCOMING AUDIT ACTIVITIES - FY 26

**Planning/Permits and
Inspections***

**Actuarial Valuation of
the OPEB Liability
(GASB 75)**

Atlantic Park CDA

CIP Close Out Process

City Utility Payments

**EMS/Compassionate
Billing**

**EMS/Pharmacy
Controls and Safeguards**

**Housing Choice Voucher (HCV)
Program (Section 8)/Property
Inspections**

**Leave Donation
Program**

Libraries

**Parks and Recreation/
Programming and
Operations**

**Police/Property and
Evidence**

**Procurement Card
Usage**

TIP/TAP Fund

City Utility Bills

**Optima Healthcare Claims
(2024)**

Expenditure Analytics

**External Audit Contract
RFP and Award**

**denotes carryover from FY 25*



FRAUD, WASTE, & ABUSE UPDATE



Sharon Hayes

Deputy City Auditor, FID

Here we are again; FY25 is complete, and we are still discussing fraud. Last year, we talked about performance versus fraud and how the two interact. We stated that if performance is not at the expected level, fraud can take place without even realizing it. This year, we are going to talk about the red flags.

During my tenure with the city, I have heard several employees, managers, and administrators say that a little bit of fraud is acceptable. Well, you can imagine my face when I listened to the words come out of their mouths. “Really?” was my response. Here is a question: Is a little fraud acceptable when it comes to one’s personal finances? The answer is probably “no” for most people, but to think that it’s okay for some fraud to happen in the city is beyond my comprehension.

In the auditing world, we speak of red flags. Red flags are warnings that something has or will happen. If we ignore these red flags, then surely we are ignoring the results of what will happen; we are surely ignoring the consequences of our actions. Saying that any level of fraud is acceptable is a red flag. Please take heed when you hear that a little bit of fraud is acceptable and expected. I promise you, you have a red flag!

According to several fraud experts and articles, fraud red flags are crucial warning signs that help detect potential instances of misconduct or deception within an organization. It is up to the organization to take proactive steps and be attentive to the red flags.

How does an organization recognize these flags? It begins with each employee taking steps to understand that these flags are warnings. How do they take steps? Let’s provide you with a few indicators:

1. HAVE A GOOD SYSTEM OF PREVENTIVE AND DETECTIVE CONTROLS

In the City, the Office of the City Auditor, City Manager’s Office, Finance, Human Resources, and the City Attorney’s Office are here to assist with ensuring that internal controls are in place to assist departments with having a good system of internal controls. If you have any concerns about internal controls within your department, division, programs, or office, please contact the parties mentioned above for assistance.



2. TEACH EVERY EMPLOYEE WHAT IS ETHICAL AND UNETHICAL

Have you heard of Integrity Connection? If you've been with the city for at least a year, you should already know about Integrity Connection. It is a prerequisite course for all employees. This course covers the city's Code of Ethics and Values, as well as how to handle situations involving ethical violations. If you have not taken the class, please sign up using Taleo Learn. Human Resources/Learning and Development will be glad to point you in the right direction.

3. ENSURE THAT EVERY EMPLOYEE IS FOLLOWING POLICIES AND PROCEDURES, LAWS, AND REGULATIONS.

Policies and procedures serve as a guidebook for making quick and rational decisions. They serve as a playbook to do what is right to achieve the best outcome. Laws are established by governing entities. Governing entities establish laws that may be punishable if broken or not followed. Regulations are a set of standards established after a law is enacted. They are there to guide individuals to ensure that laws are not broken.

4. WHEN FRAUD IS DETECTED, TAKE ACTION

What do we mean by take action? Well, that could mean anything from a warning to contacting law enforcement. How do you determine the action to take? Well, it is simple; there are governing bodies within the city that ensure that employees, citizens, and the city are protected. Not taking the advice of these experts can lead to more red flags.

With all that said, I hope you see the importance of not accepting fraud at any level. Remember, the city is a tax revenue-generating organization that is responsible for ensuring that city assets are being utilized wisely. Our citizens have a level of confidence in our ability to protect those resources. We want them to know that we are doing all we can to safeguard assets.

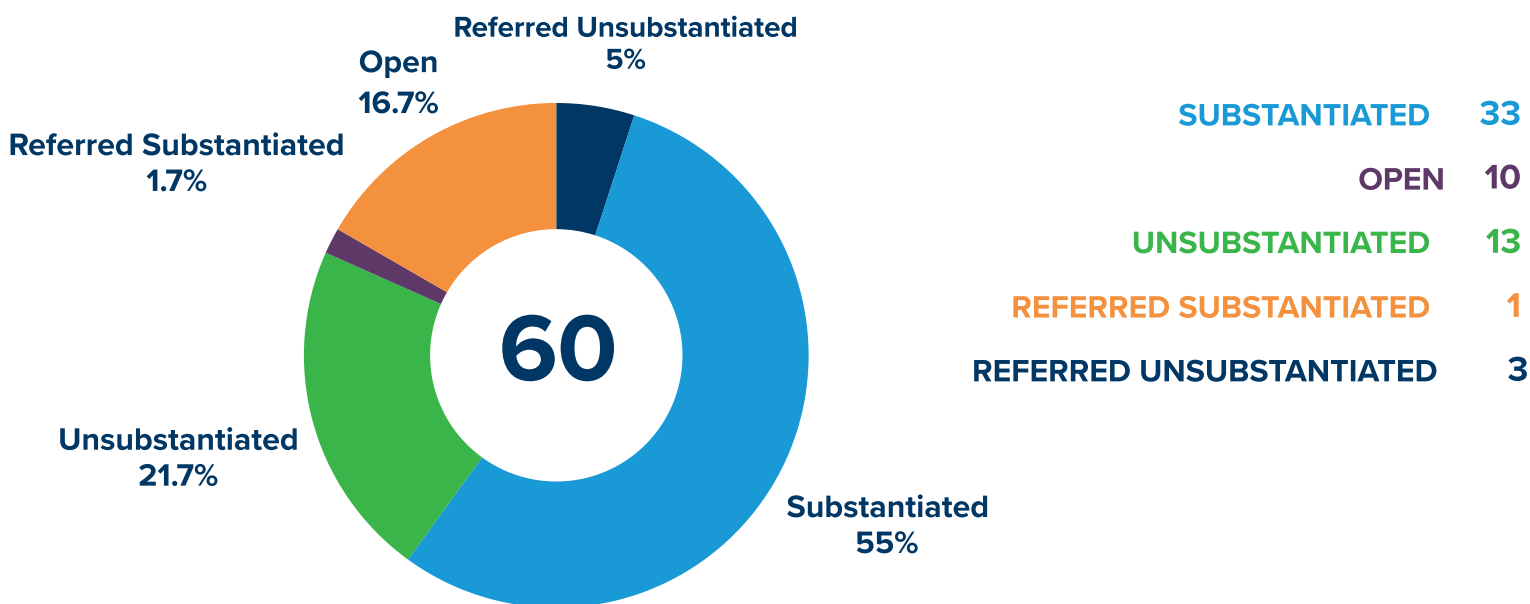
So, the attitude of accepting fraud is inappropriate for our city and ultimately leads to something we don't want to see: red flags!

As for FID, we are still facing a lack of resources. The number of cases was the same as last year. The complexity of some of the investigations has increased. Therefore, we took a longer time to investigate cases. We had to evaluate the possible effects of the fraud when prioritizing cases. That meant less time for preventing fraud in areas where training was provided to departments.

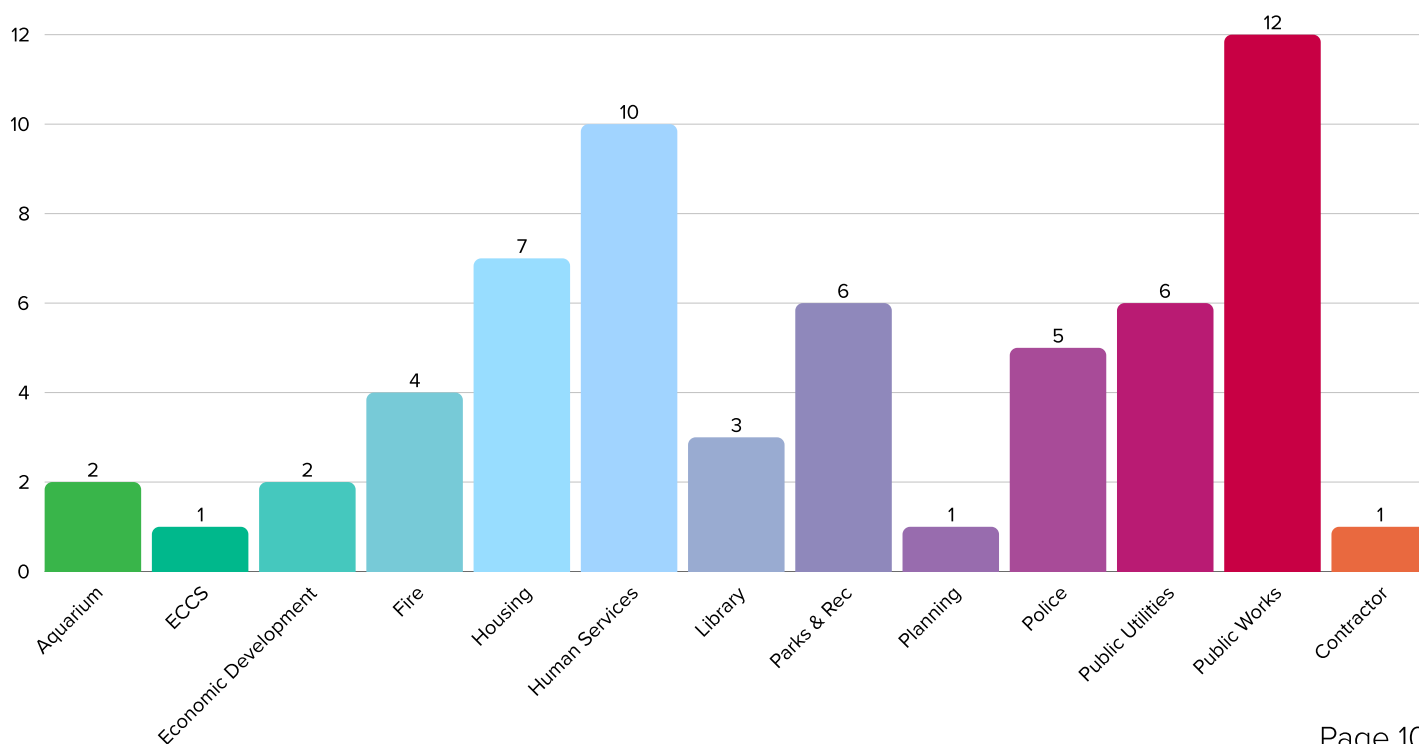
Although we were short-staffed, we were able to handle most situations. I congratulate FID for their efforts and service. I couldn't ask for a better team! Thank you, Danny Rinehart; your work was above measure!

FRAUD, WASTE, & ABUSE FY 25 STATISTICS

ALLEGATIONS BY STATUS

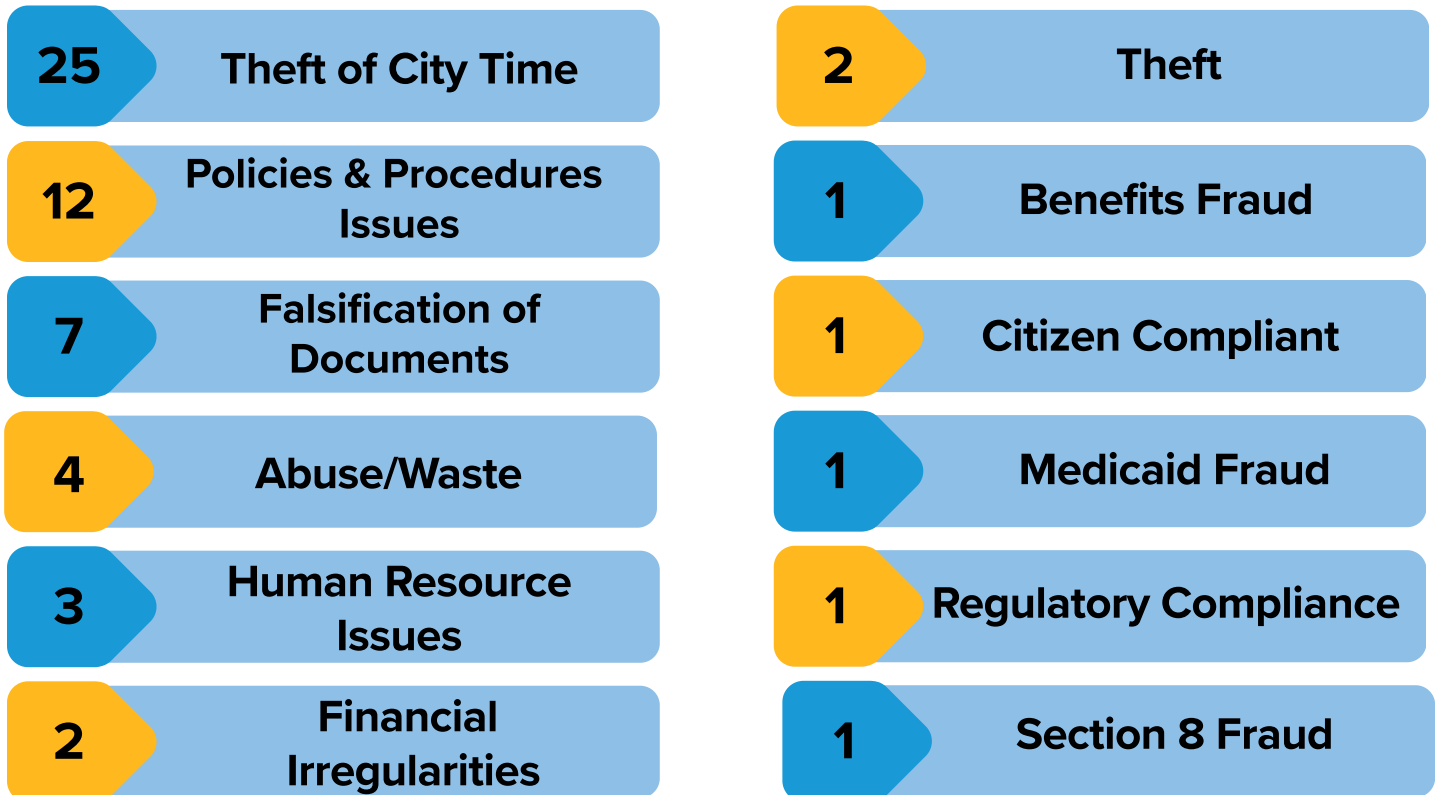


ALLEGATIONS RECEIVED BY DEPARTMENT

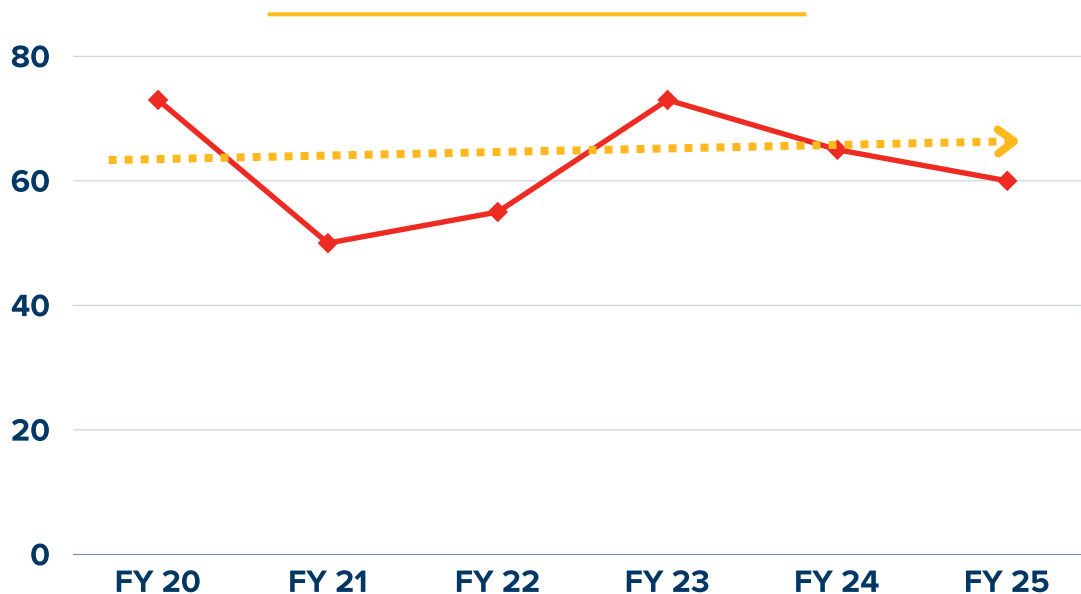


FRAUD, WASTE, & ABUSE FY 25 STATISTICS

ALLEGATIONS BY TYPE



ALLEGATIONS RECIEVED BY FISCAL YEAR



SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Parks & Recreation	Theft of City Time	Employee was absent from work for two days without submitting leave. The employee was counseled and was required to submit leave for their absence.
Fire	Policies & Procedures Issues	Employee was allowed to use extended sick leave without submitting FML paperwork and was deployed while out for extended sick leave. The employee has retired, and the department will ensure proper procedures are in place and training is provided to prevent future occurrences.
Parks & Recreation	Theft of City Time	Employee wasted City resources by driving around excessively rather than completing their assigned jobs, resulting in 38.75 hours not worked and \$53.59 in fuel charges. Discipline pending.
Public Works	Theft of City Time	Employee misused City resources while at work and failed to submit the required leave for an absence from work. The employee was retrained on the proper procedures and required to submit leave.
Economic Development	Inappropriate Expenditures	Employee accrued expenses on a City pro-card that were not aligned with City policy. Employee also failed to take leave for 123.50 hours of time off. Employee resigned prior to investigation and was required to reimburse the City for \$10,100.10.

SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Parks & Recreation	Theft of City Time	Employee left work 21 minutes early and asked a coworker to cover up the fact they were leaving early. Employee resigned pending discipline.
Human Services	Theft of City Time	Employee failed to comply with the department's teleworking policy, did not complete their required training, and left one hour early without submitting leave. Employee retired pending discipline.
Public Works	Falsification of Documents	Employee submitted false documentation to support bereavement leave. Employee resigned pending discipline.
Public Utilities	Policies & Procedures Issues	Employee spent 26.50 hours on the phone for personal calls over a six month period. Discipline pending.
Parks & Recreation	Theft of City Time	Employee regularly arrived to work a few minutes late or left a few minutes early. Employee had already been counseled prior to the investigation, and no further issues were found after the counseling took place.
Public Works	Theft of City Time	Employee left work early on five different occasions and was paid for nine hours not worked. Employee left the City due to a health-related matter.
Public Works	Theft of City Time	Employee falsified 200 hours of bereavement leave over the course of a year. The employee also used a City vehicle for a total of 7.25 hours to attend class at TCC without permission. The employee received a one-day suspension.

SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Human Services	Misuse of Leave	Employee used Family Medical Leave (FML) and leave donated from the City's Leave Donation Program despite not being eligible. They solicited 409 hours, received 146 hours, and used 106 hours. The employee repaid the \$2,695.58, and the donated leave hours were returned to the donor employees. Additionally, the department and HR strengthened their controls.
Parks & Recreation	Theft of City Time	Employee failed to work for a total of 16.38 hours. Discipline pending.
Human Services	Falsification of Documents	Employee failed to provide services to two clients and submitted false documentation to the Office of the City Auditor. Discipline pending.
Library	Theft of City Time	Employee failed to work for a total of 64 hours, removed appointments from their calendar, deleted evidence, and had questionable charges on their City pro-card. Discipline pending.
Public Works	Theft of City Time	Employee was being paid through workers' compensation to attend medical appointments on City time, but was not attending all of them. Employee resigned during the investigation.
Public Works	Theft of City Time	Employee failed to work for a total of 21 hours. Employee resigned during the investigation.

SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Library	Theft of City Time	The employee arrived late to work on three different occasions, resulting in a total of 4.66 hours not worked. Employee also violated Administrative Directive 1.16 by discussing a confidential meeting. Employee and their supervisor then retaliated against the alleged whistleblower by attempting to lower scores on their evaluation. Discipline pending.
Public Works	Theft of City Time	Employee failed to work for a total of 17 hours. Discipline pending.
Police	Theft of City Time	Employee failed to work for a total of 78.75 hours. There was an additional 69 hours in which the system was not reporting, and the employee's whereabouts were unknown. The employee was demoted.
ECCS	Abuse/Waste	Employee was taking sick leave but posting pictures of partying online. Employee was counseled by their supervisor and moved to another shift and the behavior stopped.
Housing and Neighborhood Preservation	Theft of City Time	Employee had a total of 2.70 hours not worked, which may have been due to login issues. Staff were reminded of the protocol to communicate when they are having computer issues, both to their supervisor and Information Technology (IT).

SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Housing and Neighborhood Preservation	Human Resource Issues	Human Resources (HR) determined that the employees had a loud interaction in the workplace. Both employees were counseled. HR also determined that another employee violated the City's Equal Employment Opportunity Policy and Complaint procedure by touching a coworker without permission and making inappropriate comments. HR recommended that the department discipline the employee.
Public Utilities	Theft of City Time	Employee failed to stop at the location and complete their assigned job, instead driving by and documenting a misread on the citizen's account, leading to the citizen being overbilled by \$395 and incurring an unnecessary cost of \$625 in plumbing fees. The employee received a three-day suspension.
Housing and Neighborhood Preservation	Regulatory Compliance	Employee and their supervisor incorrectly handled a case, resulting in fraud where the client was required to reimburse \$6,220. Discipline pending.
Economic Development	Theft of City Time	Employee failed to submit leave totaling 40 hours. Employee was required to reimburse the City for the full 40 hours at a total cost in wages of \$1,921.60.
Public Works	Falsification of Documents	Employee submitted two false doctor's notes covering absences, and then during the investigation, submitted a third false doctor's note. Employee resigned during the investigation.

SUBSTANTIATED CASE SUMMARIES

FY 25

Department	Allegation	Summarization of Findings/Discipline
Human Services	Theft of City Time	Employee failed to document appointments with clients, and the telework logs did not match information placed into the system. Employee resigned.
Library	Theft of City Time	Employee reduced the hours on a subordinate's timecard from 80.75 to 80 hours before later changing it back. Discipline pending.
Public Works	Theft of City Time	Employee utilized a City vehicle without authorization on four occasions to attend authorized doctor's appointments. Employee also did not work for a total of 5.82 hours. Discipline pending.
Virginia Aquarium	Theft of City Time	Employee utilized City resources on multiple occasions to work their secondary job while on City time. Employee resigned during the investigation.
Public Works	Theft of City Time	Employee arrived several hours late to work on nine different occasions for a total of 47.50 hours not worked. Employee resigned during the investigation.
Public Utilities	Benefits Fraud	Employee falsely indicated that their spouse was not living in their home to be eligible for benefits. The Human Services Fraud Unit is investigating to determine if there was an overpayment to the employee.




*Team Building Activity at the Breakout Room following our Annual Office Retreat at the Central Library
From left to right: Jackie Scheller, Lyndon Remias, Rosana Clark, Gretchen Hudome, Danny Rinehart, Keith Piper*



THANK YOU

CONTACT INFORMATION

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 <https://auditor.virginiabeach.gov>

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