



ANNUAL REPORT

07/01/2025 - 06/30/2026

*Promoting Accountability and
Integrity in City Operations*

MESSAGE FROM THE CITY AUDITOR

As I reflect on the past fiscal year, I am proud of what the Office of the City Auditor accomplished on behalf of the citizens of Virginia Beach. Every audit, review, and investigation we conducted had a common purpose to strengthen accountability, improve operations, and help ensure public resources are managed responsibly.

This year, our team completed a diverse portfolio of audits focused on improving internal controls, reducing risk, and identifying opportunities to make City operations more effective and efficient. We also investigated allegations of fraud, waste, and abuse, providing an independent process for concerns to be reviewed objectively and fairly. Every engagement, regardless of the outcome, contributes to stronger governance and accountability.

One of the most rewarding aspects of our work is seeing departments implement our recommendations and strengthen their operations. The professionalism and cooperation we receive throughout the audit process demonstrate a shared commitment to serving our community and being good stewards of public resources.

I am grateful for the dedication, professionalism, and integrity of our audit team. Although we are a small office, our work has a meaningful impact across the organization by providing independent oversight and practical recommendations that help the City operate more effectively.

As we look ahead, we remain committed to delivering objective, high-quality audits that add value, promote transparency, and strengthen public trust. It is a privilege to serve the citizens of Virginia Beach.



Lyndon S Remias, CPA, CIA
City Auditor

REPORTS ISSUED IN FY 26



AUDIT OF THE VIRGINIA BEACH PUBLIC LIBRARY

Assessed the adequacy and effectiveness of operational and financial controls in all Virginia Beach Public Libraries.



AUDIT OF THE IDENTIFICATION AND ASSESSMENT OF COMMERCIAL PROPERTIES

Assessed whether the Real Estate Assessor's Office identifies and assesses the value of commercial properties in accordance with applicable City and State guidelines.



AUDIT OF PERMITS AND INSPECTIONS – REVENUE COLLECTION PROCESS

Assessed the adequacy and effectiveness of processes and controls for revenue recording, collection, and reporting of permit revenue.



AUDIT OF THE TOURISM INVESTMENT PROGRAM (TIP) AND TOURISM ADVERTISING PROGRAM (TAP) SPECIAL REVENUE FUNDS

Assessed the adequacy and effectiveness of operational and financial controls pertaining to the TIP and TAP funds.



2025 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.



AUDIT OF EMS PHARMACY CONTROLS AND SAFEGUARDS

Assessed the adequacy and effectiveness of safeguards and controls for the EMS Pharmacy Program; including an assessment of internal controls over medication ordering, storage, and inventory tracking.

OTHER PROJECTS

- Optima Healthcare Claims (2024)
- Annual Audit Follow-Up Activities for Audits Issued Through December 31, 2025
- Thirdline - Consultants' review of City expenditures
- 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
- Robert Broermann



From left to right, Steven Sandoval, Emilson Espiritu, Robert Broermann

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



Upcoming Meetings:

Tuesday, September 15, 2026 at 9:00 AM

Thursday, December 3, 2026 at 3:30 PM

FY 26 HIGHLIGHTS



WELCOME AKACHI

Our office is now fully staffed, having recently welcomed Akachi Agbakwuru as an Auditor and Mason Marcelo as an Audit Investigative Assistant.

VLGAA 2026 SPRING TRAINING

On April 13 and 14, 2026, our office held the VLGAA 2026 Spring Training, attended by 80 local government and internal auditors. Jason Stroud, EMS Chief/Assistant City Manager, was among the guest speakers.



ALGA 2026 SPRING CONFERENCE

May 3-6, 2026, Lyndon Remias and Keith Piper attended the Association of Local Government Auditors' annual conference in Cleveland, OH.

2026 STATE OF THE CITY

Lyndon Remias, City Auditor; Mayor Dyer; and Lee Remias, Davis Ad Agency, Creative Director



UPCOMING AUDIT ACTIVITIES - FY 27



Housing Choice Voucher (HCV) Program / Property Inspections*



EMS Compassionate Billing*



City Utility Billing*



CIP Close Out Process*



Atlantic Park CDA



Police Property and Evidence



The Dome by Rutter Mills



City Utility Bills



Healthcare Claims (2025)



Follow-up on Prior Year Audit Recommendations



External Audit Contract Administration

**denotes carryover from FY 26*

FRAUD, WASTE, & ABUSE UPDATE

FY 26 had its share of ups and downs. Last year, we talked about red flags, the importance of recognizing them, and how to address them to prevent fraud. This year, I want to introduce the concept of creeping normality.

These words may be new to some, but in the profession of fraud fighting, they have presented new challenges. You may ask, what is creeping normality? It is the process by which major change becomes accepted as normal because it occurs gradually, often going unnoticed until the cumulative effect is significant.

My word for this year is beware! Just because you may see something happening consistently doesn't mean it's correct. You need to ask yourself, "Is this against policy? Am I just ignoring it because my supervisor or others are not saying anything?" Well, you may also think that's just who they are. Wrong! If it doesn't align with the City's organizational values and ethics, you have every right to question it.

Experts have stated that creeping normality is the danger of gradualism. It has become a powerful tool that should be watched. The danger is that gradual change may become accepted even though the change may be harmful. That's why any change must be examined. Remember, not all change is bad; in fact, change is a necessity. The problem with creeping normality is that we don't pay attention to it until something wrong happens; then it's too late.

There is nothing wrong with change if change brings about a positive effect, but when change is not examined for harmful factors, you are left with creeping normality and the possibility of danger.



Sharon Hayes
Deputy City Auditor, FID

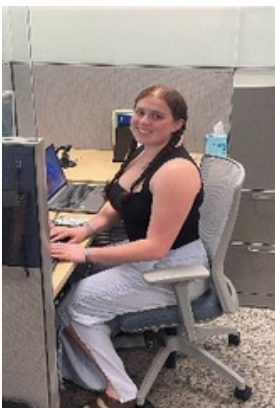
On April 30, 2026, the Office of the City Auditor welcomed its first Audit Investigative Assistant, Mason Marcelo, a graduate of Old Dominion University with a Bachelor's in Accounting and Finance. Mason began as a contracted worker in October 2025. Appreciation is extended to the Audit Committee, City Council, and City management for their support in establishing and budgeting for this position.



Mason Marcelo

We had 49 cases, 17 inquiries, and 44 Hotline calls. We conducted Fraud Prevention training for the Department of Parks and Recreation and the Department of Housing and Neighborhood Preservation. We attended the Virginia Fraud Academy and the VLGAA Conference.

This year, with the assistance of HR Learning and Development and Communications, we have upgraded the Integrity Connection Training. All city employees are required to take the training to ensure that they understand our City's organizational values and ethics and how to report unethical behaviors. The OCA and the City's Ethics Steering Committee would like to thank: Johnna Coleman-Yates, Charlene Turner, Jessica Danbruch, John Linka, Little Remi Linka (Pomeranian puppy), Anja Linka, Adey Clanton, Shawn Brown, Deanna Parrish, Bryan Clark, Kory Smith, Nancy Bloom, Karen Gill, Donna Mickley, Alex Abad, Kory Smith, Drew Lankford, Zoe Chance, Jina Templeton, Jason Nichols, Mason Marcelo and Jeff Barnaby. Coming soon, The Integrity Zone! Be prepared to enter a zone where integrity episodes follow ordinary people encountering strange, often unsettling events, and frequently ending with an ironic twist or moral.



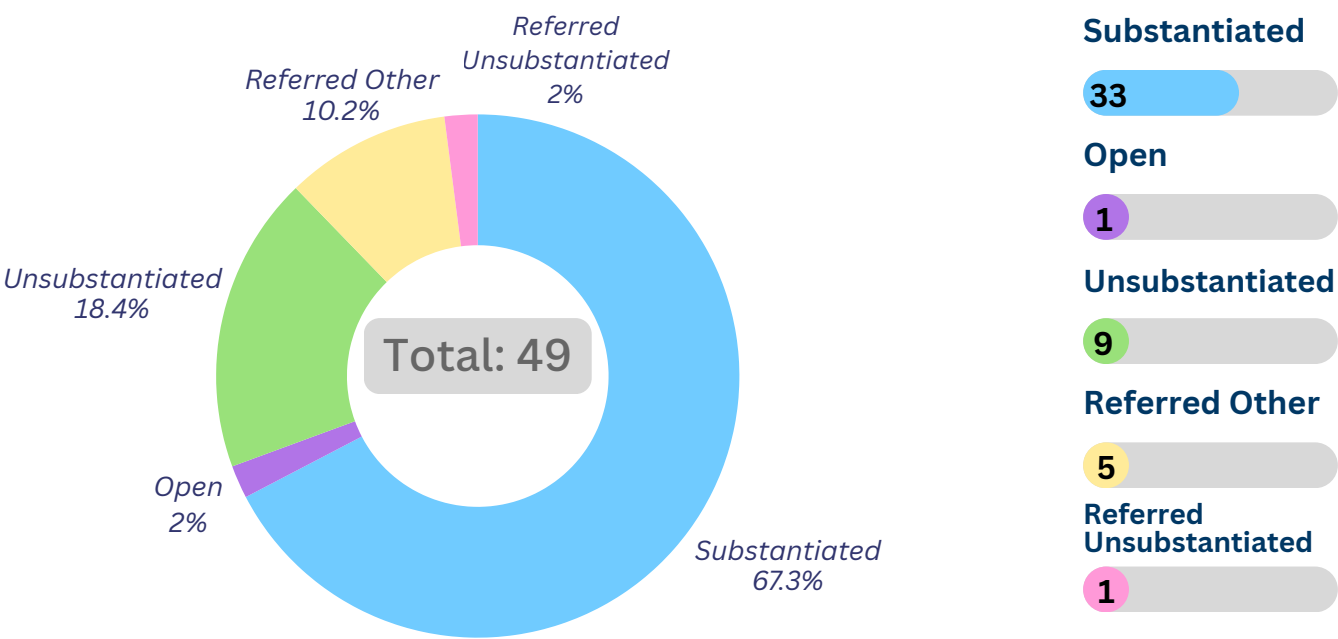
Mackenzie Clark

We were pleased to have volunteer Mackenzie Clark, an upcoming senior at Kellam High School, assist us in preparing this fiscal year's stats for the Fraud Investigative Division. Mackenzie brought a wealth of knowledge in designing charts for this report. She plans to major in Sports Management in college, and her dream vacation is visiting Italy, where her mother spent part of her childhood. Mackenzie was outgoing and ready to help with anything we needed. We wish her the best and can't wait to see this shining star in the future!

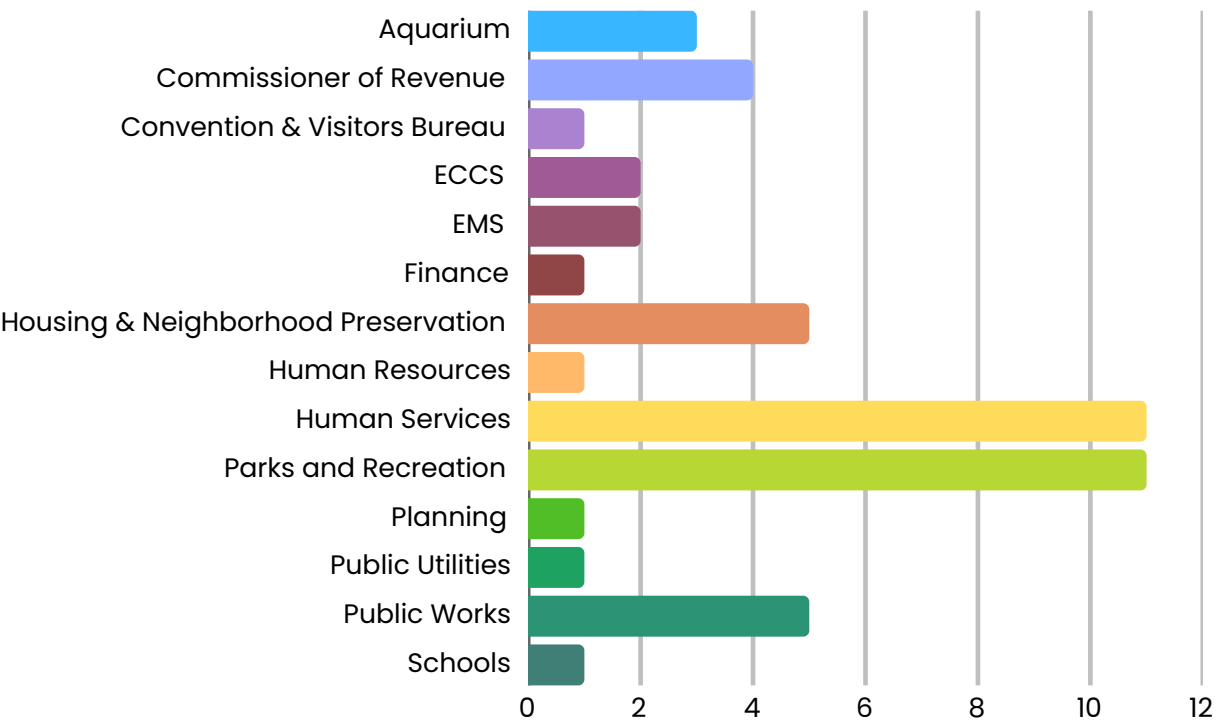
FID, you did a great job handling the cases. We investigated every case and inquiry and answered every hotline call, often guiding citizens on where to go if the call did not involve fraud, waste, or abuse. I am thankful for hard-working employees who understand the objective of protecting our city's interests. Daniel Rinehart, I am truly glad to have you on my team!

FRAUD, WASTE, & ABUSE FY 26 STATISTICS

ALLEGATIONS BY STATUS

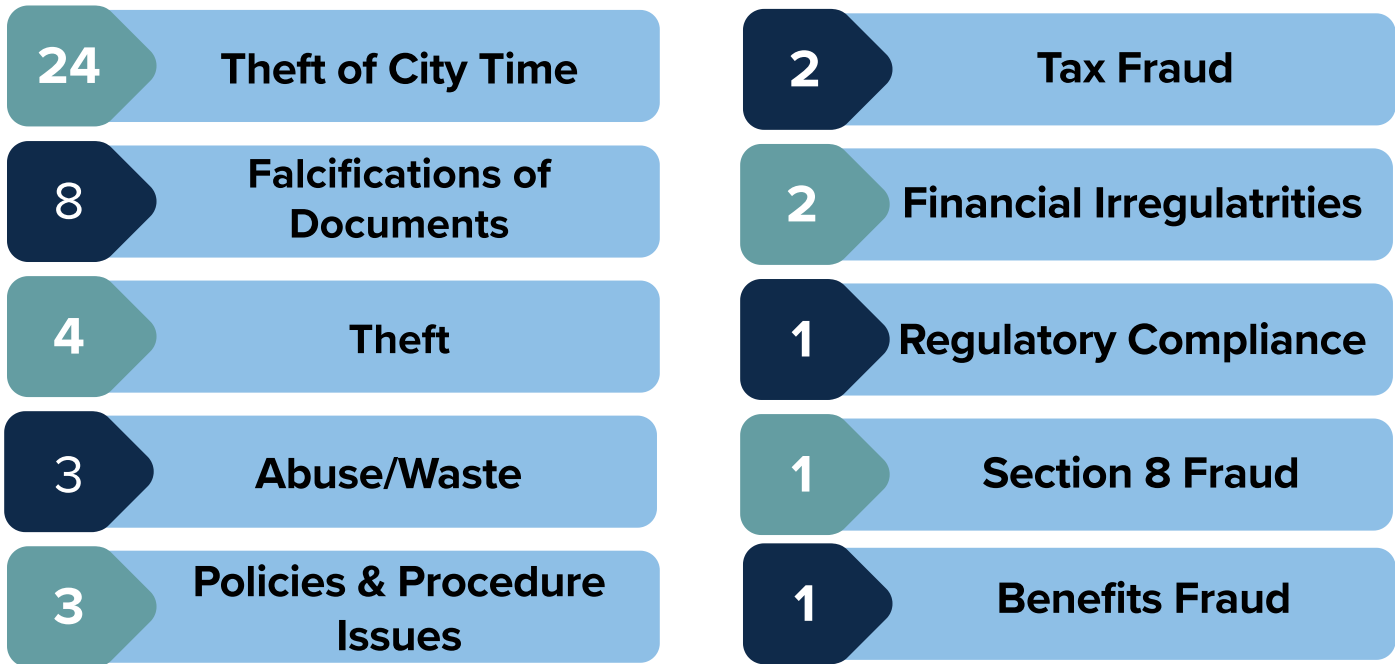


ALLEGATIONS RECEIVED BY DEPARTMENT

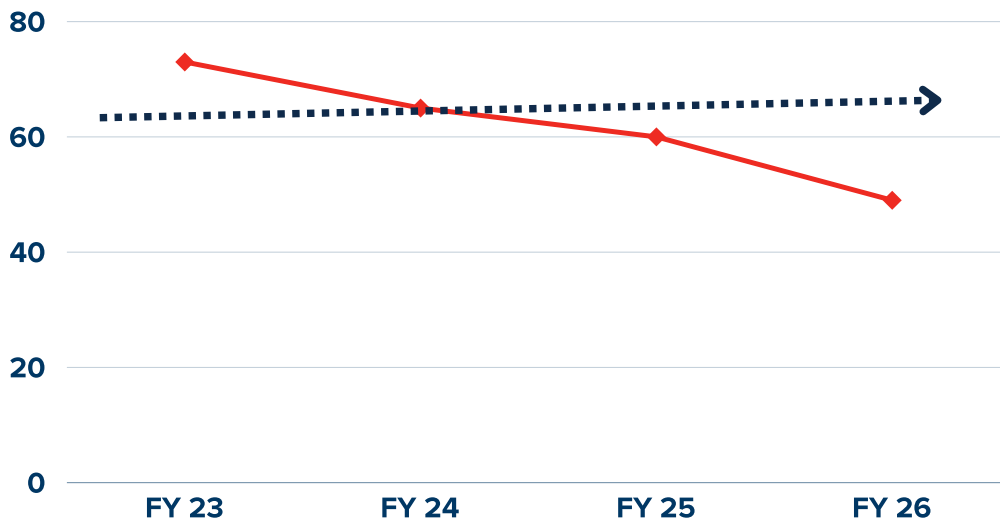


FRAUD, WASTE, & ABUSE FY 26 STATISTICS

ALLEGATIONS BY TYPE



ALLEGATIONS RECIEVED BY FISCAL YEAR



SUBSTANTIATED CASE SUMMARIES

FY 26

Department / Allegation	Summarization of Findings/Discipline
Parks and Recreation - Theft of City Time	The employee failed to remain on duty as required and provided false information regarding one incident, including directing a coworker to do the same. The employee received a three-day suspension, and the coworker was counseled.
Human Services - Theft of City Time	The employee did not accurately record work time in accordance with City policy. Management determined the matter was a performance issue and issued a suspension.
Human Services - Theft of City Time	The employee completed five punch-outs from off-site locations, resulting in a discrepancy in hours worked. No disciplinary action was issued.
Public Works - Theft of City Time	The employee wasted 18.50 hours of City time. The employee resigned during the investigation due to a separate issue.
Virginia Aquarium - Theft of City Time	The employee used their procurement card without the required approval, failed to work a total of 2.25 hours, and violated Administrative Directive 1.16. These infractions, combined with other performance issues, resulted in termination.
Convention and Visitors Bureau - Financial Irregularities	A shortage of \$491.25 was identified during the employee's shift. The incident was determined to be a performance issue rather than theft. The department subsequently enhanced its procedures to ensure adequate staffing for events.
Planning and Community Development - Theft	The employee stole City property from a bin located in the lobby without authorization. Human Resources terminated the employee's employment while the investigation was ongoing.

SUBSTANTIATED CASE SUMMARIES

FY 26

Department / Allegation	Summarization of Findings/Discipline
Human Services - Theft of City Time	The employee falsified their timecard. The employee received a one-day suspension.
Human Services - Falsification of Documents	The employee falsified information in the system and lied about their work location. The employee resigned during the investigation.
Housing and Neighborhood Preservation - Theft	The employee stole a camera from a City park that belonged to another department and did not return it until directed to do so. The employee was terminated.
Parks and Recreation - Theft of City Time	The employee left work early and punched in when not scheduled to work, which resulted in a discrepancy in hours not worked. A three-day suspension was issued.
Human Services - Falsification of Documents	The employee failed to perform 187 resident checks and falsified the system to show the checks were completed. The employee was terminated.
Public Works - Theft of City Time	The employee frequently left work early, resulting in a discrepancy in hours not worked. Discipline pending.
Parks and Recreation - Theft of City Time	The employee frequently punched in and out from non-worksites, resulting in 30.50 hours not worked. An eight-day suspension was issued.
Housing and Neighborhood Preservation - Regulatory Compliance	The employee failed to disclose a conflict of interest, submitted inaccurate information to obtain program benefits valued at \$10,176, and engaged in inappropriate conduct with program participants. The employee resigned pending disciplinary action
Parks and Recreation - Falsification of Documents	The employee submitted a fraudulent offer letter to the department to try to obtain a salary increase. A one-day suspension was issued.

SUBSTANTIATED CASE SUMMARIES

FY 26

Department / Allegation	Summarization of Findings/Discipline
Emergency Medical Services - Theft of City Time	The employee completed twenty-two punch-ins and punch-outs from a non-work location, resulting in a discrepancy in hours worked. A one-day suspension was issued.
Public Works - Theft of City Time	The employee made unauthorized stops to service private addresses and engaged in excessive idle time, resulting in a discrepancy in hours worked. The employee also collected private yard waste, potentially resulting in a \$1,790.56 loss in productivity and services. A 40-hour suspension was issued.
Emergency Medical Services - Theft of City Time	The employee left the job site in their personal vehicle on several occasions. The employee resigned during the investigation.
Housing and Neighborhood Preservation - Theft of City Time	The employee improperly used City work time by making unauthorized stops outside of their assigned work area. The employee resigned pending disciplinary action
Parks and Recreation - Falsification of Documents	Two employees engaged in unethical conduct when one employee completed two online training courses on behalf of another. Both employees received written reprimands.
Parks and Recreation - Theft of City Time	The employee did not remain on-site during the workday and arrived late to assigned duties, resulting in a discrepancy in hours worked. A one-day suspension was issued.
Public Works - Falsification of Documents	The employee submitted false doctor's notes to cover multiple absences. The employee resigned pending discipline.
Parks and Recreation - Theft of City Time	The employee failed to work a total of 168.25 hours, as they regularly failed to show up to their job site. The employee resigned during the investigation.

SUBSTANTIATED CASE SUMMARIES

FY 26

Department / Allegation	Summarization of Findings/Discipline
Public Utilities - Theft of City Time	The employee routinely arrived late, left early, or was absent from the worksite for extended periods without approved leave, resulting in a discrepancy in hours worked. The employee resigned during the investigation
Parks and Recreation - Theft of City Time	The employee repeatedly punched in and out from locations away from the workplace, resulting in a discrepancy in hours worked. The employee resigned during the investigation.
ECCS - Theft of City Time	Ongoing, awaiting discussion with management.
Finance - Theft of City Time	The employee consistently arrived late or left early, resulting in a discrepancy in hours worked. Discipline pending.
Human Services - Theft	The employee stole \$850 from a coworker's purse while on duty. The employee resigned during the investigation and returned the money. No criminal charges were filed.
Public Works - Theft of City Time	The employee was observed on video not performing assigned duties, resulting in a discrepancy in hours worked. Discipline pending.
Human Services - Theft of City Time	The employee failed to work as required, violated the department's cellphone policy, and provided false information to the Office of the City Auditor. The employee resigned during the investigation
Human Services - Theft of City Time	Ongoing, awaiting discussion with management.
Parks and Recreation - Falsification of Documents	The employee submitted false return-to-work notes to cover multiple absences. The employee resigned during the investigation.



Annual City Auditor Retreat

From left to right: Mason Marcelo, Alex Nichols, Daniel Rinehart, Rosana Clark, Lyndon Remias, Akachi Agbakwuru, Sharon Hayes, Jackie Scheller



CONTACT INFORMATION

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