

VLGAA Officers:

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Drew Harmon
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(540) 583-2644

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(703) 324-4212

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(804) 646-5645

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(757) 385-5873

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PRESIDENT'S MESSAGE

The VLGAA was formed in 1988 to bring together those of us involved in local government auditing. When I joined the City of Roanoke in 1998, I found the VLGAA to be a great resource for learning about methods and issues related to local government auditing. My first conference was in 1998 at Newport News with Jim Roth giving a presentation on auditing soft controls. The presentation was great, but; it was also the people that made the conference so worthwhile. Over the years, it has been the members of VLGAA, each with your own perspective and experiences to share, that have been the greatest benefit of membership.

Based on my experience with the VLGAA, the Association has been a great success at meeting its original goals:

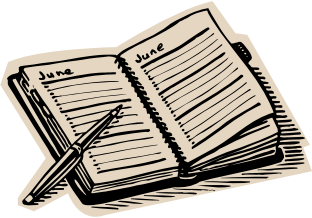
- to provide a forum for the exchange of ideas,
- to promote compliance with government auditing standards,
- to spread the good word about the value of local government auditing, and
- to work together for common interests of local government auditors.

I hope to work with many of you in maintaining and advancing the value we all realize from our association together through the VLGAA. Things have changed tremendously since 1988. The emergence of the National Association of Local Government Auditors, now ALGA, has certainly impacted the roles served by VLGAA. I believe the VLGAA's greatest potential now lies in addressing issues unique to the State of Virginia that impact how we perform our work and the role we play in local governance.

The Board hopes to establish a legislative committee that will develop an ongoing program to promote and support improvements in the State code that help ensure local governments realize the full value of local government audit functions. We will also work to improve the size and diversity of the pool of college graduates who consider local government auditing as a career of choice. We will continue to provide great training through our Spring and Fall conferences. Finally, we hope to complete our development of uniformly defined and reported performance measures for our member organizations.

I implore each of you to take every opportunity to promote the value of local government auditing, to let VLGAA Board members know how we can best support your needs, and to get involved in the work of VLGAA through committee membership or service on the Board. Your support is greatly appreciated.

Drew Harmon, VLGAA President



MARK YOUR CALENDARS

The Virginia Local Government Auditors Association is partnering with the Tidewater Chapters of the Association of Certified Fraud Examiners and the Institute of Internal Auditors to facilitate our ethics event entitled "Making Ethics an Organizational Priority: A Town Hall Meeting on April 25, 2007 at the Chesapeake Conference Center; as well as, the Thirteenth Annual Williamsburg Fraud Examiner Conference (Fraud Conference) on April 26 & 27 at the Williamsburg Hospitality House.

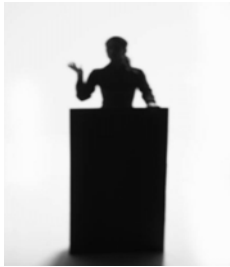
Cynthia Cooper, Former Vice President at Worldcom and Former Time Magazine's Person of the Year, will speak at both events

The details for the ethics event are on pages 3 through 7. For details on the Fraud Conference, go to <http://www.iiatidewater.org> and click on EVENTS from the menu. Also, please help us out by submitting an Ethics Scenario for the Panel Discussion. Prizes will be awarded for the scenarios used during the event.

Welcome New Members

Umesh Dalal.....	City of Richmond
C. Kevin Deckard	Fairfax County
Alvie Edwards, III	Chesterfield County
Deborah Eggleston	Chesterfield County
Judy Hart.....	City of Richmond
William Jennings	Fairfax County
Delphine Johnson	City of Richmond
Tera Kovanes.....	City of Richmond
Brian Quam	City of Roanoke
Sharon Wade	Henrico County

*We welcome any items which may be of interest to other auditors. E-mail articles to **Wanda Joyner** at wjoyner@cityofchesapeake.va.us or fax to (757) 382-8860. Articles for the Spring Newsletter should be received by **Friday, May 4, 2007**.*



VLGAA SPRING SEMINAR 2007



ETHICS – THE RULES AND THE REALITY 6 CPEs

The VLGAA Spring Seminar will be held in Chesapeake, Virginia on April 25, 2007 at the Chesapeake Conference Center.

SCHEDULE OF EVENTS

Registration/Continental Breakfast.....8:00 a.m. - 8:30 a.m.

Introduction/Welcome.....8:30 a.m. – 8:35 a.m.

Session 1 – New Ethics Rules and GAO Yellow Book Update..... 8:35 a.m. – 10:15 a.m.
Marcia Buchanan, Assistant Director, United States Government Accountability Office (GAO)
For the first time, Government Auditing Standards now includes a chapter specifically devoted to ethics. Marcia Buchanan, a GAO Assistant Director, will guide us through the new ethics requirements and highlight other changes in the new Yellow Book as well.

Morning Break.....10:15 a.m. – 10:25 a.m.

Session 2 – Legal Ethics vs. Audit Ethics.....10:25 a.m. – 11:15 a.m.
Jan Proctor, Deputy City Attorney, City of Chesapeake Virginia
For auditors, working on litigation support projects an often be quite challenging, particularly as it relates to sorting out ethics issues. Jan Proctor, award-winning attorney and President-Elect of the Virginia Local Government Attorney’s Association, will guide us through the ethical requirements for attorneys and then contrast them with those for auditors.

Session 3 – The Auditor and the High Profile Trial.....11:15 a.m.– 12:05 p.m.
Leslie Ward, City Auditor, City of Atlanta, Georgia
An auditor who participates in a trial knows to expect the unexpected, particularly if it’s a trial where it seems like the whole world is watching. Leslie Ward, Atlanta City Auditor, will share her experiences as a witness during the 2006 trial of a former Atlanta Mayor.

VLGAA Business Meeting..... 12:05 p.m.–12:15 p.m.

Session 4 (includes lunch) – Making Ethics an Organizational Priority.....12:15 p.m.– 3:00 p.m.
Cynthia Cooper and Panel – See next page

Registration fee is \$80 for VLGAA members and \$100 for nonmembers. Registration fees include continental breakfast, morning break, and lunch. The registration fee for the seminar includes all four sessions. For those interested in Session #4 only, complete Town Hall Event Only – Registration Form.

The registration deadline is April 18, 2007. Send a completed registration form with your check, payable to “Treasurer VLGAA,” to VLGAA Seminar c/o Randi Ricco-Clifford, City of Richmond, City Auditor’s Office, 900 E. Broad Street, Room 806, Richmond, Virginia 23219. Registration fees are non-refundable, however, substitutions are allowed. Please notify Jay Poole at (757) 382-8511 of substitutions prior to the start of the seminar.



Making Ethics an Organizational Priority: A Town Hall Meeting

with Cynthia Cooper,
Former Time Magazine Person of the Year



The Virginia Local Government Auditors Association, in conjunction with the City of Chesapeake and the Chesapeake Division of the Hampton Roads Chamber of Commerce, is sponsoring a Town Hall style event entitled **Making Ethics an Organizational Priority: A Town Hall Meeting** on April 25, 2007 at the Chesapeake Conference Center.

The event will be moderated by **Cynthia Cooper**, former WorldCom Vice President and one of Time Magazine's 2002 Persons of the Year. Ms. Cooper will share ethical lessons learned from her experiences at WorldCom and their application to the current business environment. Ms Cooper will also lead a panel discussion that includes ethical situations/scenarios submitted by audience members. The panel includes:

- **Dr. Rebecca C. W. Adams**, Chesapeake City Council Member
- **Leslie Ward**, City Auditor, City of Atlanta, Georgia
- **Shepelle Watkins-White**, Attorney, Kaufman and Canoles, P.C.
- **Jesse Williams**, Director, Chesapeake Division, Hampton Roads Chamber of Commerce
- **John Montoro**, Partner, Cherry, Bekaert, & Holland, LLP
- **Dr. Doug Ziegenfuss**, Chair, Accounting Department, Old Dominion University

Please join us for a lively discussion about ethics challenges in the post Enron/WorldCom/Hewlett Packard business environment on Wednesday, April 25, 2007 from 12 noon to 3 p.m. at the Chesapeake Conference Center. Lunch will be served from 12 noon to 1 p.m. and will include a choice of Chesapeake Blue Crab Cakes or Chicken a la Roma. The Town Hall meeting will follow.

The registration fee is \$60 per person or \$550 for a table of ten. For more information, including information on participating as an event sponsor, contact the Chesapeake Division, Hampton Roads Chamber of Commerce at (757) 664-2591 or the City of Chesapeake, Audit Services Department at (757) 382-8511.



Dr. Rebecca C. W.
Adams



Leslie Ward



Shepelle
Watkins-White



Jesse Williams



John Montoro



Dr. Doug Ziegenfuss

Making Ethics an Organizational Priority: A Town Hall Meeting

Submission of Scenarios for Panel Discussion

As part of the event, we are soliciting ethics situations or scenarios to be discussed by the panelists. Each scenario should describe an ethics situation or dilemma, preferably one that raises unusual or challenging issues, and should be limited to 120 words or less. The scenarios will be evaluated for general interest to the audience as well as discussion value, and the top six scenarios will be used during the event.

Individuals are welcome to submit more than one scenario. Door prizes will be awarded to the winning submitters, and their names and organizations will be displayed when their scenarios are discussed. Submissions should be e-mailed to jpoole@cityofchesapeake.net or faxed to (757) 382-8860 by April 18, 2007 and should include the following:

Name:

Organization:

Address:

Telephone:

Fax:

E-mail

Scenario for Submission:

For more information, please contact Jay Poole, City of Chesapeake Audit Services Department, at (757) 382-8511, or e-mail jpoole@cityofchesapeake.net.

FULL SEMINAR REGISTRATION FORM
(Use this form if you plan to attend the full conference)

VLGAA REGISTRATION FORM 2007 SPRING SEMINAR		
Last Name	First Name	MI
Title/Position		
Organization/Department		
Mailing Address		
City	State	Zip
Work Phone	Fax	
Professional Certifications		
Registration		
<input type="checkbox"/> VLGAA Member \$80 <input type="checkbox"/> Non-Member \$100		
Lunch Menu Choice		
<input type="checkbox"/> Chesapeake Blue Crab Cakes <input type="checkbox"/> Chicken a la Roma		
CASUAL ATTIRE		

REGISTRATION FEES

Registration fees are \$80 for VLGAA members and \$100 for non-members. Registration fees include continental breakfast, morning break, and lunch. **Registration deadline is April 18, 2007.**

PAYMENT DETAILS

Send a completed registration form with your check, payable to **Treasurer VLGAA**, to VLGAA Seminar c/o Randi Ricco-Clifford, City of Richmond, City Auditor's Office, 900 E. Broad Street, Room 806, Richmond, Virginia 23219. Payment must be received prior to the start of the seminar.

SUBSTITUTION POLICY

Registration is non-refundable. However, substitutions are allowed. Please notify Jay Poole at (757) 382-8511 of substitutions prior to the start of the seminar.

LODGING

The Hampton Inn Greenbrier is located at 701 Woodlake Drive,

Chesapeake, Virginia 23320. To make reservations, contact Lori Jackson at (757) 420-1550 (identify yourself as a VLGAA meeting attendee). To receive the special room rate of \$99 plus tax, single or double occupancy, reservations must be made by March 25, 2007.

LOCATION

The event will be held at the Chesapeake Conference Center, 900 Greenbrier Circle, Chesapeake, Virginia 23320 on April 25, 2007 at 12 noon. The Conference Center telephone number is (757) 382-2500.

DIRECTIONS

Take Interstate 64 to Exit 289 North (Greenbrier Parkway). Drive 1 block to Woodlake Drive. Make a right. Drive 1 block to Conference Drive. The Conference Center is at the end of Conference Drive. Park in the parking lot.

VLGAA SUGGESTED STANDARD PERFORMANCE MEASURES

Performance measurement is receiving increased focus from organizations such as ICMA, GASB, GFOA, etc. In support of these initiatives, members of VLGAA have reviewed their budget documents and identified some standard performance measurements that can be used among localities. These measures can be included in budget documents and can be compared among different organizations in the Commonwealth.

Audit Measures

- 1) Percent of audit recommendations implemented

Formula: Total audit recommendations implemented / Total audit recommendations

- a. Total audit recommendations includes total open recommendations at beginning of year + total recommendations written in final reports during fiscal year.

- 2) Percent of time spent on billable audit hours

Formula: Direct Time / Total Time

Direct Time + Indirect Time = Available Time

Available Time + Benefit Time = Total Time

- a. Direct Time includes all time spent on audits, follow-up audits or other engagements.
- b. Indirect Time includes time used for general management, unassigned time, training, and other indirect activities.
- c. Benefit Time includes vacation, holiday and sick leave, and other paid leave.

- 3) Cost per billable audit hour

Formula: Total Budget / Direct Time

- 4) Average years of experience for professional staff

Formula: Number of professional staff / Total Years of Experience of all staff



Audit Department Profile

Municipal Auditing Department

City of Roanoke, VA

City Population: 93,600

City Operating Budget: \$252,000,000

City Auditor: Drew Harmon, CPA, CIA

Department Budget: \$590,214

Reporting Authority: City Council

Audit Staff:	City Auditor	1
	Asst. City Auditor	1
	IS Auditor	1
	Senior Auditors	2
	Admin Assistant	1

Types of Audits Performed:

Financial:	17%
Performance:	71%
Mgmt Assistance:	6%
Other:	6%

Policy on Release of Audit Reports:

Public documents posted on City's website and issued to City Audit Committee.

Number of Audit Reports Per Year: 22

Last Peer Review: July 2005

What approach does your office use to form your annual audit plan: We prepare separate audit plans for 1) City, 2) Schools, 3) Information Technology, and 4) The Greater Roanoke Transit Company. Plans are developed annually, however the school plan includes a three year planning horizon. Plans are constructed by first allocating time for audits required by law or accreditation and requests from the audit committee. We set aside 5% of our time to provide assistance to management as requested and 5% of our time for other work such as investigations. We also allocate 200 hours for follow-up on past audit findings. The remainder of the plan is developed based on information accumulated over the past year from council meetings, school board meetings, audit staff observations of areas that may have operational issues, input from management, concerns noted by other auditors or consultants. We also consider changes in programs, changes in management, changes in technology, and changes in laws and regulations that are significant and represent increased risk. We also maintain a 10 year history of audited areas and results to ensure significant areas receive periodic audits. We are developing separate risk assessment models for IT

and for the City that will help quantify for elected officials and management the basis for our audit plans.

The most controversial audit we ever did: Our most controversial audit arose from a routine follow up audit of our School System's HR department. In reviewing employee files, we observed that an employee did not answer the criminal convictions question on his application and that no background check was on file. After further investigation, we found the employee was hired two weeks after being released from prison on a felony conviction for dealing drugs. The employee was working in an elementary cafeteria, which in our opinion was not only bad judgment but also in violation of state law. The Executive for HR stated that the person had been hired at the request of the Superintendent. A majority of the Board chose to keep the Superintendent and employee, but felt the bad press was harmful to the division and that eliminating the City Auditor would be the best remedy. Fortunately the press, the public, and the City Council disagreed and an ordinance was passed requiring ongoing audits of the school division by the City Auditor.

What's unique about auditing the City of Roanoke: Having reviewed a number of audit departments across the country, I've recognized that we aren't unique in Roanoke. Just like everyone else, we have our good days and our bad days; we have some audits that hit the mark and some that miss the target all together. We become frustrated with the politics at times, but at the end of the day we usually feel like we've made a difference and that our local government and local schools are a little better because of the work we do.

Suggestions for other audit departments: I think it's important to realize we work in a dynamic environment and that any given election can significantly change the tone and the direction of the organizations in which we work. An audit department cannot depend on strong support for the audit function to carry forward from one administration to the next. A strong audit charter in a form recommended by ALGA or the IIA, that includes a commitment to audit according to red or yellow book standards, is a crucial document that can help ensure the role of the auditing department is proper and consistent over time.

Audit pitfalls to avoid: Don't ask, don't tell approach to auditing.