



VLGAA Officers:

President

Kim Taylor
Chesterfield County
(804) 717-6674

First Vice President

Drew Harmon
City of Roanoke
(540) 853-2644

Secretary

Randi Ricco-Clifford
City of Richmond
(804) 646-5645

Treasurer

Chris Pietsch
Fairfax County
(703) 324-4212

At-Large Board Member

Gretchen Hudome
City of Virginia Beach
(757) 426-5873

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Quality Assurance

Theresa McGrady
Fairfax County

PRESIDENT'S MESSAGE

Welcome to 2006. I would like to take this opportunity to thank each member for their contribution to VLGAA and for allowing me to serve as your President this year.

I would especially like to thank Kathy Seay for her leadership in 2005. As I look back, Kathy did a great job in helping the organization to build relationships with other organizations in 2005. We had a presentation from the Virginia ACL User's Group at our fall conference, and we co-sponsored a student night at VCU with the Richmond area IIA chapter with about 100 students in attendance. Kathy also took the lead in getting a training opportunities page of local training put together on the website. Thank you, Kathy, for a great year!

My goals for the upcoming year are to continue to move VLGAA forward in these new initiatives. We plan to co-sponsor a student night at the University of Richmond, post our Board minutes on the website, and hope to get new individuals involved in committee membership and into the Board rotation cycle. Fresh ideas and getting others involved in leadership keeps all of us energized to move forward and meet each of your needs.

Throughout this year, I would appreciate any feedback you can provide to the organization. How can we best meet your needs? Is there a particular topic of training we should plan for in the near future? How would you like to get involved in VLGAA?

I look forward to a great year!

Kim Taylor
VLGAA President



Theresa McGrady has accepted the Auditor Director position with Fairfax County Public Schools effective February 13th.

In the Virginia General Assembly session this year, the following bill has been proposed:

HOUSE BILL NO. 781
Offered January 11, 2006
Prefiled January 10, 2006

§15.2-2511.2. Duties of local government auditors

B. Any fraud, waste, and abuse auditor appointed by the local governing body of any country, city, or town having a population of at least 10,000, or any town constituting a separate school division regardless of its population, who by charter, ordinance, or statute has responsibility for conducting an investigation of any officer, department or program of such body, shall be responsible for administering a telephone hotline, a website, if cost-effective, through which employees and residents of the locality may report anonymously any incidence of fraud, waste, or abuse committed by any such officer, or within any such department or program, of that body. Such auditor may inform employees of the locality of the hotline and website, if any, and the conditions of anonymity, through the conspicuous posting of announcements in the locality's personnel newsletters, articles in local newspapers issued daily or regularly at average intervals, hotline posters on local employee bulletin boards, periodic messages on local employee payroll check stubs, or other reasonable efforts.

Such auditor shall determine the authenticity of every allegation received on the hotline or website and ensure that investigation and resolution activities are undertaken in response to any such authentic allegation in the most cost-effective and confidential manner available; provided however, that the officer shall assign responsibility for investigation and resolution to other investigative and law-enforcement personnel where such responsibility is prescribed by general law and where appropriate to avoid duplicating or replacing existing investigation and resolution functions.

The Executive Board discussed this proposed bill at its January meeting. During the meeting, a number of concerns were raised about several sections of the bill including the requirement to determine the authenticity of every allegation received on the hotline and, in particular, the requirement to report to the General Assembly annually on investigation and resolution activities (a requirement later removed by the House Committee on Counties, Cities, and Towns). While it appears that the legislation as currently proposed would only apply to auditors who report to a legislative body, the VLGAA Board encourages all auditors who might be interested in this matter to either contact their legislative liaison or the General Assembly. The bill passed the House Committee on January 27, 2006 by a 21 to 1 vote.

In addition to HB 781, the City of Virginia Beach has noted that local government auditors conducting investigations related to HB 781 might have difficulty protecting matters related to such investigations because they are not exempted from the Government Data Collection and Dissemination Practices Act. The City is recommending a revision to HB 664 to include local government auditors as an exempt party. As of January 30, 2005, this bill had not yet been acted on by the House Committee on General Laws.

VLGAA CONFERENCE INFORMATION

VLGAA ROUNDTABLE:



The VLGAA will hold a teleconference roundtable on Monday, February 13, 2006 at 3 p.m. There will only be 23 outside lines available. Auditors wishing to participate should e-mail Gretchen Hudome at GHUDOME@vbgov.com by Friday, February 10th to obtain the telephone number. Topics under consideration include:

- Auditing Elected Officials
- House Bill No. 781
- Electronic Workpapers

SPRING 2006 CONFERENCE:



The City of Norfolk will be hosting the Spring Conference on Monday, May 1 and Tuesday, May 2, 2006 at the Norfolk, Waterside Marriott. Registration fees will be \$125 for members and \$175 for non-members. Topics to be discussed are:

- Guarding of the Storehouse (Accountability within governmental entities)
- Hand in Hand (Working Together)
- Just What Have We Been Doing? (Audit Shops Experience)
- What's the IRS Got To Do With It? (The Auditor & the IRS)
- A Match Made in Heaven (How internal and external auditors connect)
- Just What Is On Our Minds (Open forum or roundtable discussion)
- Making a Difference One Workpaper and Number at a Time – Citizen Focused Accountability Promoted through Auditors, Accountants, and Financial Management Personnel
- Sizing up Auditing (How public officials view the role of auditor)
- Audit/Accounting/Business Jeopardy

Complete conference and registration information will be mailed out soon. Also, check the VLGAA website and the next edition of the VLGAA Newsletter for more information.

FALL 2006 CONFERENCE:



The VLGAA and N.A.L.G.A. will be jointly hosting the Fall Conference at the Kingsmill Resort in Williamsburg on Thursday, October 12 and Friday, October 13, 2006. More information will be provided in future editions of the VLGAA Newsletter and on the VLGAA website.

FALL 2005 CONFERENCE:

The Fall Conference was held at Fairfax Local Government Center in Fairfax, Virginia on October 3-4, 2005. The topic was Increasing Auditor Awareness in Recognizing and Detecting Fraud. The conference was well attended by 31 members and 9 non-members. The social hour was held at the Hilton Garden Inn.



Charles Gauntt, Manager of Control and Risk at Southern States Cooperative gave a very informative presentation on the use of various computer software tools to assist auditors and investigators in discovering possible fraud.



Christopher Pietsch from Fairfax County's Internal Audit discussed the County's fraud policy.

FALL 2005 CONFERENCE EVALUATION SUMMARY

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Session Topic: The material covered was relevant to my career development and/or area of interest	24	5	0	0	0
The session objectives were fulfilled.	22	6	0	0	0
Speakers Overall: Displayed a thorough knowledge of the topic.	26	3	0	0	0
Involved participants in subjects covered.	25	4	0	0	0
Responded to questions.	27	1	0	0	0
Presented sessions in a clear, organized, and interesting fashion.	23	6	0	0	0
Environment: The facilities were comfortable and conducive to learning.	22	7	0	0	0
The program materials were useful.	23	3	0	0	0
My overall rating of the meeting is:	Outstanding 27	Very Good 7	Good 0	Fair 0	Poor 0

Comments:

- I am new to the auditing arena and feel that I learned a lot, but, I will be interested in more auditing conferences and seminars.
- Courtenay was excellent. Well done!
- Enjoyed Courtenay!
- Courtenay was a wonderful presenter. I enjoyed his session a lot. The other speakers were good as well.
- Thank you!
- The conference room was little snug for the number of attendees. It was hard to open the notebooks provided and have room to write with 3 individuals sharing a table.
- Room 3 was a little cold.
- Courtenay was an excellent speaker--Theresa and Chris' finish was top notch! Excellent job.
- This is the most interesting and enjoyable seminar I've attended in a long time. Excellent presentations on a very important and timely subject – Fruad. Great job too! Kudos to Chris Pietsch and his team!
- The room was too chilly for me, but the facility was outstanding! Great Conference. Mr. Thompson is a great speaker. We need to use Theresa McGrady as a speaker more often. She is a great presenter!
- Computer Assisted Audit Techniques was less of a value, but only because I'm not using or creating my own reports. I would, however, like to use the ACL.

QUALITY ASSURANCE COMMITTEE

VLGAA is offering quality assurance reviews to our members at no cost. The purpose of this review is to offer a fresh set of eyes to determine if your office is ready for a N.A.L.G.A. peer review. VLGAA will provide informal, verbal feedback for your readiness for a peer review. N.A.L.G.A. is in the process of implementing Red Book reviews to compliment the already established Yellow Book peer review process. At a future date, VLGAA will be prepared to offer Red Book reviews if any of our members become experienced with these standards.

The vision of the process is as follows:

- Audit Shop needing peer review contacts Quality Assurance Committee chair person, Theresa McGrady.
- Therese e-maintains a list of individuals trained on peer review or participating in past peer reviews. She contacts a person on the list willing to review a set of workpapers and verifies they can provide this service.
- Individual agrees to review workpapers, and workpapers are mailed to reviewing office.
- Workpapers are reviewed against NALGA peer review check lists to ensure standards are met and shop is ready for peer review.
- Individual conducting review of workpapers contacts the office to provide feedback on the set of workpapers as compared to audit standards.

We would like to thank Theresa for her willingness to assist VLGAA with this process!

If you are willing to put your name on the list as a potential workpaper reviewer, please contact Theresa (you can get her updated e-mail address at the VLGAA website).

ICMA PERFORMANCE MEASURES

The International City/County Management Association (ICMA) is attempting to create a regional performance management consortium for Virginia communities. The purpose of the consortium is to use comparative performance measurement data to identify similarities and differences in performance of specific measures within the Commonwealth, as well as compare regional performance and performance nationwide. The ICMA has identified 15 core areas for which it is seeking performance data.

While auditing was not one of the 15 areas selected by the ICMA for its initial review, several of the VLGAA Board members thought it would be a good idea for our membership to begin discussing what areas we believe are best suited for performance measurement within our auditing groups. E-mail your suggestions for possible performance measures to Kim Taylor at TaylorKM@chesterfield.gov so we can forward them to the Board for discussion at future VLGAA roundtables and/or conferences.

Welcome New Members

Joyce Aikor-Richardson Henrico County
Jeff Beeman Fairfax County
Sheila Bishop Fairfax County
Jessica Boyd Hanover County
Lula Hasan Fairfax County
Charles Higdon Fairfax County
Robert Morgan Fairfax County
Patricia Orlando Fairfax County
Cathy Peppers Chesterfield County
Sharon Pribadi Fairfax County
Ismail Santur Fairfax County
Kevin Slattery Fairfax County
Marilyn Tanner Fairfax County
Sharon Thornton Henrico County
Yi Wang..... Fairfax County

WHAT IS YOUR BEST 2005 AUDIT?

We would like to have a roundtable to generate new audit ideas for each of us. Please submit your best 2005 audit idea to TaylorKM@chesterfield.gov. We are looking for a unique approach to a particular audit step, a brand new audit area, or your best lesson learned in the year. You be the judge! We would like to have a roundtable in February to discuss these audits and then feature them on the website for those who could not make the roundtable. Your ideas and input will be greatly appreciated.



We welcome any items which may be of interest to other auditors. Articles for the Spring Newsletter should be received by **Friday, March 31, 2006**.

E-mail to: wjoyner@mail.city.chesapeake.va.us

Fax to: Wanda Joyner
(757) 382-8860

In the next Newsletter, we plan to bring back one of our old features--"Audit Shop Profiles." Every Newsletter we will spotlight a different audit shop and staff within the VLGA.