City of Norfolk

TO: Honorable Council Members

FROM: John H. Sanderlin, Jr., City Auditor

DATE: August 30,2010

SUBJECT: Special Review of Commissioner of the Revenue City Procurement Charge Card Usage

Please find enclosed a copy of the final report on the Special Review of Commissioner of the Revenue City Procurement Charge Card Usage. Should you have any questions please feel free to contact me at 664-4045.

cc: Sharon McDonald, Commissioner of the Revenue
Regina V.K. Williams, City Manager
Bernard Pishko, City Attorney
Darrell Hill, Director of Finance & Business Services

Report to the Norfolk City Council

SPECIAL REVIEW OF COMMISSIONER OF THE REVENUE CITY PROCUREMENT CHARGE CARD USAGE

August 30, 2010

Office of the City Auditor
Norfolk, VA

Report No. 11-1SR

Table of Contents

Page Number

Executive Summary 1

Background 3

Objective 6

Scope and Methodology 6

Results 8

Appendix: Commissioner of the Revenue Management Letter

Table 1: Number of Transactions and Dollar Amount Incurred by Categories and Total Reimbursement 1

Table 2: Travel Budget Amount Compared to Overall Budget for the COR 5

Table 3: Procurement Charge Card Expenses Incurred by COR and Amounts Reimbursed by COR and CORVA per Fiscal Year 5

Table 4: Amounts Reimbursed by the COR and CORVA based on Transactions Occurring in the Six Broad Categories 5

Executive Summary

We have completed our review of procurement charge card charges of the Commissioner of the Revenue (COR). We reviewed 754 transactions totaling $80,114 for a five year fiscal period beginning July 2005 and ending March 2010. The COR's procurement charge card charges were basically paid out of her office travel account. We recognized the Commissioner of the Revenue, as would be the case with all other elected officials, has the latitude to define her role within her functional areas. The lack of restriction regarding funding provided by the city allowed the COR to exercise her own judgment and discretion as to how to spend budgeted travel funds. We found the COR did not maintain adequate documentation to support transactions in compliance with the City of Norfolk Procurement Charge Card Policies and Procedures. In many cases, we accepted corroborating evidence in the absence of key documentation. Our review did not disclose any evidence of fraud, misappropriation, or wrong doing, but rather it appears there was a lack of knowledge of the details of city policies and inadequate controls to ensure compliance with travel and procurement policies.

The COR's view is that her pattern of spending of travel funds corresponded with her duties, one of which is to secure and/or maintain state funding levels for her office that included attending general assembly sessions. We are not expressing an opinion on this and accepted that her pattern of spending and associated activities were within her discretion and judgment. We found instances of personal expenses for which the COR reimbursed prior to or as a result of our review. The preponderance of the remaining transactions appeared to be legitimate business expenses and would only be prohibited or unallowable if so stated as part of general law or budgetary appropriation restriction. The total charges of $80,114 over the five years reviewed fell into six broad categories of which $27,995 was reimbursed.

Table 1: Number of Transactions and Dollar Amount Incurred by Categories and Total Reimbursement

	Total Transactions	Total Dollars	Total Reimbursement**
General Assembly	231	$ 27,495	$ 17,029
Conference+	133	18,311	-
Professional Association Meetings+	122	12,666	5,537
Delegates Meetings	150	12,016	1,185
Miscellaneous	76	4,976	4,155
Office Staff++	42	4,650	89
Totals	**754**	**$ 80,114**	**$ 27,995**

****See background section for further details of reimbursements**
+includes staff expenses related to both the COR and her staff
++includes expenses other than conferences or association meetings directly related to the COR's staff such as incentives or employee morale.

In the event a city procurement charge card is reissued, we offer the following comments concerning all future activities:

- COR should document on the procurement charge log a substantial explanation of activities.

- COR should document meetings and discussion with public officials to support the direct and current business nature as pertaining to her office business.

- COR should tighten the control environment within her office through the establishment of adequate standard operating procedures to ensure compliance with established city policies and procedures.

- City should coordinate more with the COR to ensure that any overlapping responsibilities in regards to meeting with delegates or attending General Assembly sessions are addressed to prevent redundancy and decrease overall costs to the city of Norfolk.

- City should increase its involvement in monitoring expenses in order to bring to the COR's attention any concerns regarding expenditures thus ensuring more timely resolution and reducing potential conflicts.

- COR should refrain from using the city procurement charge card for personal expenses and if done so by accident a more timely reimbursement of said personal expenses.

- COR should require business manager and procurement charge card representatives to closely scrutinize procurement charge card expenditures.

In addition, the City could possibly consider restricting city funds by attaching specific conditions.

We presented our findings and provided a draft of this report to the COR who responded favorably by agreeing to establish tighter controls. A complete text of the COR's comments is in this report's appendix.

Background

The Commissioner of the Revenue is the chief tax assessor for the City of Norfolk. As a constitutional officer for the City, the position is elected by its citizens. Her office is partially funded by the State. According to the Code of Virginia Section 15.2-1636, Commissioner of the Revenue, the voters in every county and city shall elect a commissioner of the revenue, unless otherwise provided by general law or special act. The commissioner of the revenue shall exercise all the powers conferred and perform all the duties imposed upon such officer by general law. She may perform such other duties, not inconsistent with her office, as the governing body may request. She shall be elected for a term of four years as provided by general law. The current Commissioner of the Revenue was first elected in January 1998.

The Commissioner of the Revenue states her mission as providing superior service and quality in the:

- Assessment of individual and business personal property,
- Issuance and renewal of business licenses,
- Administration of all fiduciary taxes,
- Provider of DMV Select Services,
- Evaluation of customer compliance,
- Assistance and processing of Virginia State Income Taxes,
- Investigation of inquiries and non-filer accounts, and
- Assistance with Real Estate Tax Relief, Yard Sale and Residential Parking Permits.

The Code of Virginia and the Norfolk City Code allow her discretion in the management of her office and performance of her duties.

Although the duties addressed in the Norfolk City Code are not all inclusive, the operation and the mission are aligned with other neighboring cities in this official capacity. During FY 08 to FY 10, the COR participated heavily in Commissioner of the Revenue Association of Virginia (CORVA) as a result of being elected President of the organization and serving on various organizational committees such as the legislative committee. In these capacities, she took leadership in promoting professionalism through the education of its members to ensure the highest quality of services to its constituencies/stakeholders and the development of strategic relationships. As a result of these roles, she was required to extensively travel throughout the State. According to the COR, because her office is partially funded by the State, over the years she has worked with the State legislature to ensure appropriate funding support. During FY08-FY10, the COR determined that funding for her office was particularly threatened and she, therefore, felt the need to initiate a host of meetings with state delegates and other public officials to secure support for continuous funding.

Procurement Charge Card Policy

The City of Norfolk's Procurement Card Program was established to increase the efficiency of procuring certain goods and services for appropriate City purposes. The Policy and Procedures provided must be adhered to by all City procurement cardholders.

- The procurement card is a tool used to purchase certain low dollar goods and services for the City of Norfolk's operations, maintenance and repairs with a $1,000 limit per transaction. To the

extent travel-related purchases have been authorized for specific users, travel-related purchases have a $2,000 transaction limit. Items carried in the City Storehouse or items covered by City Price Agreements cannot be purchased through the Procurement Card Program.

- The purchase of gift certificates with the procurement card is prohibited. The use of the City's procurement card for car rental is restricted, with very limited exceptions, and gas purchases using the procurement card are prohibited.

- Prepared and non-prepared meals must be purchased for City purposes only, consistent with the City's current Travel Policy and a detailed explanation logged on the charge log detailing the purpose of the meal purchase and whom it was for. The original itemized receipts must be attached to the corresponding charge log before payment is made.

- Cardholders must record all purchases made with the procurement card on an individual charge log. All related charge receipts for each transaction must be retained with the charge log.

- Procurement cardholder failure to follow these procedures may result in one or more of the following:

  a. Reporting of the violation to the department head.
  b. Revocation or suspension of the procurement card.
  c. Appropriate disciplinary action as warranted.
  d. Appropriate criminal credit card fraud charges as warranted.
  e. Cardholder reimbursement to the City for unauthorized charges.

- For travel, completion and submission of the "Travel Authorization Form" is required to enable the Procurement Charge Card to be used for travel-related purposes. Once enabled for a cardholder, the procurement card is authorized and may be convenient for the purchase of conference registrations, airline tickets, rail passes, hotel accommodations, and the procurement of books and supplies for the attending conference subject to the approval procedures described in the City's Travel Policy.

Budget Appropriations

The Ordinance that appropriates funds for the operation of the City does not provide details on how the Constitutional Officers are required to use these funds. Within the Ordinance, the COR receives funding through general fund appropriations and then administratively to the following five expenditure categories as noted in the budget book: 1)personnel services, 2)materials, supplies and repairs, 3)contractual services, 4)equipment and 5)all purpose appropriations. Within the contractual services expenditure category, travel is one of the account codes. The table below shows the funding received by the COR for travel as compared to the total budget and indicates the percentage of funds budgeted for travel was consistently less than 1% of the COR's overall budget.

Table 2: Travel Budget Amount Compared to Overall Budget for the COR

Fiscal Years	Travel Budget Amount	Total Budget Amount	% of Travel to Budget
2006	$ 25,300	$ 2,826,400	0.90%
2007	$ 28,400	$ 2,941,400	0.97%
2008	$ 26,850	$ 3,060,300	0.88%
2009	$ 28,500	$ 3,056,800	0.93%
2010	$ 13,250	$ 3,151,600	0.42%

Source: City of Norfolk Approved Operating and Capital Improvement Budgets

The table below illustrates the actual travel expenses incurred by the COR on her procurement charge card, as well as the amount personally reimbursed by the COR and CORVA.

Table 3: Procurement Charge Card Expenses Incurred by COR and Amounts Reimbursed by COR and CORVA per Fiscal Year

Fiscal Years	Incurred Procurement Card Travel Expenses	Amount Reimbursed by COR	Amount Reimbursed by CORVA	Total Amount Reimbursed	Remaining Expense Amount
2006	$ 6,634	$ 142	$ 535	$ 677	$ 5,957
2007	6,899	53	1,825	1,878	5,021
2008	25,619	654	3,062	3,716	21,903
2009	23,216	1,303	10,399	11,702	11,514
2010	17,746	972	9,050	10,022	7,724
Total	**$ 80,114**	**$ 3,124**	**$ 24,871**	**$ 27,995**	**$ 52,119**

Source: Procurement Charge Card Statements and Validated Cash Receipts

The table below shows the amount reimbursed by the COR and CORVA based on the six broad categories of transaction type.

Table 4: Amounts Reimbursed by the COR and CORVA based on Transactions Occurring in the Six Broad Categories

	Reimbursed by COR	Reimbursed by CORVA	Total
General Assembly	$ 590	$ 16,439	$ 17,029
Conference	-	-	-
Professional Association Meetings	193	5,344	5,537
Delegates Meetings	72	1,113	1,185
Miscellaneous	2,269	1,886	4,155
Office Staff		89	89
Total	**$ 3,124**	**$ 24,871**	**$ 27,995**

Objective

Our overall objective was to determine if incurred procurement charge card expenses were in compliance with procurement charge card and travel policies and procedures. Assistant City Auditor Ken Rinehart served as the lead auditor and Assistant City Auditors Mike Helmke, Yvette Fleming and Bradford Smith served as team members. The special review was conducted under the direction of John Sanderlin, the City Auditor.

Scope and Methodology

The scope of the special review performed did not constitute an audit under generally accepted government auditing standards, however, tests of records and other audit procedures were performed as deemed necessary. The scope was limited to the procurement charge card transactions for the COR for a five year fiscal period beginning July 2005 and ending March 2010. During the month of April 2010 the use of all the city procurement charge cards was suspended per City Management.

We reviewed and tested various records and data to address the stated audit objective, including:

- Procurement charge card billing statements
- City Travel Policy
- City Procurement Charge Card Policies and Procedures
- Approved Budgets and the Ordinance appropriating funds to be used for city operations
- Invoices and receipts
- City Code
- Code of Virginia
- COR personal calendars
- City Auditor's office prepared spreadsheets of the procurement charge card transactions and provided to the COR office to obtain the purpose for each transaction because charge logs were not prepared
- Bank of America (BOA) Purchasing Card, Purchase Program Frequently Asked Questions on the City's intranet site
- Other support documentation such as meeting notes, emails, and conference agendas and brochures

We interviewed the COR to verify she had signed for her procurement charge card and understood all the procurement charge card policies and procedures. We received general guidance from the City Attorney regarding the legal and investigatory boundaries of this special review.

The procurement charge card policy, travel policy, and approved budgets and the ordinances appropriating funds were used as criteria to determine the appropriateness of procurement charge card charges. While the object code 5345, travel expense was used in the majority of the transactions to record expenses, we grouped cost incurred from the procurement charge card into broad categories based on the explanations provided by the COR for each transaction. The categories included: general

assembly, conferences, meetings with delegates, professional associations meetings, office staff related, and miscellaneous.

We used the procurement charge card statements, prepared spreadsheets for each year, and tested for fourteen applicable attributes. These attributes included: whether purchase was properly supported with an original receipt or invoice, purchase met business requirement applicable to the COR office; purchase did not include prohibited items per City of Norfolk Procurement Charge Card Policies and Procedures, and the travel expenditures followed city policies and procedures. For the fiscal years reviewed, we examined 754 transactions for a total amount of $80,113.90 as detailed below:

- ✓ Fiscal Year 06 – 42 transactions in the amount of $ 6,634
- ✓ Fiscal Year 07 – 76 transactions in the amount of $ 6,899
- ✓ Fiscal Year 08 – 191 transactions in the amount of $25,619
- ✓ Fiscal Year 09 – 242 transactions in the amount of $23,216
- ✓ Fiscal Year 10 – 203 transactions in the amount of $17,746

754 $80,114

We performed various reconciliations and accounting procedures for each of the five fiscal years covered by our review to provide assurance that funds used by the COR were properly accounted for. We used procurement charge card statements and receipts as the primary record to determine how funds were expended. Further, the purpose of each transaction obtained from the COR office provided additional information to support the reason a transaction occurred. These provided explanations were used as a source because receipts/invoices were not always available to verify all transactions. Additionally, in lieu of receipts/invoices, we reviewed meeting notes and conference agendas to substantiate the expenses incurred where possible.

The COR was responsible for adhering to the guidelines of the procurement charge card when she signed the Acknowledgement for Receipt of the BOA Purchasing Card. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results. We believe that the evidence obtained provides a reasonable basis for our results and observations.

Results

As part of the internal controls established by the procurement charge card program administrator, all new procurement charge cardholders are supposed to read and acknowledge an understanding of the City of Norfolk Procurement Charge Card Policies and Procedures, Charge Card FAQs, City Travel Policy and Procurement policies and procedures. Additionally, the cardholder must pick up their procurement charge card from the program administrator. At which time the cardholder is given a document to sign that states they have "received, read and understand the city of Norfolk's procurement card program policies and procedures and that you will be bound by and will comply with all of the terms and conditions". The COR signed this agreement when she received her city procurement charge card. In the third paragraph of the Procurement Charge Card Policies and Procedures it clearly states "The use of the procurement card does not exempt a user from complying with the City of Norfolk's Procurement Code." We have noted the following violations:

- Our review of 754 transactions totaling $80,114 revealed a lack of sufficient receipts of which there were no receipts for $25,287 and a lack of detailed receipts for $5,445.[1] In addition, charge logs were not maintained. According to City of Norfolk Procurement Charge Card Policies and Procedures and City Travel Policies: "Cardholders must record all purchases made with the procurement card on an individual charge log. All related charge receipts for each transaction must be retained with the charge log. At the end of each billing cycle, cardholders must forward the charge log with the attached original receipts to the department's Charge Card Representative or the cardholder's supervisor for approval. A new charge log will be established at the beginning of each new billing cycle." The log and attached documentation will be used for reconciliation to the monthly procurement charge card statement.

- Because receipts were not maintained in full compliance with City of Norfolk Procurement Charge Card Policies, in some instances, we could not conclude as to the specifics of what was purchased. For example, for food we could only see the restaurant and total spent, therefore could not determine how many attended the dinner. It did appear, based on the total dollar amount of the bill, most meals were for more than one person. Additionally, for the few retail purchases made at places other than restaurants, we could not determine if the purchases were of a business or personal nature.

- The use of the City's procurement charge card for fuel purchases is prohibited. We found 65 instances totaling $2,247 for fuel purchases outside of the City of Norfolk. Of those charges, 16 ($548) were local. The COR was driving a city vehicle during these trips and the fleet gas card should have been used rather than the City's procurement charge card. According to the COR, the City's fleet gas card is not accepted by service stations outside of the Hampton Roads area. Therefore, when travelling outside of this area, she thought it was more than appropriate, for recordkeeping purposes, to use the city procurement charge card.

- Also identified as prohibited purchases were "the cost of closed circuit/cable TV movies." We found 5 instances of movies purchased while out of town. These charges were identified on the hotel receipts and reimbursed by the COR.

[1] These figures exclude reimbursed General Assembly related transactions that occurred in FY 09 and FY 10.

- Over the five year period reimbursements were made for 53 transactions totaling $3,124. This total includes reimbursement for ABC charges in 2009 and in 2010 for $30 and $59, respectively; a Jiffy Lube charge in 2010 for $28 and charges to Hits at The Park Restaurant of $211. According to the procurement charge card policy if the card is accidentally used for a personal item then the cardholder must prepare a cash receipt and a personal check to the Norfolk Treasurer reimbursing the fund where the BOA payment would have been made. Also, the cardholder is to put a very good explanation of the mistake on the charge log and retain all documentation pertaining to the purchase.

- Although the dollar amounts were not considered material, the frequency that tips exceeded 20% warranted noting as we found 26 instances in FY 08 and FY 09. Per the procurement charge card policy, tips and gratuities when reasonable and explained" are allowable "not to exceed 20%.

- We found two prohibited purchases for gift cards totaling $135. According to the COR, the gift cards were purchased for motivational awards for employees. Per the City of Norfolk Procurement Charge Card Policies and Procedures purchase of gift cards is prohibited.

- A hotel room in Richmond was rented from January 7, 2008 through March 7, 2008. During this period we found one instance where the hotel charge exceeded the $1,000 limit allowable by the City's procurement code. This charge should have been rejected by the procurement charge card company. And, if not rejected there, it should have been rejected by the City's Department of Finance for payment.

Other Observations:

PROFESSIONAL ASSOCIATION MEETINGS:

We concluded from fiscal year 2005 through March of 2010 the COR and her staff participated in several regional and state meetings with their professional organizations for a total of 79 days at a cost of $12,666. A majority of that cost ($9,148) occurred in FY 2008 – FY 2010 corresponding to the apparent increasing leadership displayed by the COR and her staff. The Commissioner of the Revenue and her staff are active in several professional organizations such as CORVA (Commissioner of the Revenue Association of Virginia) and VALTA (Virginia Association of Local Tax Auditor). These organizations promote professional development through education, research and quality of services to constituencies/stakeholders. The Commissioner of the Revenue held an elected office (President – 2008) in CORVA and her tax audit supervisor is the current president of VALTA. The Commissioner and many of her staff members have held leadership roles within their various professional associations and are considered to be key figures when it comes to formulating state-wide COR strategies and/or meeting with state and local government officials on current/proposed legislation that affects administrative procedures and/or funding for Commissioners' offices.

The City Purchase Card Policy (Sec. D) states purchases made with the city purchase card while traveling must be for City purposes, consistent with the City's current Travel Policy, and a detailed explanation logged on the charge log specifying the purpose of the purchase and for whom it was for. As

consistent with City Travel Policy (Sec. VIII.B), if a traveler assumes an expense for a person other than a City of Norfolk employee, the employee is required to document the nature of association, description and purpose of the meeting or event, and amount of expense on the traveler's voucher. The COR did not utilize a charge log. Thus, there is no accounting for the receipts and no monthly reconciliation of the procurement charge card statement as required by policy. However, there are no formal City of Norfolk or State of Virginia policies that give guidance for any Constitutional Officer to incur expenses to secure funding for their offices. As a State Elected Official it is within her discretion how she manages her office.

In addition, when an employee is reimbursed or is to be reimbursed for any expense of travel by other than the city, or when any expense of travel is without charge to the employee, the employee shall not make claim for such expense to the city. Since the COR stated that CORVA budgeted for reimbursements for FY 08, FY 09, and FY 10 to the local COR for trips pertaining to COR association business, such trips and personal expenses should not have been charged to the city procurement charge card. CORVA did reimburse the City for the majority of the COR expenses related to attending General Assembly sessions and over $5,000 for other expenses directly associated with the organization. These reimbursements included 3 charges to Morton's totaling $523 in 2008. Two of the charges were reimbursed in 2008 and the other in 2010. Also, an ABC store charge in 2007 for $76 was reimbursed by her association in 2008. Similarly, a Pagoda charge in 2008 for $1,725 was reimbursed by CORVA in 2009.

DELEGATES MEETINGS:

In the absence of detailed supporting documentation, we looked at alternative means of documentation, including the COR's personal calendar to validate related expenses. We concluded that for the five year period from fiscal year 2005 through March of 2010, the COR met with delegates for a total of 88 days at a cost of $12,016 of which $1,185 was reimbursed. Over 94% of the reimbursement came from CORVA. As an advocate for her office on budgetary matters, the COR met with various state delegates requiring her to travel. The City Travel Policy (Sec. VIII.F) states when an employee is reimbursed or is to be reimbursed for any expense of travel (as in this case CORVA's reimbursement) by other than the City, or when any expense of travel is without charge to the employee, the employee shall not make claim for such expense to the City. The City procurement charge card should not have been used in such cases where the association was paying the Commissioner's expenses. In addition, per city policy the employee is also required to document the nature of association, description and purpose of the meeting or event, and amount of expense on the travelers voucher.

CONFERENCES:

During the five year period between FY 06 through March 2010, the Commissioner of the Revenue and her staff attended various conferences. These conferences enabled them to meet continuing education requirements for the Commissioner of the Revenue Association of Virginia Career Development Program and to maintain a level of professional proficiency for their job positions. In accordance with City policy, training and travel are allowable expenses however; the Commissioner's office could have done a better job in maintaining more detailed records through use of a Procurement charge log. We were able to review personal calendar and other alternative documentation to verify conference participation. It appears in some cases that some meals at the various conferences were picked up with the COR procurement charge card which is allowable but because no detailed receipt or log existed we

where unable to determine who attended the meals. This also occurred with hotel stay charges at several conferences.

GENERAL ASSEMBLY

We noted the COR attended General Assembly sessions in FY 08 through the current session in FY 10. There are no policies that prohibit the COR from attending these sessions. According to the COR, she did so to ensure adequate state funding for her office and she was there primarily to ensure that the state budget maintained funding for her office. Since there are no constraints put on her travel budget by the city, she is permitted to spend the money as she determines is most beneficial to her office. Based on review of her procurement charge card statements we estimated that she was in Richmond for more than 127 days over the five year period of our review and spent approximately $27,495 of which $17,029 or 62% was reimbursed.

Upon review of one of COR hotel receipts, we noted a gratuity charge on the bill for $450. She stated that this was given to the hotel as a tip for the daily maid service, doorman and bell hop that was provided by the hotel. We found this transaction unusual. According to the COR, the $450 gratuity fee covered gratuities for the entire staff over a 60 day period, representing less than 7% of the total hotel charge. She felt and still believes that one payment at the conclusion of her stay would be far less expensive than paying gratuities on a daily basis.

Commissioner of the Revenue

Norfolk, Virginia

Sharon M. McDonald
Commissioner of the Revenue

Telephone (757) 664-7890
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August 24, 2010

Mr. John Sanderlin
City Auditor
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Dear John:

I have received a copy of the Special Report of the Commissioner of the Revenue City Credit Card Usage conducted by your office. I have appreciated working with your very professional staff and the thoroughness of their review. Although the scrutiny was, at times, rigorous and time consuming, it is gratifying to read the words "...Our review did not disclose any evidence of fraud, misappropriation, or wrong doing...." Additionally, I appreciate the fact that your review concluded that, as an elected official, I have complete discretion to exercise my own judgment as to how to spend budgeted travel and training funds.

On the other hand, your report does bring to light certain areas which can be improved upon with respect to the record keeping procedures in my office. The lack of proper recordkeeping is a serious oversight on my part. Please know that I have moved quickly to strengthen the procedures within my office to ensure that, in the future, recordkeeping in my office is above reproach.

The overall conclusion of your report is consistent with my position over the past 13 years: Constitutional officers, of course, are responsible to the voters and, therefore, must retain the flexibility to use budgeted funds to respond to the needs of our constituents. This allows us to enhance the services offered by our offices.

This flexibility is especially critical when considering that my office has complete responsibility for the generation of more than 25% of the City's General Fund revenue. Each year revenue generation by my staff of professional employees has increased and, during my 13 years of service as Commissioner of Revenue, my staff and I have identified more than $35 million in previously unidentified revenue, ensuring that all taxpayers pay their fair share.

I would be remiss, however, if I failed to address one of the key triggers for this review: my advocacy in Richmond during the General Assembly Sessions. As the Virginia General Assembly continues to abdicate its responsibility to localities, a growing share of the financial burden is falling upon the shoulders of local government. Included in this

burden is funding for the offices of all Constitutional Officers. In recent years this situation has become increasingly tenuous causing me, as legislative co-chair for the Commissioners of the Revenue Association of Virginia, to spend an ever-growing amount of time in Richmond each Session.

The reason for my advocacy in Richmond is simple: Over the past 13 years, funding for my state supported positions has declined and the staffing in my office has declined 13%. In 1998, the city received funding from the state to support 37 state positions plus some monies for equipment, supplies and training. Today, however, those state supported positions have declined to 29 and funding for equipment, supplies and training is non-existent.

My efforts in Richmond were focused totally on retaining funding for my 29 state supported positions. In fact, over the three year period of time, my net expenditures (after accounting for reimbursements by the Commissioner of Revenue Association of Virginia) for the Virginia General Assembly totaled less than $10,500. Yet during that same period of time, because of my strong and successful advocacy, I was able to secure continued funding of at least $500,000 for EACH of the three subsequent fiscal years. For my office alone, that is a total of more than $1.5 million for a mere investment of $10,500! At a time of unprecedented cuts in city services and employee layoffs, I am confident that the taxpayers appreciate savings in excess of $1.5 million.

This overwhelming Return on Investment only underscores my sound business acumen and appropriate use of taxpayer funds. Therefore, I trust this report will put help to alleviate unreasonable scrutiny over the effectiveness or propriety of my advocacy in Richmond.

Again, thank you for the monumental time and effort expended to thoroughly examine and validate the 754 transactions on my credit card over the five-year period. And, most importantly, thank you for your service to the citizens of Norfolk.

Very truly yours,

Sharon M. McDonald
Norfolk Commissioner of Revenue