

**INTERNAL AUDIT
FISCAL YEAR 2017
REPORT CARD
CHESTERFIELD, VIRGINIA**



Internal Audit Mission Statement

Provide objective analysis and information to management and those charged with governance to support County and School goals benefiting the community.

Internal Audit
 Fiscal Year 2017
 Report Card
 Chesterfield County, Virginia

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Note: The Association of Local Government Auditors (ALGA) performs a Benchmarking and Best Practices survey of audit organizations every two years. Peer data is presented from the most recent survey (published October 2016) on various tables throughout this report.



Chesterfield County, Virginia Internal Audit

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DATE: August 3, 2017

TO: Audit and Finance Committee

Joseph P. Casey, PhD.
County Administrator

Dr. James Lane
School Superintendent

FROM: Greg L. Akers
Director

SUBJECT: Fiscal Year 2017 Annual Report Card

In compliance with Administrative Procedures, the Internal Audit Department hereby presents the Fiscal Year 2017 Annual Report. Completed audits were provided during the year to the County Administrator and School Superintendent with periodic updates to the Audit and Finance Committee. This document summarizes our past fiscal year work effort against national peer performance benchmarks.

Internal Audit's ten-member team, includes nine audit professionals with five certified public accountants, a certified internal auditor, three certified fraud examiners, and a chartered global management accountant. We work with the County and School Divisions and Departments to help identify opportunities to add value, and we appreciate their assistance with the audit and risk assessment process. I also appreciate the contributions of each Internal Audit Department team member to:

- Develop and implement the audit plan based on entity-wide risk assessment.
 - Implement comprehensive audit services that address the risks, needs, and goals of the County and School Board.
 - Administer the Fraud, Waste, and Abuse Hotline program for the employees and community as mandated by the *Code of Virginia*.
 - Provide mandated external audit support for completion of the Comprehensive Annual Financial Report (CAFR).
- Respond to special project needs as they arise.
- Identify areas for improvement of controls, efficiency, and effectiveness.
- Monitor implementation of the audit recommendations.
- Provide employee training on internal controls and ethics.

***Letter to Audit and Finance Committee, County Administrator, and School Superintendent,
(continued):***

Significant fiscal year accomplishments include:

- Acquisition and implementation of an audit documentation system. The system provides a comprehensive and configurable tool for audit performance and management.
- September 2016 transition of the former Budget and Audit Committee to the Audit and Finance Committee (AFC). The AFC has improved transparency through increased public discussion for audit results and future audit plans, and making meeting information available on the AFC website.
- Completion of a contracted information technology assessment. Contracting the project provided access to additional expertise, and the contractor shared their techniques and approach with our staff.
- Presentation of the proposed fiscal year 2018 Audit Plan at the AFC's June 14, 2017 meeting.

We thank you for your continued support, and value your input to improve our audit services

I. COMPLETED PROJECT STATISTICS

SUMMARY OF PROJECTS BY FISCAL YEAR						
Category	2013	2014	2015	2016	2017	ALGA 2016 Benchmark
Performance Audits / Other Projects	51	43	44	41	33	N/A
Special Projects	16	12	8	8	4	N/A
Total	67	55	52	49	37	32

The number of projects completed varies between years, based on individual project complexity and the volume of special project requests.

AUDIT RECOMMENDATION STATISTICS BY FISCAL YEAR						
Recommendations	2013	2014	2015	2016	2017	ALGA 2016 Benchmark
New	273	212	166	130	120	140
Closed	303	272	199	153	120	N/A
Open	190	130	97	74	74	N/A

Audit recommendation data is collected as of December 31st each year to follow-up on all open audit issues from prior audits.

AUDITOR PERFORMANCE BY FISCAL YEAR						
Category	2013	2014	2015	2016	2017	ALGA 2016 Benchmark
Number of audits performed per auditor (office average)	8.4	8.0	7.9	6.7	4.6	4.0
Percent of total time charged to audits	67%	68%	62%	69%	70%	70%

The number of projects completed by auditor varies between years, based on individual project complexity and the volume of special project requests.

CUSTOMER SATISFACTION RATINGS BY FISCAL YEAR					
	2013	2014	2015	2016	2017
Chesterfield Internal Audit	4.8	4.8	4.7	4.3	4.2
ALGA Benchmark	4.4	4.4	4.4	4.4	4.2

At project completion, customers are provided surveys to rate their satisfaction, which helps us monitor quality control and improve our service.

II. COMPLETED PROJECTS LISTING

Performance Audits
· Environmental Engineering Water Quality
· Jail Canteen and Inmate Trust Fund
· School Activity Funds (includes 16 schools audited)
· School Administrative Services Expenditures
· School Payroll, Compensation and Benefits
· Sheriff Riverside Regional Jail Authority Billings
· Social Services Special Welfare Fund
· Unannounced Petty Cash, Change and Consumer Spending Funds
· Utilities Right of Way
· Vehicle Utilization
Other
· FY2016 Fraud, Waste, and Abuse HOTLINE Program Annual Report
· FY2016 Internal Audit Report Card
· FY2017 Annual Follow-up
· CDBG/HOME Program Organization Audit Reports
· Information Technology Assessment ¹
· Internal Audit Systems Modernization
· Community Organizations Applying for Donations of \$10,000 or More
· Volunteer Fire and Rescue Organization Audit Reports
Special Projects
· Fire Resource Management Vendor
· Juvenile Detention Home
· School Lifelong Learning Institute
· School Manchester High School Student Activity Fund

¹Items are exempt from public disclosure under Freedom of Information Act (FOIA).

III. AUDITS IN PROGRESS AT FISCAL YEAR-END²

·	Building Inspection Code Compliance
·	CDBG Program Compliance
·	Chesterfield Emergency Planning Committee
·	Financial Analysis: APA Comparative Report
·	Financial Analysis: Healthcare Commission
·	HRM Benefits Administration
·	Payroll and HR Benefits Countywide
·	Police Benefit Fund
·	Real Estate Assessor
·	School Administration Administrative Support Staffing
·	School Business and Finance Expenditures
·	School Custodial Services
·	School Human Resources Benefits Administration (SRP)
·	School Instruction Administrative Support Staffing

²Planned projects at various stages of audit process to be completed in fiscal year 2018.

IV. TRAINING PROVIDED

The Internal Audit Department partners with the Learning and Performance Center on ethics training during County new employee orientations. In addition, we periodically provide training on internal control and ethics to departments as requested.

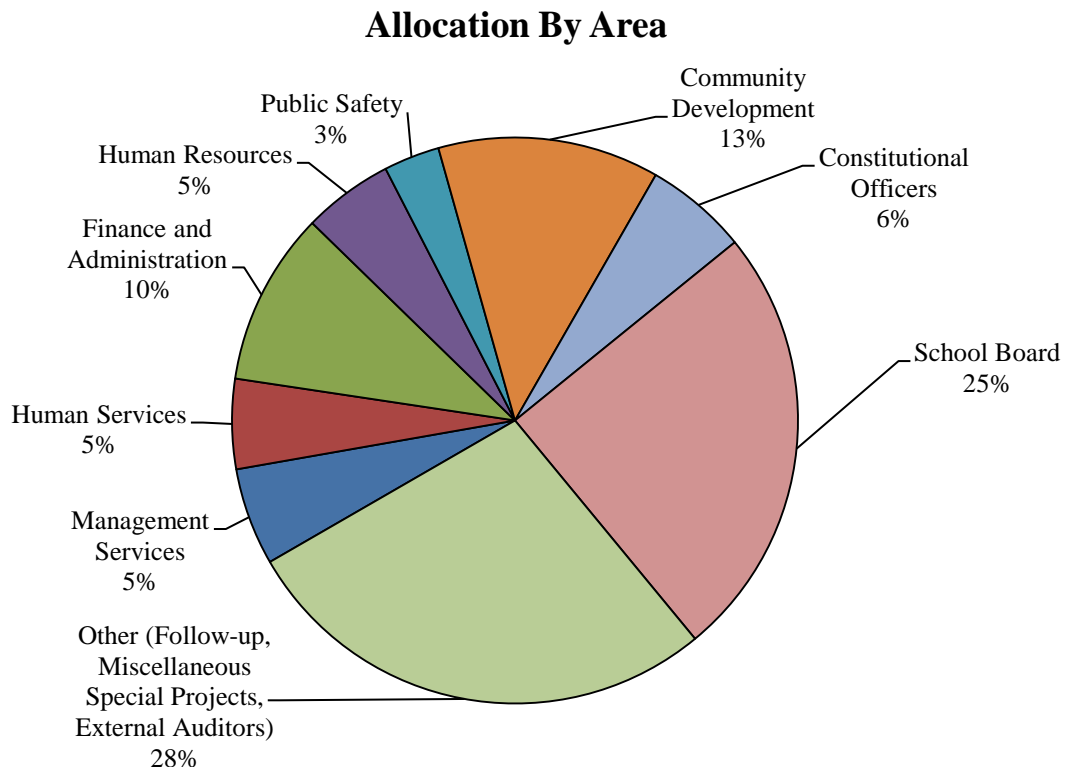
Efforts to increase internal control and fraud awareness also included:

- Winter 2017 *County Comments* article promoting Fraud, Waste and Abuse Hotline and the ability to report suspected concerns. *County Comments* is published by Communications & Media for Chesterfield County employees.
- Board of Supervisors resolution recognizing May as Internal Audit Awareness month.

TRAINING BY FISCAL YEAR					
	2013	2014	2015	2016	2017
Sessions	15	16	11	23	23
Attendees	663	506	499	796	627

V. AUDIT RESOURCE ALLOCATION

FISCAL YEAR 2017 ACTUAL	
Area	Hours
Management Services	647
Human Services	597
Finance and Administration	1,152
Human Resources	599
Public Safety	371
Community Development	1,470
School Board	2,889
Constitutional Officers	682
Other (Includes: Open Recommendation Follow-up, Miscellaneous Special Projects, External Audit Support, and Internal Audit Systems Modernization)	3,212
TOTAL	11,619



VI. INTERNAL AUDIT TEAM

Greg L. Akers, CPA	Director
Matthew Dini, CPA	Audit Manager
Stephanie Bookheimer	Staff Auditor
Lora Holland, CPA, CGMA	Senior Auditor
Khara Lounsbury, CPA, CFE	Senior Auditor
Christopher Meade, CPA	Senior Auditor
Nikiesha Roney	Staff Auditor
Steve Sanderson, CIA, CFE	Senior Auditor
Richard Slate, CFE	Staff Auditor
Annette Stinson	Administrative Assistant

Professional Associations

Staff professional organization memberships and participation include:

- Association of Certified Fraud Examiners (ACFE)
- American Institute of Certified Public Accountants (AICPA)
- Association of Local Government Auditors (ALGA)
 - Department's external peer reviews (performed every 3 years) resulted in unqualified opinions from 1996 - 2014.
- Government Finance Officers Association (GFOA)
- Information Systems Audit and Control Association (ISACA)
- Institute of Internal Auditors (IIA)
- Virginia ACL Users Group
- Virginia Government Finance Officers' Association (VGFOA)
- Virginia Local Government Auditors Association (VLGAA)

Chesterfield County Mission Statement

Providing a FIRST CHOICE Community Through Excellence in Public Service

blueprint
CHESTERFIELD



got2 Stop
First Fraud.
804-318-8000

REPORT
suspected fraud, waste and abuse
in schools and county government.

