

June 2017

Highlights

Internal Audit Report to the Board of Supervisors/School Board

Why We Did This Review

Internal Audit conducted this review as part of our FY15 audit plan approved by the County Administrator and School Board Superintendent.

The audit focused on evaluating the adequacy of records, policies, and procedures pertaining to expenditures and Utilities' Right of Way projects. In particular, our objectives were to:

- Review and test expenditures for compliance with County policies and procedures.
- Review and test controls over easements, land acquisitions, leases and property rented, surplus real property, vacation of easements, subdivision plat reviews, and permits for work.
- Report results to the County Administrator.

What We Recommend

- Finish updating and obtain management approval for written procedures to reflect current operations and processes.
- Develop a schedule to monitor policies and procedures to ensure a review is conducted periodically.
- Evaluate the need to renegotiate lease terms at renewal based on use and current market value.
- Monitor the property annually to ensure lessee is abiding by the lease and document continuing need for County to hold the property.



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Utilities Right of Way



What We Found

Background

Right of Way is a function inside the Utilities Department that is responsible for acquisition of land, easements, and rights of way for the County. Right of Way monitors leases for one property and multiple telecommunication antennas on top of County water towers. They also monitor properties the County rents which are mainly office space.

Compliance with Policies and Procedures

We commend Utilities Right of Way (ROW) as all expenditures were created and approved by authorized employees, had adequate supporting documentation, complied with County policies and procedures, were for legitimate County business, and there were no duplicate payments or split purchases.

Finalize Draft Policies and Procedures

Internal Audit noted Utilities ROW reviewed and updated their procedures in 2012, but the changes were not approved by management. Currently, the procedures are still in draft form and additional information such as: definitions of terms, responsibilities, associated forms and procedures, and review schedules have been added which supports the reader's understanding of each procedure.

Actively Monitor Leased Property

1 of 10 (10%) properties tested was not actively monitored and has a questionable lease rate. The County acquired a 115-acre unimproved lot (in Powhatan County) in 1974 for possible future water supply use. The County currently leases the property for \$350 per year, possibly well below market value. The lease, signed in 1991, allows the lessee and other persons they permit to hunt on the entire property and farm 20 acres. There is no documentation noting that the property has been actively monitored by the County and lease terms are unchanged since inception.

Management concurred with 6 of 6 recommendations to be implemented from 7/31/17 to 7/1/18.

We appreciate the cooperation received from management and staff while conducting this audit.