



## Chesterfield County, Virginia Internal Audit

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**GREG L. AKERS**  
Director

**DATE:** May 20, 2016

**TO:** James J.L Stegmaier  
County Administrator

**FROM:** Greg L. Akers  
Director of Internal Audit

**SUBJECT:** Community Development Deputy County Administrator's Expenditures Audit

The Office of Internal Audit completed an audit of Community Development Deputy County Administrator's Expenditures, and the final report is attached.

We would like to thank Bill Dupler and Nancy Bush for their cooperation and assistance during this audit.

Attachment

Copy: Bill Dupler, Deputy County Administrator for Community Development



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Chesterfield County  
Internal Audit  
Department

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# Community Development Deputy County Administrator's Expenditures

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May 20, 2016



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# 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 reviewing Community Development Deputy County Administrator's non-payroll expenditures in FY15 (as of March 31, 2015) for compliance with County Administrative Policies and Procedures. In particular, our objectives were to:

- Test for potential duplicate payments and split purchases.
- Test travel and training expenditures.
- Test wireless devices and non-cash awards.
- Report results to the County Administrator.

## Commendation

We commend Community Development Administration as all expenditures were created and approved by authorized employees, traced and agreed to supporting documentation, followed proper purchasing/County procedures, were for legitimate County business, and there were no duplicate payments or split purchases.



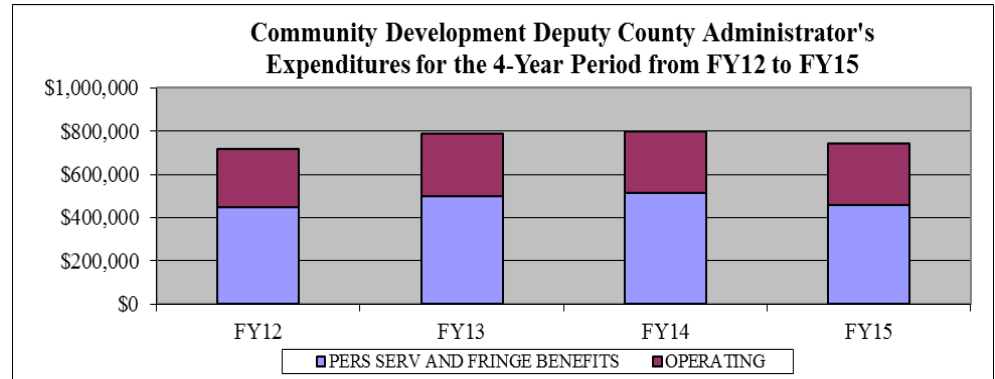
For more information, please contact Greg L. Akers, at 804-748-1240 or akersg@chesterfield.gov

# Community Development Deputy County Administrator's Expenditures



## What We Found

For FY15, department expenditures totaled \$741,141 including operating expenditures of \$281,613. As shown in the chart below, there has been a minor (3.05%) increase in expenditures over the past 4 years. Expenditures have experienced fluctuations each year (ranging from a 9.75% increase to a 7.01% decrease) from FY12 to FY15.



## Non-Payroll Expenditures

The following audit testing was performed for FY15 (as of March 31, 2015) with immaterial, if any, discrepancies noted:

- All invoices were created and approved by the appropriate individuals.
- A sample of 25 non-payroll expenditures had adequate supporting documentation, complied with County policies and procedures, and were for legitimate County business.
- No duplicate payments and split purchases were found.

## Wireless Devices

Wireless data services are provided for one employee. We reviewed all wireless expenditures for FY15 (as of March 31, 2015) and tested for compliance to CAP 7-11, and the following was noted:

- The employee had signed the Usage Agreement.
- The employee has not taken the Information Security Awareness Training class. While we understand he previously received similar training while serving on the Information Security Steering Committee, there is no documentation that he took the required class.

## Action(s) Taken

On May 6, 2016, the employee completed the Cyber Security Awareness Training class.

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

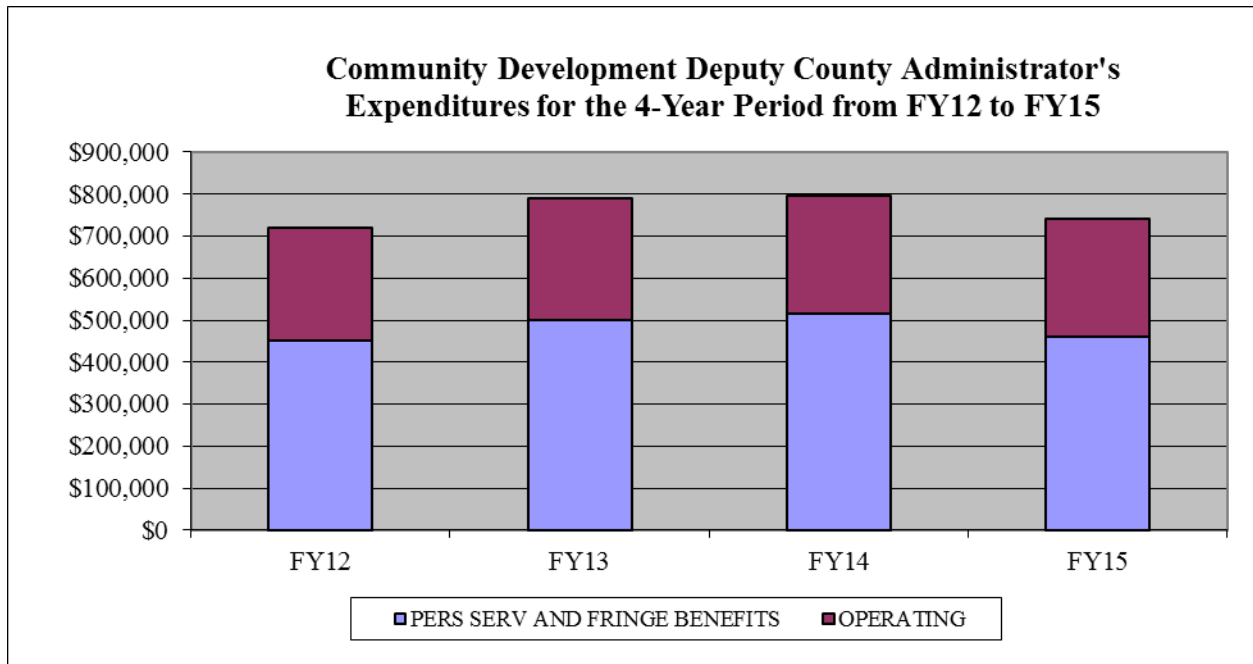
## INTRODUCTION

### BACKGROUND

This audit was included in the FY15 Audit Plan as a regularly scheduled audit. Community Development Administration provides direction, management, and coordination of the County's development through its entire division. It also works with citizen groups, the business community, residents and County departments, to resolve development and environmental issues. In addition, the division is primarily responsible for the implementation of the County's Comprehensive Plan.

The Deputy County Administrator for Community Development oversees the operations of Building Inspections, Economic Development, Environmental Engineering, Planning, Transportation, and Utilities. Community Development Administration has 3 full-time employees.

For FY15, department expenditures totaled \$741,141 including operating expenditures of \$281,613. As shown in the chart below, there has been a minor (3.05%) increase in expenditures over the past 4 years. Expenditures have experienced fluctuations each year (ranging from a 9.75% increase to a 7.01% decrease) from FY12 to FY15.



## **OBJECTIVES**

Objectives of the audit were to:

- Review non-payroll and non-capital expenditures for compliance to policies and procedures.
- Test for potential duplicate payments and split purchases.
- Test travel and training expenditures.
- Test wireless devices and non-cash awards.
- Report results to the County Administrator.

## **SCOPE**

Our audit work covered transactions processed in FY15 (as of March 31, 2015).

We considered the following County Administrative Policies and Procedures:

Accounting 1-1: Travel Policy	Accounting 1-5: Bill Approval, Documentation and Payment
Accounting 1- 15: Purchasing Card Policy	Accounting 1-19: In Focus Security and Responsibilities
HRM 6-14: Employee Recognition Program	IST 7-11: Wireless Device Policy
Purchasing 12-1: Authority and Responsibility	Purchasing 12-3: Purchasing Cycle
12-6 Exemptions	Purchasing 12-7: Delegated Purchasing Authority
Purchasing 12-9: Blanket Purchase Orders	Purchasing 12-10: Small Purchase Procedures

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Stephanie Bookheimer, Staff Auditor performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

## **METHODOLOGY**

Detailed information regarding the methodology can be found in the individual findings listed in the report. Internal Audit performed an analytical review of expenditure data, tested a sample of non-payroll expenditures including travel and credit card purchases, and reviewed for compliance with County Administrative Policies and Procedures.

### **INTERNAL CONTROL CONCLUSION**

According to Government Auditing Standards, internal controls, in the broadest sense, encompass the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls include the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the results and findings of the audit test work, auditors concluded that internal controls were in place and were operating effectively to assist management in meeting its missions, goals, and objectives.

### **CLOSING**

We would like to thank Community Development Administration staff for their cooperation and assistance during the course of this audit.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Non-Payroll Expenditures

(Point Sheet C-1.3)

#### **CRITERIA:**

County Administrative Policy (CAP) 1-5: Accounting – Bill Approval, Documentation, and Payment outlines the procedures for bill approval, documentation, and payment for goods or services. The policy includes the following requirements: maintaining supporting documentation for all expenditures, using proper procedures and tax exemptions, and creating and approving invoices through authorized personnel. It also describes the policy against split purchases and duplicate payments.

CAP 12-7: Purchasing - Delegated Purchasing Authority outlines the procedures for delegated purchasing authority for transactions of \$5,000 or less. The policy includes, but is not limited to, the following requirements: using departments/schools shall not split orders to keep the dollar level of several orders below \$5,000 to avoid sending a requisition to Purchasing.

#### **CONDITION(S):**

The following audit testing was performed for FY15 (as of March 31, 2015) with immaterial, if any, discrepancies noted:

- All invoices were created and approved by the appropriate individuals.
- A sample of 25 non-payroll expenditures had adequate supporting documentation, complied with County policies and procedures, and were for legitimate County business.
- No duplicate payments and split purchases were found.

#### **CAUSE(S):**

Community Development Administration performed expenditure related tasks appropriately by following administrative policies and procedures.

#### **EFFECT(S):**

Complying with administrative policies and procedures helps the County achieve its goal of being a model for excellence in government.

#### **COMMENDATION(S):**

We commend Community Development Administration as all expenditures were created and approved by authorized employees, traced and agreed to supporting documentation, followed proper purchasing/County procedures, were for legitimate County business, and there were no duplicate payments or split purchases.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Wireless Devices

(Point Sheet C-1.4)

#### **CRITERIA:**

CAP 7-11: IST - Wireless Devices Policy establishes procedures and responsibilities for the acquisition and use of County-issued and personal wireless devices. The policy states “all employees who have access to or are using a wireless device for County business are required to sign the Wireless Technology Usage Agreement.” Once an employee has approval for the use of a wireless service they will be directed to a training class for wireless technology awareness. Completion of the training class is mandatory for employees using County-issued or personal wireless devices for County business purposes.

#### **CONDITION(S):**

Wireless data services are provided for one employee. We reviewed all wireless expenditures for FY15 (as of March 31, 2015) and tested for compliance to CAP 7-11, and the following was noted:

- The employee had signed the Usage Agreement.
- The employee has not taken the Information Security Awareness Training class. While we understand he previously received similar training while serving on the Information Security Steering Committee, there is no documentation that he took the required class.

#### **CAUSE(S):**

When the employee signed the Usage Agreement on May 4, 2012 the form stated “I agree to complete such training as it is made available.” In September 2012, the standard form was modified to say “I agree to complete Wireless Device Information Security Awareness Training,” but the employee was not notified that the training class was available.

#### **EFFECT(S):**

The employee has not received the training prescribed by the Usage Agreement form.

#### **ACTION(S) TAKEN:**

On May 6, 2016, the employee completed the Cyber Security Awareness Training class.