



## Chesterfield County, Virginia Internal Audit

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**GREG L. AKERS**  
Director

**DATE:** June 15, 2016

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

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

**SUBJECT:** Human Services Deputy County Administrator's Expenditures Audit

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

We would like to thank Sarah Snead and Samantha Furnish for their cooperation and assistance during this audit.

Attachment

Copy: Sarah Snead, Deputy County Administrator for Human Services



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Chesterfield County  
Internal Audit  
Department

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# Human Services Deputy County Administrator's Expenditures

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June 15, 2016



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# Highlights

Internal Audit Report to the Board of Supervisors/School Board

## Human Services Deputy County Administrator's Expenditures



### 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 Human Services 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:

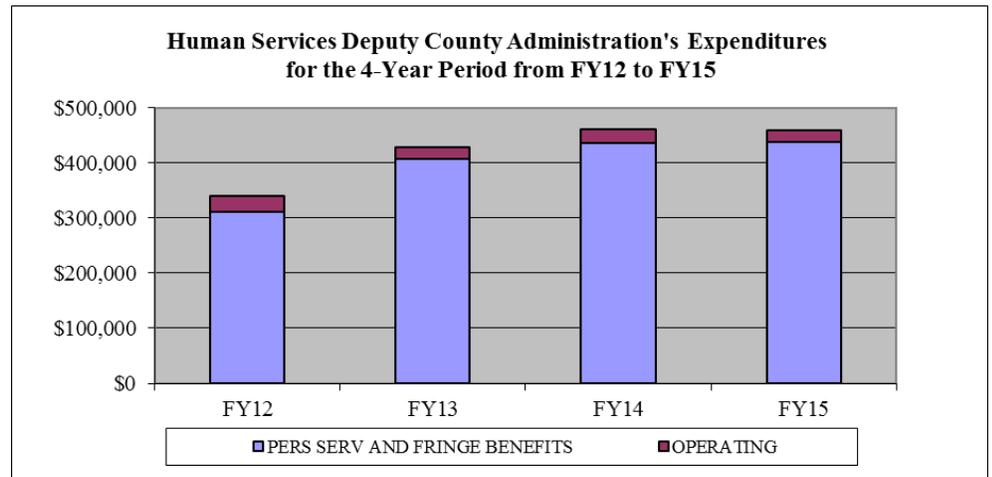
- Test for potential duplicate payments and split purchases.
- Test travel and training expenditures.
- Test wireless devices and non-cash awards.
- Report results to the County Administrator.

### Commendation

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

### What We Found

For FY15, department expenditures totaled \$458,595 including operating expenditures of \$20,192. As shown in the chart below, there has been an (34.58%) increase in expenditures over the past 4 years. Expenditures have experienced fluctuations each year (ranging from a 25.74% increase to a 0.52% decrease) from FY12 to FY15. In FY12, a vacancy in the department reduced payroll expenditures.



### Non-Payroll Expenditures

Audit testing was performed for FY15 (as of March 31, 2015), and the following was noted:

- All invoices were created and approved by the appropriate individuals.
- All 27 non-payroll expenditures tested traced and agreed to supporting documentation, complied with County policies and procedures, and were for legitimate, reasonable County business.
- No duplicate payments and split purchases were found.

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



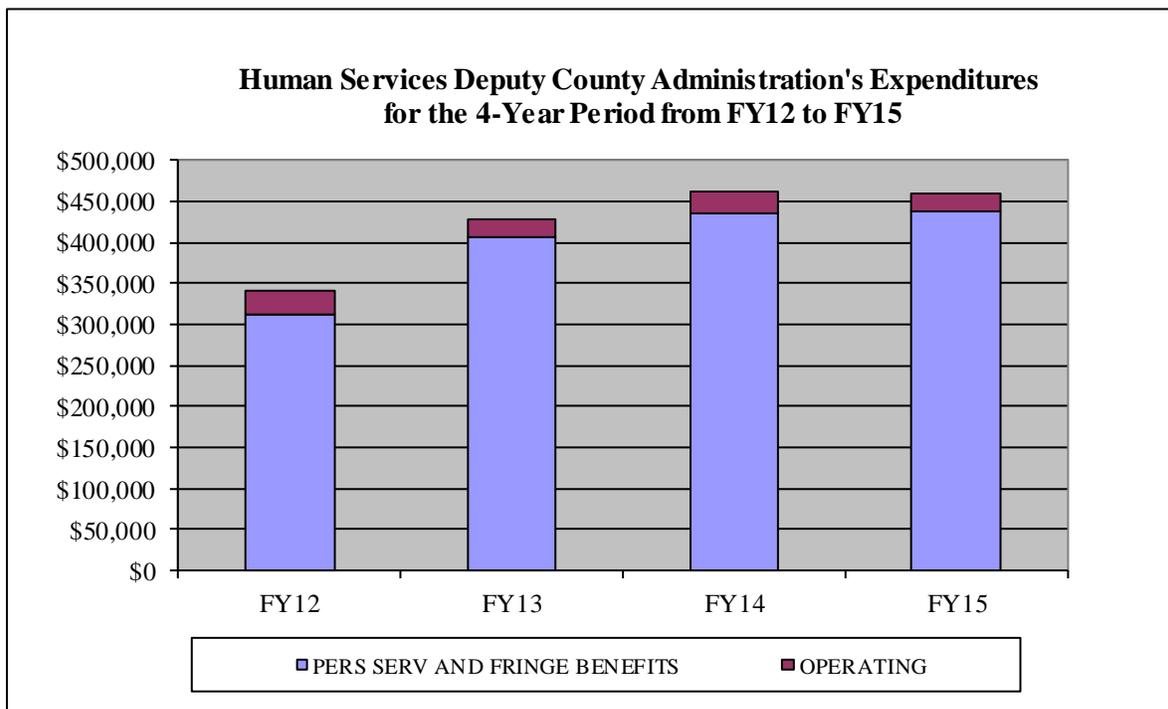
## INTRODUCTION

### BACKGROUND

This audit was included in the FY15 Audit Plan as a regularly scheduled audit. Human Services Administration is responsible for providing leadership, strategic direction, and oversight to its entire division, including numerous grants. Responsibilities include ensuring desired outcomes are achieved, and that local, state, and federal policies and regulations are implemented efficiently throughout the division. The Office provides information and guidance to the Board of Supervisors and the County Administrator regarding the diverse agencies and populations served by Human Services Departments.

The Deputy County Administrator for Human Services oversees the daily operations of Adult/Juvenile Drug Court, Adolescent Reporting Program, Community Corrections Services, Cooperative Extension Services, Health Department, Juvenile Detention Home, Public Libraries, Mental Health Support Services, Parks and Recreation, Senior Advocate, Social Services, and Youth Planning and Development. Human Services Administration has 3 full-time employees.

For FY15, department expenditures totaled \$458,595 including operating expenditures of \$20,192. As shown in the chart below, there has been an (34.58%) increase in expenditures over the past 4 years. Expenditures have experienced fluctuations each year (ranging from a 25.74% increase to a 0.52% decrease) from FY12 to FY15. In FY12 a vacancy in the department reduced payroll expenditures.



## **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 Human Services Administration for their cooperation and assistance during the course of this audit.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Non-payroll Expenditures

(Point Sheet C-1.2)

#### **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.

County Administrative Policy 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.
- All 27 non-payroll expenditures tested traced and agreed to supporting documentation, complied with County policies and procedures, and were for legitimate, reasonable County business.
- No duplicate payments and split purchases were found.

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

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