



Chesterfield County, Virginia Internal Audit


10021 Iron Bridge Road – P.O. Box 40 – Chesterfield, VA 23832
Phone: (804) 748-1240 – Fax: (804) 768-9346 – Internet: chesterfield.gov

GREG L. AKERS
Director

DATE: April 4, 2018

TO: Joseph P. Casey, Ph.D.
County Administrator

James F. Lane, Ed.D.,
School Superintendent

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Petty Cash, Change, and Consumer Spending Funds

The Office of Internal Audit completed an unannounced audit of Petty Cash, Change, and Consumer Spending Funds, and the final report is attached.

We would like to thank all audited departments and their staff for their cooperation and assistance during this audit.

Attachment

Copy: Bill Dupler, Deputy County Administrator for Community Development
Matt Harris, Deputy County Administrator for Finance and Administration
Sarah Snead, Deputy County Administrator for Human Services
Scott Zaremba, Deputy County Administrator for Management Services
Jeffrey Katz, Police Chief
Christina Berta, Chief Financial Officer
Audit and Finance Committee



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Chesterfield County
Internal Audit
Department

Greg L. Akers, Director
Lora Holland, Senior Auditor
Khara Lounsbury, Senior Auditor
Christopher Meade, Senior Auditor
Steve Sanderson, Senior Auditor
Sandra Fuentes, Staff Auditor
Annette Stinson, Administrative Assistant

Petty Cash, Change and Consumer Spending Funds

April 4, 2018

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April 2018

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 FY18 audit plan approved by the County Administrator, School Board Superintendent, and the Audit and Finance Committee.

Our objectives were to:

- Verify the funds existed for authorized amounts.
- Evaluate internal controls over the funds and compliance with County administrative policies and procedures.
- Determine if consumer spending funds are maintained in compliance with MHSS administrative policies and procedures.
- Determine if consumer medications are maintained in compliance with MHSS medication policies and procedures.
- Report results to management.

Petty Cash, Change, and Consumer Spending Funds

What We Found

Background

As of June 30, 2017, there were 47 petty cash funds totaling \$21,480 and 77 change funds totaling \$17,611. In addition, Chesterfield County Mental Health Support Services (MHSS) maintains consumer spending funds and medications for its group home residents. The number of MHSS residents varied throughout the year. During our planning stage in November 2017, there were 96 residents.

Summary of Findings

We selected a sample of 5 petty cash funds totaling \$10,400, 10 change funds totaling \$1,590 along with 12 consumer spending funds totaling \$900. Tested funds listed below were balanced, secured, and had supporting documentation, with no exceptions noted. Individual reports were provided to department directors with results for their locations.

LOCATION/DEPARTMENT	FUND TYPE AND AMOUNT
Building Inspections	Change \$200
General Services – Landfills (South)	3 Change totaling \$900
Library – Ettrick	Change \$75
MHSS: Newby’s Bridge Group Home Markey Road Group Home Mockingbird Group Home	4 Consumer Funds totaling \$300 4 Consumer Funds totaling \$300 4 Consumer Funds totaling \$300
Parks and Recreation	Petty Cash \$100
Planning	Change \$25
Police – Administration	2 Change totaling \$200
Police – Special Investigations	2 Petty Cash totaling \$10,000
Real Estate Assessments	Change \$40
Social Services	Petty Cash \$100
School Finance	Petty Cash \$200 (Closed out on August 10, 2017)
Utilities	Change \$150

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



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

INTRODUCTION

BACKGROUND

The Unannounced Petty Cash, Change, and Consumer Spending Funds audit was a regularly scheduled audit on the FY2018 audit plan approved by the County Administrator, School Superintendent, and the Audit and Finance Committee. As of June 30, 2017, there were 47 petty cash funds totaling \$21,480 and 77 change funds totaling \$17,611. In addition, Chesterfield County Mental Health Support Services (MHSS) maintains consumer spending funds and medications for its group home residents. The number of MHSS residents varied throughout the year. During our planning stage in November 2017, there were 96 residents.

OBJECTIVES

Objectives of the audit were to:

- Verify the funds existed for authorized amounts.
- Evaluate internal controls over funds and compliance with County administrative policies and procedures.
- Determine if consumer spending funds are maintained in compliance with MHSS administrative policies and procedures.
- Determine if consumer medications are maintained in compliance with MHSS medication policies and procedures.
- Report results to management.

SCOPE

Our audit work covered FY2017 to FY2018.

We considered the following County Administrative Policies and Procedures:

Accounting 1-5: Bill Approval, Documentation and Payment	Accounting 1-7: Petty Cash Fund
Accounting 1-9: Change Funds	MHSS Management of Consumer Funds, Section No. 10.07
MHSS "Residential Services" Medication Policy	

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. Chris Meade, Senior Auditor, and Sandra Fuentes, Staff Auditor, performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

METHODOLOGY

Auditors selected a sample of petty cash, change, and consumer spending funds to interview fund custodians, complete internal control questionnaires, count and reconcile each fund to its authorized amount, and test:

- Money and documentation was physically secure, the account balance did not exceed the approved limit, and funds were replenished at the end of the fiscal year.
- Annual confirmations for the most recent fiscal year end and any request/change forms were properly completed and submitted to Accounting.
- MHSS Consumer Spending Funds:
 - Were balanced daily, did not exceed \$75 per consumer for over 24 hours, weekly reviews of financial notebooks were performed by supervisors, and monthly reconciliations were performed by custodians and reviewed by supervisors.
 - Shopping expenditure worksheets were completed and signed by appropriate parties for each transaction, and received proper authorization if purchases were over \$150.
 - Custodians followed policies regarding maintenance of consumer bank accounts.
- Medications for MHSS consumers were handled in accordance with policies and procedures.

FINDINGS

We tested 27 funds (5 petty cash, 10 change, and 12 consumer spending) listed below:

LOCATION/DEPARTMENT	FUND TYPE AND AMOUNT
Building Inspections	Change \$200
General Services – Landfills (South)	3 Change totaling \$900
Library – Ettrick	Change \$75
MHSS: Newby’s Bridge Group Home	4 Consumer Funds totaling \$300
Markey Road Group Home	4 Consumer Funds totaling \$300
Mockingbird Group Home	4 Consumer Funds totaling \$300
Parks and Recreation	Petty Cash \$100
Planning	Change \$25
Police – Administration	2 Change totaling \$200
Police – Special Investigations	2 Petty Cash totaling \$10,000
Real Estate Assessments	Change \$40
Social Services	Petty Cash \$100
School Finance	Petty Cash \$200 (Closed out on August 10, 2017)
Utilities	Change \$150

- All money and documentation was physically secure, the account balance did not exceed the approved limit, the fund confirmation was properly completed and submitted to Accounting by June 30, 2017, and funds were replenished at the end of the fiscal year.
- All funds agreed with the authorized amount.
- School Finance petty cash fund closed out on August 10, 2017 was agreed to the request/change form.
- Medications for MHSS consumers were handled in accordance with policies and procedures.

Individual reports were provided to each department with results of their locations and are included in this report (APPENDIX A).

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 thank tested departments for their cooperation and assistance during the course of this audit.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Rick Witt
Director of Building Inspections

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3, 2018, Internal Audit performed a surprise count of one change fund in the Building Inspections Department. The purpose of this count was to determine if the fund existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized level.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Clay Bowles
Director of General Services

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On February 22, 2018, Internal Audit performed a surprise count of three Southern Area Convenience Center change funds. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that all fund amounts agreed with the authorized levels.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by Rocky Henderson and Les Ritchey during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Mike Mabe
Director of Libraries

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 8, 2018, Internal Audit performed a surprise count of the Ettrick Library change fund. The purpose of this count was to determine if the fund matched the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized levels.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 21, 2018

TO: Debbie Burcham
Director of Mental Health Support Services (MHSS)

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash/Change Funds

On February 9 and February 13, 2018, we conducted a regularly scheduled surprise audit of MHSS petty cash and consumer funds as indicated below. The purpose of these counts was to determine if the funds exist for the amounts authorized by County management and if they were maintained in compliance with County administrative procedures and the MHSS Management of Consumer Funds policy.

We tested 12 consumer funds and medications at the following three group homes: Newby's Bridge, Markey Road, and Mockingbird. Tested medications were handled in accordance with policies and procedures. For the test months (October 2017 and December 2017) all consumers' funds were handled in accordance with policies and procedures.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by your staff during these examinations. Should you have any questions regarding this matter, please contact Sandra Fuentes at 717-6674.

CC: Danielle Sayre, Controller


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: James Worsley
Director of Parks and Recreation

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3, 2018, Internal Audit performed a surprise count of one petty cash fund in the Parks and Recreation Department. The purpose of this count was to determine if the fund existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized level.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Andrew Gillies
Director of Planning

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3, 2018, Internal Audit performed a surprise count of one change fund in the Planning Department. The purpose of this count was to determine if the fund existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized level.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.

Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Col. Jeffrey S. Katz
Chief of Police

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

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3 and 8, 2018, Internal Audit performed a surprise count of two Police Administration change fund and two Police Special Investigations' petty cash funds. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that all fund amounts agreed with the authorized levels.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Jonathan P. Davis
Director of Real Estate Assessments

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3, 2018, Internal Audit performed a surprise count of one change fund in the Real Estate Assessments Department. The purpose of this count was to determine if the fund existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized level.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.


Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: Kiva Rogers
Director of Social Services

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 3, 2018, Internal Audit performed a surprise count of the Social Services Petty Cash fund. The purpose of this count was to determine if the funds matched the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized levels.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by Daisy Cabas during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.

Chesterfield County, Virginia



Memorandum

DATE: March 9, 2018

TO: George Hayes
Director of Utilities

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

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On January 8, 2018, Internal Audit performed a surprise count of one change fund within the Utilities Department. The purpose of this count was to determine if the fund existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that the fund amount agreed with the authorized levels.

No response is required. This memo will be included in our audit report to management for Unannounced Petty Cash, Change, and Consumer Spending Funds. We appreciate the cooperation and assistance provided by the department during the examination. Should you have any questions regarding this matter, please feel free to contact Sandra Fuentes at 717-6674.