



Providing a FIRST CHOICE
Community through
Excellence in Public Service

Chesterfield County
Internal Audit
Department

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Fraud, Waste, and Abuse Hotline Program FY19 Report

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Introduction	1
Allegations Received	3
Allegation Handling	5
Completed Investigations	6
Referrals	7
Closing	9

INTRODUCTION

4. **Implement a Fraud Hotline.** Tips are the most common initial fraud detection method (40% according to the ACFE). Providing an anonymous reporting system for your employees, contractors and clients will help uncover more fraud.

The Fraud Hotline provides a confidential process for employees and the community to report suspected fraud, waste, or abuse of County and School assets and resources. Reports can be made anonymously by phone (804-318-8000), mail, in-person, and online Chesterfield.gov/ReportFraud.

5. **Increase the Perception of Detection.** Communicate regularly to staff about anti-fraud policies, ways to report suspicions of misconduct, and the potential consequences (including termination and prosecution) of fraudulent behavior.

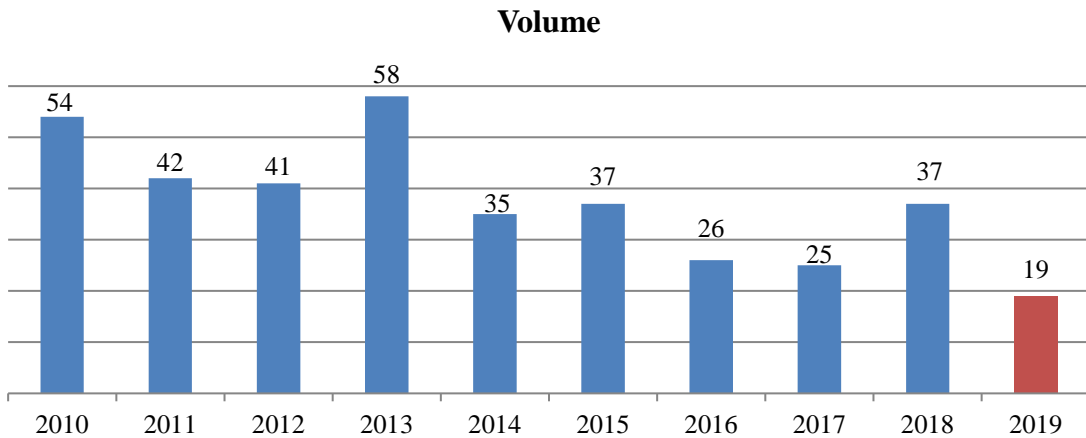
Board of Supervisors and School Board proclamations recognizing Internal Audit Awareness Month (May) and Fraud Awareness Week (November) provide semiannual opportunities to promote fraud detection efforts.



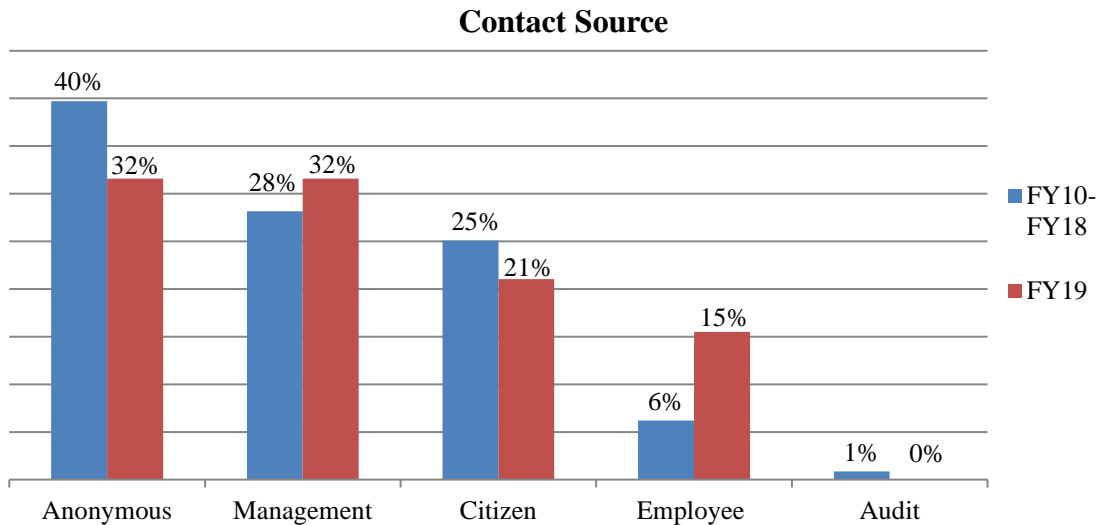
ALLEGATIONS RECEIVED

This fiscal year, Internal Audit began issuing Hotline Allegation Summary Reports to department management for each hotline call/allegation received. The Summary Reports list all applicable information such as: department, allegation type, description, source, handling, methodology, whether substantiated, employee(s), result, corrective action(s), recommendation(s), and management response(s).

Internal Audit received 19 allegations in FY19. Fiscal year allegation volume for the last 10 years is illustrated below:



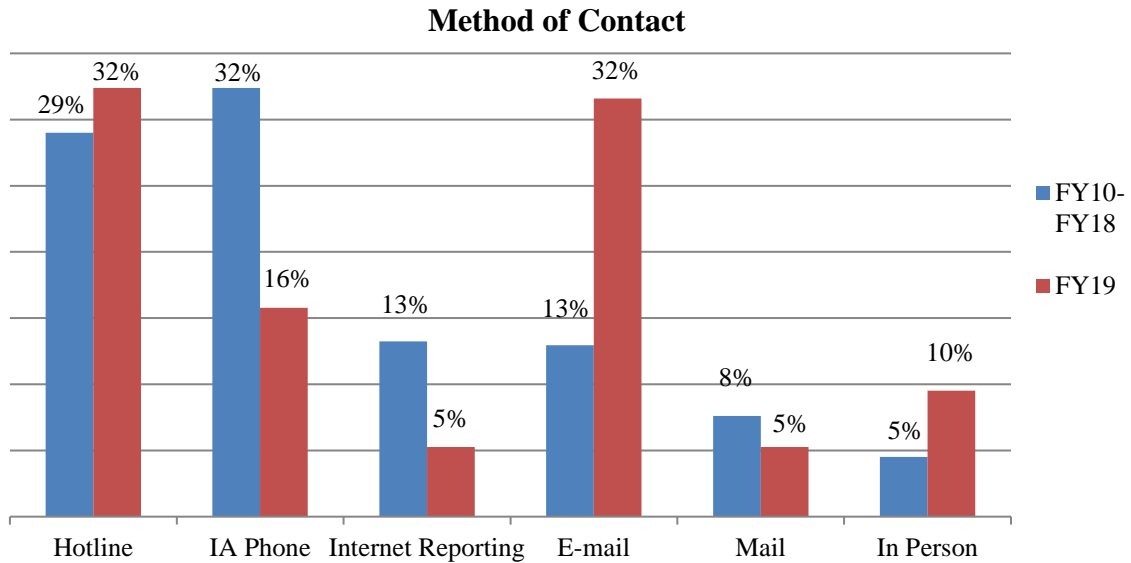
FY19 allegation sources are compared to prior 9-year history below:



Anonymous sources include both citizens and employees where identity is not known. In all other categories, the source is known, including management and employees from County and School departments. The audit category includes items discovered during a regularly scheduled audit.

ALLEGATIONS RECEIVED

Internal Audit provides multiple options for reporting allegations. FY19 submission methods are compared to prior 9-year history below:



For allegations received, Internal Audit attempts to speak directly with the complainant, when known. We are best able to investigate when we can fully understand all aspects of the complaints (i.e. suspect(s), time, location, evidence, how observed, and allegation details).

ALLEGATION HANDLING

Internal Audit evaluates allegations to determine if conditions warrant:

- An investigation by Internal Audit,
- Referral or consultation of matter with the related County or School department,
- Referral to a County department tasked with investigating such allegations,
- Referral to another entity or jurisdiction (i.e. items not involving Chesterfield County or Schools personnel, resources, or operations), or
- Insufficient information to initiate an action, or no action required.

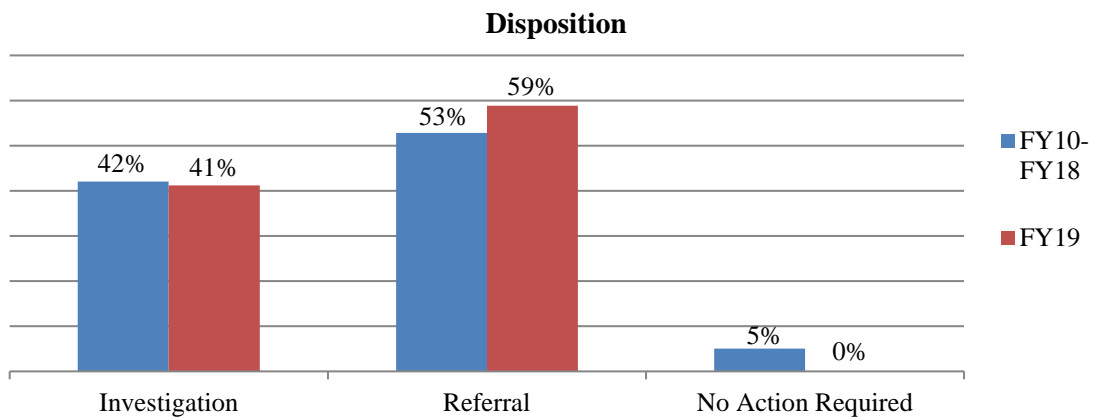
The investigation results are provided to department management and, when applicable, to Human Resources for determining employee disciplinary action. In certain cases, process improvements are recommended to improve internal controls. The Audit and Finance Committees are provided periodic Hotline updates at meetings.

There were 17 cases completed in FY19, including 3 initiated in the prior fiscal year:

- 7 Investigations (summarized at page 6)
- 10 Referrals (summarized at pages 7–8)

There are 5 pending cases being carried over to the next fiscal year.

FY19 allegation handling is compared to prior 9-year history below:



COMPLETED INVESTIGATIONS

Department	Allegation (Source) Case #	Substantiated (AFC report date)	Result
Community Development Division	Employee Ethics Violation (Management) 2019-0004	No (11/9/18)	No unfair regulatory enforcement or policy non-compliance found in employee communications.
Community Enhancement	Employee Time Abuse Vehicle Policy Violation (Management) 2019-0011	Yes (6/14/19)	GPS tracking identified employee took excessive personal time during working hours while operating a County vehicle. Employee was terminated. Two recommendations for performance monitoring and vehicle policy adoption.
Human Services Division	Retaliation (Former Employee) 2019-0008	No (6/14/19)	No evidence that former employee's Hotline complaint was a factor in their termination.
Mental Health Support Services (MHSS)	Manager ethics violation; Employee time abuse (Management) 2019-0007	No (3/29/19)	Allegations were not substantiated. However, the manager's unprofessional and inappropriate communication was reported to Human Resources and MHSS Management for appropriate corrective/disciplinary action.
School Facilities	Improper Invoice Payment (Management) 2019-0015	No (6/14/19)	Questioned invoices were paid in compliance with contract terms.
School Human Resources	Excessive Compensation (Citizen) 2018-0024	No (9/28/18)	Salary comparable to similar positions with regional localities, based on experience and qualifications.
School Transportation, Finance, Human Resources	Excessive Overtime (Management) 2019-0009	Yes (6/14/19)	Controls are not functioning to ensure accurate overtime hours reporting and payment. School Overtime Special Project report issued with eight recommendations to strengthen policies and procedures.

REFERRALS

Department	Allegation (Source) Case #	Substantiated (AFC report date)	Result
Clover Hill High School	School Attendance Zone Abuse (Citizen) 2019-0016	No	School administration confirmed there was an approved parent waiver request for the student to continue attending Clover Hill High School.
Information Systems Technology	Wireless Devices Policy Non-Compliance (Employee) 2018-0020	Yes	FOIA EXEMPT §2.2-3705.2(3) System Security One recommendation for policy and procedure revisions.
Meadowbrook High School (School Facilities)	Employee Time Abuse (Anonymous) 2019-0002	Yes	Two employees received a verbal counsel for leaving the building during work hours without clocking out.
Midlothian High School	Harassment of School Employee by Citizen (Anonymous) 2019-0014	No	Alleged harassment took place while employee was coaching. Principal met with employee, team, and parents. Behavior was not considered harassment.
Risk Management	Driving Complaint – County Vehicle (Anonymous) 2019-0003	Unknown	Forwarded to County Department.
School Facilities	Employee Time Abuse (Management) 2018-0028	No	IA assisted management with GPS monitoring of employee's work vehicle. Department management informed the employee of vehicle policy and clarified meal break expectations.
School Human Resources	Applicant Health Test Not Performed After Payment (Former Employee) 2019-0006	No	School HR provided documentation that the health test applicant paid for was performed.
School Food and Nutrition Services	Milk Waste by Students (Employee) 2019-0018	Yes	School Food and Nutrition Services plans to remind their staff and inform principals that milk is not required with each meal.
Social Services	Health Benefit Fraud by Citizen (Anonymous) 2019-0005	Unknown	Forwarded to County Department.

REFERRALS

Department	Allegation (Source) Case #	Substantiated (AFC report date)	Result
Treasurer	Untimely Delinquent Notice (Citizen) 2019-0001	Yes	Referred this item to a scheduled Treasurer's audit, already in progress. We will evaluate delinquent billing procedures and history available with the Treasurer's new billing system.

CLOSING

In addition to reducing losses and protecting the County's assets, the Fraud, Waste, and Abuse Hotline program provides intangible benefits such as policy and procedure improvements, strengthened internal controls, and deterrence of fraud or wrongdoing. Internal Audit continues to be proactive in educating employees on the Hotline as well as the Chesterfield County Fraud, Waste, and Abuse Detection and Prevention Policy and the Code of Ethics. We partner with the Learning and Performance Center on ethics training during County new employee orientations and provide training on internal controls and ethics to departments as requested. We also participated in the following training events in FY19:

- Fraud Awareness and Internal Control Training for School Principals and Bookkeepers (November 2018)
- Supervisory Leadership Conference – Ethics Roundtable with Internal Audit, Human Resources, and County Attorney (March 2019)

Ethics remains a top priority in Chesterfield County. We appreciate the coordinated efforts of County and School staff and management working together to maintain an ethical environment and workplace.