



Chesterfield County, Virginia

Internal Audit

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DATE: April 6, 2020

TO:	Joseph P. Casey, Ph.D. County Administrator	Chesterfield County Board of Supervisors
	Mervin B. Daugherty, Ed.D. Superintendent	Chesterfield County School Board

FROM: Khara L. Durden, CPA, CISA, CFE
Director of Internal Audit

SUBJECT: FY20 Audit Follow-Up

Internal Audit’s annual follow-up process is the formal organizational procedure that provides a comprehensive snapshot to senior management for ongoing monitoring. County Administrative Procedures require the Auditor to furnish the County Administrator and School Superintendent with a summary of all material unresolved comments, recommendations, and management responses on a regular basis. Follow-up was conducted with departments on open audit recommendations from calendar year 2019 and prior.

Department management responds to all recommendations as reports are issued with anticipated implementation dates to resolve findings. Internal Audit’s recommendation database is updated as reports are issued and when management provides support for closure. Departments continued to make progress addressing audit recommendations.

- 58% of recommendations issued calendar year 2019 are already closed. This closure rate decreased from 83% in calendar year 2018.
- For the 118 open items remaining, management estimates completing 62% by December 31, 2020, and 96% by December 31, 2021.

Recommendations in-progress or not completed continue to be regarded as OPEN and have been assigned new estimated target dates where applicable. Others have been CLOSED as evidenced by department responses, supporting documentation, and auditor review.

Most audit recommendations are addressed by management in less than a year. However, certain items are, by design, long-term in nature and can extend beyond a department’s existing resources. Nineteen open recommendations are more than five years old (issued prior to calendar year 2015), which is a 17% decrease from prior year. These longer-term items can require budget approval, multi-year funding, technology investments, staff resources, training and development, and policy and ordinance considerations. Continued management attention is required to resolve these items, which are noted by division on the next page.

FY20 Audit Recommendation Statistics by Division¹

<u>ENTITY / DIVISION²</u>	<u>PRIOR</u>	<u>NEW</u>	<u>CLOSED</u>	<u>OPEN</u>	<u>> 5 Years</u>	<u>% > 5 Years</u>
County:						
Community Operations	27	11	15	23	10	42%
Human Services	5	4	4	5	1	20%
Finance and Administration	2	19	12	9	1	11%
Community Development	13	17	7	23	2	9%
Fire	4	-	1	3	2	67%
Police	2	2	-	4	1	25%
County Subtotal	53	53	39	67	17	25%
Schools:						
Business and Finance	5	35	20	20	-	-
Human Relations	2	25	11	16	-	-
Leadership and Support Services	3	-	-	3	1	33%
Operations	2	8	6	4	-	-
School Subtotal	12	68	37	43	1	2%
Regional Authorities	-	11	11	-	-	-
Constitutional Officers	7	17	16	8	1	13%
TOTAL	72	149	103	118	19	16%
ALGA 2018 Benchmark³	N/A	84	N/A	N/A	N/A	N/A

- (1) Audit recommendation data is collected as of December 31st each year to follow-up on all open audit issues from prior audits.
- (2) Regional Authorities and Constitutional Officers are presented separately starting in FY20 report.
- (3) Association of Local Government Auditors (ALGA) biennial report using annual new audit recommendations for similar sized audit organizations (6 to 10 auditors).

Internal Audit continually addresses open recommendations through correspondence with departments and future audit work. We appreciate the cooperation and assistance of department directors and management throughout this process. Cooperation assures that action is taken to resolve the audit recommendations. If you have any questions or require additional information, contact me at extension 1240.

Copy: Scott Zaremba, Deputy County Administrator
 Sarah Snead, Deputy County Administrator for Human Services
 Matt Harris, Deputy County Administrator for Finance and Administration
 Jesse Smith, Deputy County Administrator for Community Development
 Edward Loy Senter, Jr, Fire & EMS Chief
 Jeffrey Katz, Chief of Police
 Dr. Thomas Taylor, Deputy Superintendent
 Dr. Sharon Pope, Chief Academic Officer
 Dr. Lisa High, Chief of Schools
 Robert Meister, Chief Financial Officer
 Josh Davis, Chief Operations Officer