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CHESTERFIELD COUNTY
Internal Audit

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FY22 Internal Audit Plan

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Chesterfield County, Virginia

Internal Audit

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DATE: June 8, 2021

TO: Audit and Finance Committees

Joseph P. Casey, Ph.D.
County Administrator

Mervin B. Daugherty, Ed.D.
Superintendent

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

A handwritten signature in black ink, appearing to read "K. Durden".

SUBJECT: FY22 Internal Audit Plan

Policy requires Internal Audit (IA) provide a proposed audit plan for Audit and Finance Committees (AFCs) input and approval. IA provides updates to the AFCs periodically, and policy allows plan amendment when deemed necessary.

Annually, IA uses an entity-wide risk assessment to recommend potential audit projects and considers input received from County and School Administration, department requests, and IA staff input. Audit planning also includes consideration of current IA resources such as staff experience and vacancies.

For FY22, IA revised the entity wide risk assessment to incorporate the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Framework. This best practice framework assists in designing, implementing, and evaluating internal controls for organizations to provide enterprise risk management. We also updated our County and School department risk assessments using analysis of external, financial, operations, personnel, and technology factors.

The FY22 Internal Audit Plan was approved by CCPS on June 1, 2021 and the County AFC Committee on June 8th, 2021. We thank you for your continued support and value your input for proposed projects.

INTRODUCTION

Mission

The IA department provides objective analysis and information to management and those charged with governance to support County and School goals benefiting the community.

About Us

Established September 1978, IA provides an independent function to conduct performance audits, special projects, and investigate reports of fraud, waste, or abuse.

Chesterfield County Charter §6.12 assigns responsibility to the Auditor for providing internal accounting and auditing controls to assure compliance with applicable laws, contractual obligations, and accepted accounting practices to safeguard against loss or inefficiency.

The IA department reports directly to the County Administrator in all county matters and the School Superintendent for all school matters, and to the governing bodies through the Audit and Finance Committees.

The department follows Generally Accepted Government Auditing Standards (GAGAS) published by the U.S. Comptroller General as well as any applicable laws and policies governing the State of Virginia and Chesterfield County. Our quality control system to comply with Government Auditing Standards is evaluated through Triennial Peer Reviews by the Association of Local Government Auditors (ALGA). Our latest peer review, completed October 2017, marks 21 consecutive years of program participation.

Audit Resources

IA is comprised of professional audit positions and one administrative position. A list of current team members is shown below:



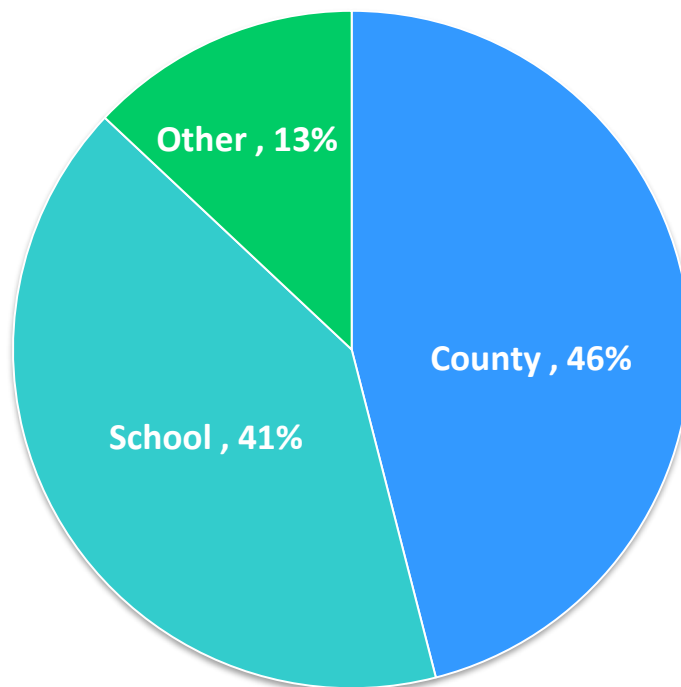
AUDIT UNIVERSE AND RISK ASSESSMENT

Determining which areas to focus limited audit resources on is the key to a successful audit function. IA uses a multi-faceted approach for project planning and selection which includes defining the organization’s audit universe and performing a risk assessment. Annually, the risk assessment is evaluated to design the audit plan and considers input received from County and School Administration, department requests, and IA staff input. Planning also includes consideration for current department resources such as staff experience and vacancies.

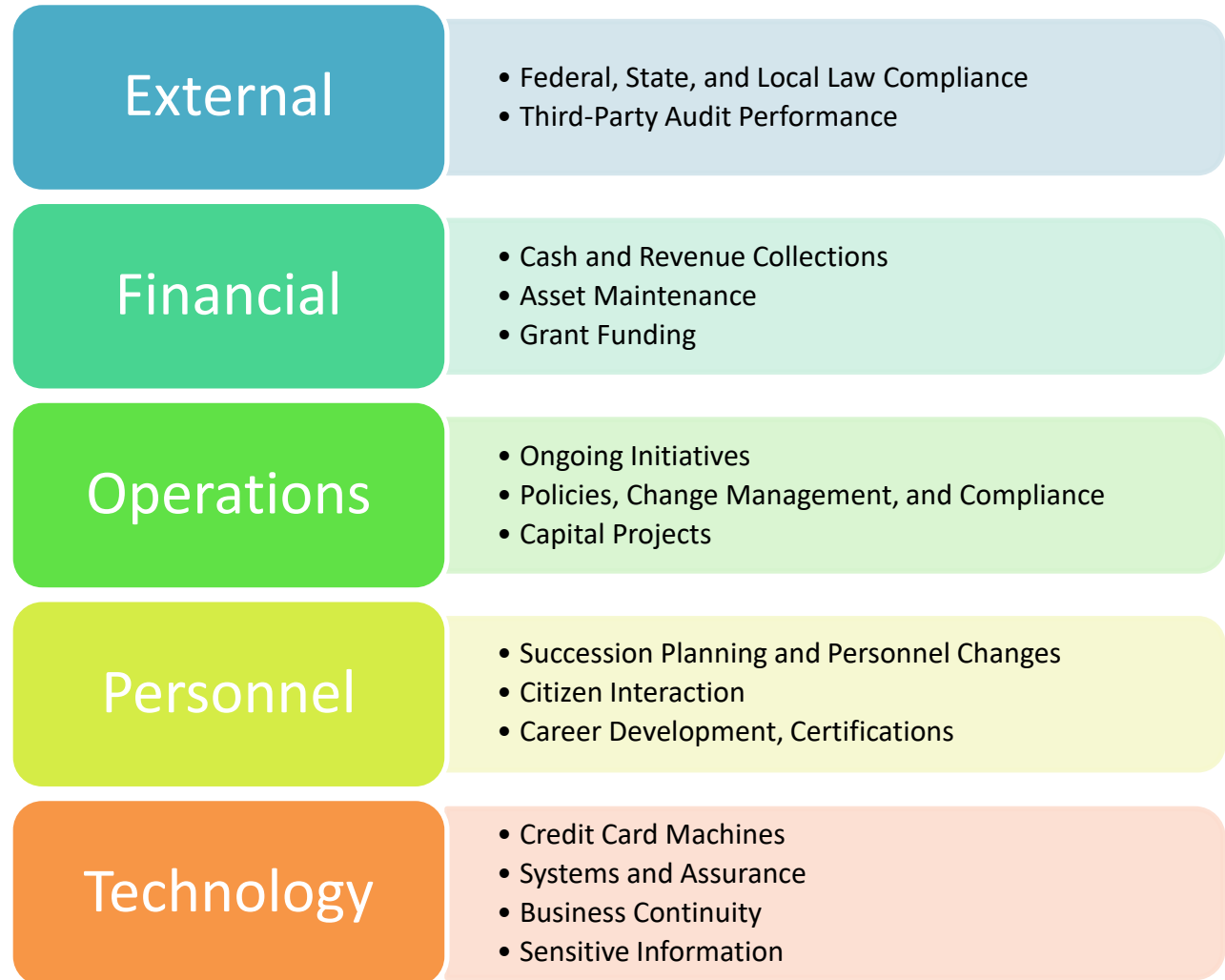
Recently, IA streamlined the entity wide audit universe to 66 auditable units. The audit universe is defined by auditable units using both County and Schools divisions/departments. Additionally, an “other” category includes units which IA’s access is subject to those entities’ authorization.

The figure below illustrates entity wide auditable unit distribution. Each auditable unit may have multiple audit areas based on the size and complexity of the unit. See auditable unit detail starting on page 8.

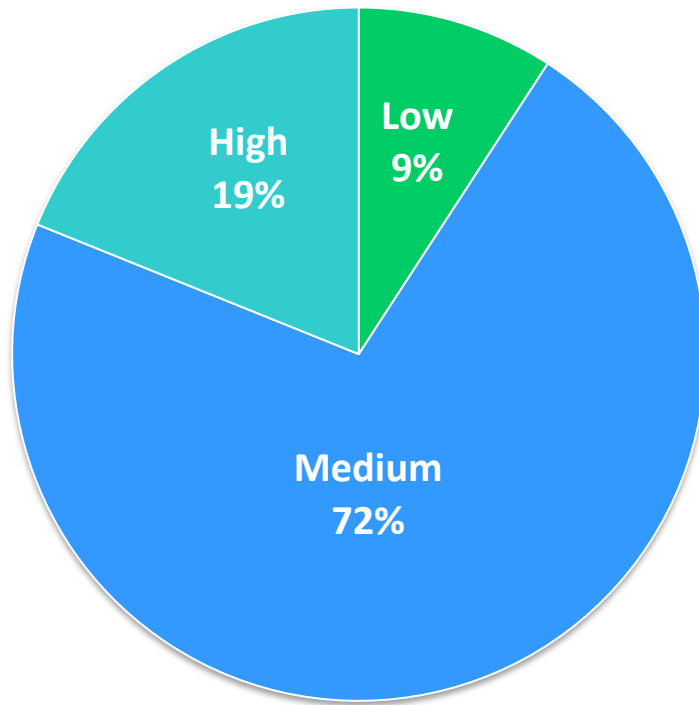
Auditable Unit Distribution



For FY22, IA updated the enterprise risk assessment using the COSO Framework which evaluates five organizational principles: Risk Assessment, Control Activities, Information and Communications, Control Environment and Monitoring Activities. This best practice framework assists in designing, implementing, and evaluating internal controls for organizations to provide enterprise risk management. Additionally, we updated County and School department specific risk assessments by evaluating five areas:



The results of our risk assessment procedures categorized the auditable units by risk level as follows:



IA uses the annual risk assessment to design the annual audit plan and considers input received from County and School Administration, department heads, IA staff. Consideration is also given to current IA resources such as staff experience and vacancies.

INTERNAL AUDIT FY22 AUDIT PLAN

Annual Recurring Projects

- APA Comparative Report (Non-Audit)
- Third Party Audits (Non-Audit)
- Annual Follow-Up
- Annual Report
- Entitywide Risk Assessment and Audit Plan
- External Audit Support
- Peer Review
- County Hotline and Special Projects
- Schools Hotline and Special Projects
- Fraud, Waste, and Abuse Hotline Annual Report

FY21 Risk-Based Audit Projects in Progress

- Accounting, Revenue Collections
- Economic Development, Revitalization
- Entitywide Pandemic Response
- Risk Management, Claims Administration and Worker's Compensation
- Schools, Major Maintenance

FY22 Risk-Based Audit Projects

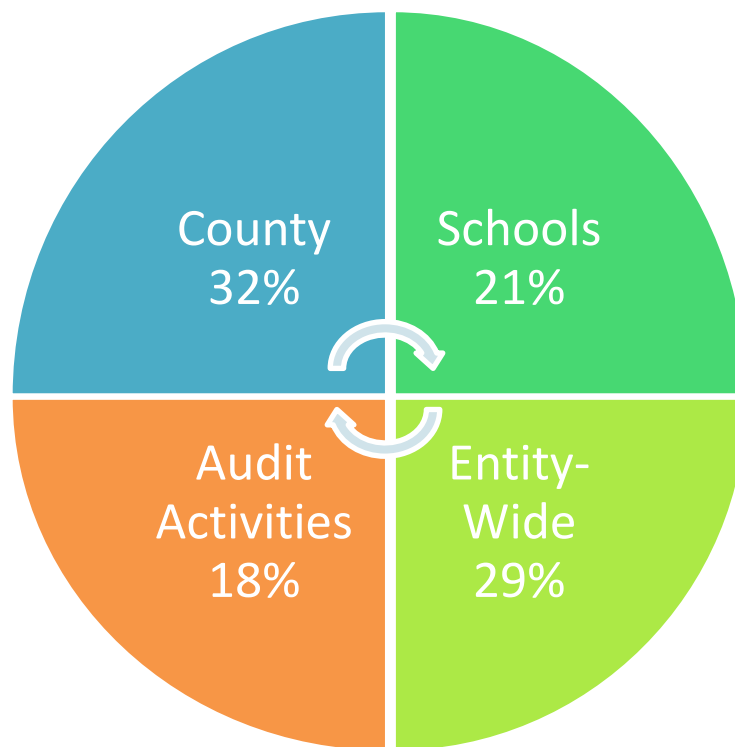
- Accounting, Payroll
- Continuous Auditing Results
- Information Systems Technology, Hardware Management
- Procurement, Emergency Requests
- Schools, Athletic Programs
- Schools, Records Management
- Schools, School Activity Funds (External Audit Support)
- Shared Services
- Sheriff, Jail Canteen and Inmate Trust Fund (External Audit Support)

Additional Projects when Fully Staffed

- County Policy Review (Non-Audit)
- Non-Departmental, Regional Authority Support
- Schools, Physical Security Assessment
- Transportation, Project Management

- **Annual Recurring Projects** are not included in our audit universe analysis or risk assessment procedures. Annual recurring projects include non-audit analysis reporting, required projects and fraud, waste and abuse program administration.
- **FY21 Risk-Based Audit Projects in Progress** are audits in progress and were part of prior year's approved audit plan. Two projects, Entity wide Pandemic Response and Risk Management, Claims Administration were placed on hold due to COVID response priorities. IA will communicate with management on a regular basis to determine when these projects will resume. Because all planned projects are in progress, none were considered for removal in FY22.
- **FY22 Risk-Based Audit Projects** are planned performance audits based on our FY22 risk assessment procedures which we plan to complete using current resources. The School Activity Funds and Sheriff, Jail Canteen and Inmate Trust Fund audits are performed annually as part of our external audit support services.
- **Additional Projects when Fully Staffed** are projects we plan to perform when current staff vacancies have been filled. Because IA was never fully staffed during FY21, projects included in this category on the FY21 plan have also been included in the FY22 plan (Accounting, Payroll; Procurement, Emergency Requests; Accounting, Expenditure Analysis (renamed Continuous Auditing Results) and Non Departmental, Regional Authority Support).

The FY22 annual audit plan allocates resources to the following areas:



Auditable Unit Detail - County

Community Development (9%)

- Building Inspection^M
- Community Enhancement^M
- Environmental Engineering^M
- Planning^M
- Transportation^M
- Utilities^H

Community Operations (8%)

- General Services^M
- Information System Technology^M
- Libraries^M
- Parks and Recreation^M
- Risk Management^M

County Management (12%)

- Clerk to the Board of Supervisors^L
- County Administration^L
- County Attorney^M
- Economic Development^M
- Fire and EMS^M
- Human Resources^M
- Intergovernmental Relations^M
- Police^M

Finance (9%)

- Accounting^M
- Budget and Management^M
- Communications and Media^M
- Learning & Performance Center^M
- Procurement^M
- Real Estate Assessor^M

Human Services (8%)

- Citizen Information and Resources^M
- Community Corrections Services^H
- Juvenile Justice Services^H
- Mental Health Support Services^M
- Social Services^H

Other (13%)

- Circuit Court Clerk^M
- Commissioner of Revenue^M
- Commonwealth's Attorney^H
- Courts^M
- Health Department^L
- Regional Authorities^L
- Registrar/Electoral Board^M
- Sheriff^M
- Treasurer^M

Auditable Unit Detail – Schools

Business and Finance (4%)

- Budget & Management^{NR}
- Finance^M
- Food Nutrition Services^M

Operations (6%)

- Construction^M
- Facilities and Maintenance^H
- Planning^M
- Student Transportation^H

Human Relations (8%)

- Government, Policy, and Media Relations^M
- Constituent Services and Student Leadership^M
- Human Resources^M
 - Compensation and Benefits^M
- Safety and Security^M

Leadership & Support Services (11%)

- Elementary School A^H
- Elementary School B^H
- Elementary School C (Title 1)^H
- High School^M
- Middle School^M
- Student Support Services^M
- Technology Services^M

Student Learning and Organizational Development (8%)

- Career and Technical Education^M
- Curriculum Development and Support^M
- Instructional Innovation^H
- School Improvement^M
- Special Education^M

School Management (4%)

- Clerk to the School Board^L
- Superintendent^L
- School Board Attorney^M

Notes:

(1) Risk ratings are listed for auditable units: H – High; M – Medium; L – Low; NR – Not Rated. A department was not assessed a risk rating (NR) due to management vacancy.

(2) Division percentage indicates proportion of total audit universe.

(3) “Other” category includes units included in the entity wide risk assessment which IA’s access is subject to those entities’ authorization.

Chesterfield County Mission Statement

Providing a FIRST CHOICE Community Through Excellence in Public Service

blueprint
CHESTERFIELD

