Chesterfield County, Virginia

Internal Audit

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DATE: December 6, 2021

TO: Joseph P. Casey, Ph.D.   Chesterfield County
County Administrator   Board of Supervisors

Mervin B. Daugherty, Ed.D.   Chesterfield County
School Superintendent   School Board

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

SUBJECT: County Administrative Policies and Procedures

BACKGROUND

Policies are the foundations of an organization. They establish a framework of management philosophies and objectives as well as set direction, guide, and influence decision-making. Policies shape day-to-day activities but should also allow for flexibility.

Organizations should develop policies when there is a legislative requirement, regulations are specifically defined, inconsistencies exist in how managers make decisions or how employees conduct themselves, and if confusion exists in certain areas as to how business is performed.

County Administrative Policy and Procedure (CAPP) 09-01 establishes guidelines for creating, updating, and rescinding CAPPs. This policy was updated in July 2017 when responsibility for CAPPs management and maintenance was transitioned from Management Services division to the County Administrator's office. The policy assigns the County Administrator's office as the official office of record for the collection and dissemination of all CAPPs. The County Administrator's office also numbers CAPPs, ensures formatting is consistent with established guidelines, and maintains these documents on the Chesterfield County internet/intranet (CountyNET) web pages. The chart below illustrates the current CAPP update process.

Originating department prepares CAPP updates to review with their Deputy County Administrator (DCA).	→	DCA reviews updated CAPP, approves, and returns approved CAPP to originating department.	→	Originating department submits the CAPP to the County Administrator for signature approval.

Moving forward, CAPPs should be reviewed at least bi-annually to ensure they remain current.	←	After posting, the originating department notifies the leadership distribution list of CAPP changes via email.	←	After approval, County Administrator's office sends the CAPP to Information Systems Technology (IST) to post to internet/intranet web page.

Chart 1: CAPP Flow Chart

The County website and CountyNET store all current CAPPs. Based on discussions with the Information Systems Technology department, the County is in the process of migrating from CountyNET to SharePoint (a web-based collaborative platform that integrates with Microsoft Office).

OBJECTIVES, SCOPE, AND METHODOLOGY
Objectives:
The objective of this project was to determine if CAPPs complied with CAPP 09-01 and evaluate if current processes align with best practices.

Scope:
CAPPs in their current operating environment. We considered the following:

County Administrative Policy and Procedure 09-01 – Administrative Policies and Procedures	*County administrative policies and procedures listed on CountyNET*

Methodology:
Detailed information regarding the methodology can be found in the results summary below. Our methodology included the following:
- Inquiry with County Administrator's office regarding CAPP creation, maintenance, updates, and notification.
- Summarized current CAPPs compliance with CAPP 09-01.
- Comparing current CAPPs and CAPP 09-01 with best practices.

We believe our analysis provides an objective summary of CAPPs evaluated by Internal Audit. However, this evaluation does not constitute an audit conducted in accordance with generally accepted government auditing standards (GAGAS).

RESULTS SUMMARY
CAPP 09-01 Review
We identified 107 CAPPs posted to CountyNET and evaluated for consistent numbering sequence, use of required template, County Administrator approval, posting of updated policies to CountyNET, and bi-annual review. We noted the following:

- 21/107 (20%) policies did not include County Administrator approval. Of those, 19 policies had effective dates before the 2017 CAPP 9-1 version.
- Some policies did not follow the standardized template.
- Policies indicate when revised, however we could not determine the completion of the bi-annual review.

CAPPs outline an issued and supersedes date. Documented policy review dates for the bi-annual review were not identified beyond the latest issued and supersedes dates. We analyzed the age of CAPPs based on the issued date (Table 1) and found that 42 of 106 (40%) policies have been issued/revised within the past three years.

Aging Category	Number of CAPPs[1]
Less than 3 years	42
3-10 years	46
Greater than 10 years	18
Total:	**106**

[1] – One policy did not include an issue date.

Table 1: CAPPs Aging

Based on the age identified in Table 1 above, 18 policies exceed a revised date of 10 years. The following table outlines the details by department:

Department	Number of CAPPs	Average Age
IST	10	15.9
Utilities	3	15.9
Accounting	2	11.9
Risk Management	2	10.4
Parks and Recreation	1	12.0
Total:	**18**	**13.2**

Table 2: Departments with CAPPs Greater than 10 Years

Although CAPP 09-01 indicates it provides guidance on rescinding County policies and procedures, the policy does not provide those instructions.

Policy Applicability and Relevancy Evaluation
Sixteen departments do not have CAPPs posted to CountyNET and we evaluated the department's responsibilities to verify if they were properly excluded. We determined these departments' services do not have County-wide general applicability and therefore the lack of CAPPs seems reasonable.

Additionally, we reviewed CAPPs posted to CountyNET to ensure County-wide general applicability and determined nine may not be applicable to employees.

- **Accounting – 01-20**: Post-Issuance Compliance for Tax-exempt Bond Issues
- **Fire and EMS – 04-01**: Personal Property Tax Assessment and Annual Registration Fee for One Volunteer Owned Vehicle
- **IST – 07-14**: Sanitizing and Handling of Surplus Technology Property
- **Risk Management – 13-07**: Unmanned Aerial Vehicles
- **Utilities – 15-01**: Right of Way Acquisition
- **Utilities – 15-02**: Right of Way Conveyance
- **Utilities – 15-03** – Acceptance of Space Land and Easement
- **Parks and Recreation – 18-01**: Background Checks Co-Sponsored Youth Policy
- **Budget** – Road Cash Proffers

Leadership Team Distribution Notification

Originating departments are responsible for notifying the Leadership Distribution List via email advising of any new or changed policies. Twenty-six policies have been issued or revised since February 2020. The internal audit director is included on the Leadership Distribution Team and received 22 notifications of policy changes over that time.

Best Practices Comparison

We researched and compiled a list of best practices related to policy and procedure creation, review, approval, and documentation to determine if current CAPPs were in alignment. Best practices are compared to Chesterfield processes in the table below:

Best Practices	Current County Practice
1. Policy review is most effective when it is performed regularly and proactively. Policies should be reviewed every 1-3 years.	CAPP 09-01 requires CAPPs to be reviewed at least bi-annually to ensure they are current. A bi-annual review is more frequent than the outlined best practice. Policies document when revised, however we could not determine review completion.
2. Policy and procedure records should be kept permanently by the organization and have no scheduled retention period.	CAPP 09-01 requires the originating department to serve as the repository for the original signed/dated hard copy of their policies and shall not destroy any originals even if later amended, rescinded, or superseded. CountyNET is used as the centralized repository for current CAPPs.
3. Organizations should review policies during times of change (in management, laws, regulations, etc.) to ensure they align with the organization's mission, vision, and values. All changes and comments to policies should be documented and approved.	CAPP 09-01 requires all policy changes be approved by the County Administrator. Once approved, the policy is posted on CountyNET. Currently, policy does not indicate review for changes in laws and regulations and current policies do not reference applicable laws, or regulations.

4. Organizations should obtain feedback from front-line employees, or those affected by the policy, to determine if policy is outdated, difficult to follow, etc.	CAPP 09-01 states when policy changes are made, the originating department is required to notify the leadership distribution team of changes. All CAPPs are available to departments/employees on the County's internet/intranet web pages. Policy revisions are not always communicated to the leadership distribution team.
5. Organizations should utilize a policy management software or other avenue to ensure policies are maintained in one central repository and accessible to employees to reference when needed.	The County does not utilize a policy management software to maintain policies and procedures. They currently use CountyNET as a repository to access CAPPs and are transitioning to SharePoint.
6. Policies should include the effective date as well as the date of any revisions.	Current policy template includes dates issued and supersedes, but not the effective date or all revision dates.
7. Policies should include a scope statement describing to whom the policy pertains.	Some, but not all, current policies include a scope statement within the introduction statement.

Table 3: Best Practices Comparison

FINDING(S):
Based on procedures performed above, we noted the following:
- CAPPs revised prior to 2017 were not consistently approved and the standardized template was not consistently utilized. We are unable to determine if policies are being reviewed.
- Sixty-four CAPPs have not been revised in over three years, and 18 of these have not been revised in over ten years.
- Nine CAPPs may not relevant and applicable to County employees.
- Policy revisions are not always communicated to the leadership distribution team.
- CAPP 09-01 does not indicate review for changes in laws and regulations and references are not part of the standardized policy template. Also, it does not include instructions for rescinding policy.
- Current policies are centrally located and available to employees on CountyNET. CountyNET is currently undergoing transition to SharePoint.
- The current policy template does not indicate the effective date or all revision dates.
- Some, but not all, current policies include a scope statement within the introduction statement.

RECOMMENDATION(S):

We recommend the County Administrator's Office:

1. Update county policy template to include:
   a. Review frequency that aligns with best practice rather than biannual.
   b. Reference to applicable laws and regulations.
   c. Effective and all revision dates.
   d. Scope statement describing to whom the policy pertains.
2. Revise CAPP 09-01 to include instructions for rescinding County policies.
3. Work with departments to update unsigned and outdated policies for County Administrator's approval.
4. Work with departments to evaluate department specific policies for relevancy and applicability to all employees.
5. When policy revisions have been approved, remind departments to notify the Leadership Distribution List.
6. Work with IST to evaluate the use of SharePoint for documenting policy review and demonstrating approvals.

MANAGEMENT'S RESPONSE(S):

1. *Concur. Joy Galusha, Senior Executive Assistant, is responsible for implementing 1/10/2022.*
2. *Concur. Joy Galusha, Senior Executive Assistant, is responsible for implementing 1/10/2022.*
3. *Concur. Deputy County Administrators are responsible for implementing 7/1/2022 and then yearly thereafter. Deputy County Administrators will work with their division to make sure policies are updated yearly.*
4. *Concur. Deputy County Administrators are responsible for implementing 7/1/2022 and then yearly thereafter. Deputy County Administrators will work with their division to make sure policies are updated yearly.*
5. *Concur. Joy Galusha, Senior Executive Assistant, is responsible for implementing on an ongoing basis. Senior Executive Assistant will remind Department Directors once the policy is approved and follow up to make sure notification is sent out.*
6. *Concur. Joy Galusha, Senior Executive Assistant, is responsible for implementing 3/1/2022. Senior Executive Assistant will work with IST.*