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Chesterfield County
Internal Audit
Department

Internal Audit FY18 Report Card

August 17, 2018

Introduction	1
Completed Project Statistics	3
Completed Projects Listings	5
Audits in Progress at Fiscal Year End	6
Audit Resource Allocations	7
Internal Audit Team	8



Chesterfield County, Virginia Internal Audit

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DATE: August 17, 2018

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

Donald R. Fairheart Chesterfield County
Interim School Superintendent School Board

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Fiscal Year 2018 Internal Audit Report Card

In compliance with Administrative Procedures, this document summarizes our past fiscal year work efforts. Internal Audit's ten-member team, includes nine audit professional positions with four certified public accountants, a certified internal auditor, three certified fraud examiners, and a chartered global management accountant. I appreciate each Internal Audit Department team members' contributions to:

- Implement comprehensive audit services that address the risks, needs, and goals of the County and School Board.
- Administer the Fraud, Waste, and Abuse Hotline program for the employees and community as mandated by the *Code of Virginia*.
- Provide mandated external audit support for completion of the Comprehensive Annual Financial Report (CAFR).
- Respond to special project requests.
- Identify areas for improvement of controls, efficiency, and effectiveness.
- Monitor implementation of the audit recommendations.

INTRODUCTION

Significant fiscal year 2018 activities included:

- Successful peer review for the period 2014 to 2017, illustrating twenty-one consecutive years of compliance. Our audit quality control process includes having a peer review through the Association of Local Government Auditors (ALGA) every three years. During the peer review, a team of independent auditors from other localities evaluate our Department's compliance with Government Auditing Standards. In addition, our staff participated in an ALGA peer review for another locality.
- Hosted the Virginia Local Government Auditors Association's (VLGAA) Fall 2017 conference for continuing professional education and networking opportunity.
- Continued support of [Audit and Finance Committee's](#) (AFC) public discussion of audit results and practices. Enhancements included:
 - Added all Board of Supervisors and School Board members to our initial report distribution (i.e. in addition to the AFC members).
 - Made full audit reports available on [Internal Audit's website](#) (i.e. instead of only executive summaries).
 - Obtained Board of Supervisors and School Board approval for updated Internal Audit Administrative Policies.
- Completed transition to audit management system for project documentation.
- Relocated audit team to renovated office with more collaborative work space.
- Increased our future technology focus with the proposed fiscal year 2019 Audit Plan presented at the AFC's June 13, 2018 meeting.

We thank you for your continued support, and value your input to improve our audit services.

COMPLETED PROJECT STATISTICS

The Association of Local Government Auditors (ALGA) performs a Benchmarking and Best Practices survey of audit organizations every two years. Peer data is presented from the most recent survey (published October 2016) on the following tables.

SUMMARY OF PROJECTS BY FISCAL YEAR						
Category	2014	2015	2016	2017	2018	ALGA 2016 Benchmark
Performance Audits / Other Projects	43	44	41	33	25	N/A
Special Projects	12	8	8	4	3	N/A
Total	55	52	49	37	28	32

The number of projects completed varies between years, based on individual project complexity and the volume of special project requests. Starting with 2018 the number of annual Student Activity Fund audits was reduced from 16 to 4.

AUDIT RECOMMENDATION STATISTICS BY FISCAL YEAR						
Recommendations	2014	2015	2016	2017	2018	ALGA 2016 Benchmark
New	212	166	130	120	118	140
Closed	272	199	153	120	106	N/A
Open	130	97	74	74	86	N/A

Audit recommendation data is collected as of December 31st each year to follow-up on all open audit issues from prior audits.

COMPLETED PROJECT STATISTICS

AUDITOR PERFORMANCE BY FISCAL YEAR						
Category	2014	2015	2016	2017	2018	ALGA 2016 Benchmark
Number of audits performed per auditor (office average)	8.0	7.9	6.7	4.6	4.2	4.0
Percent of total time charged to audits	68%	62%	69%	70%	62%	70%

The number of projects completed by auditor varies between years, based on individual project complexity and the volume of special project requests. Employee turnover in 2018 required more recruiting and training emphasis, reducing percent of time charged to audits.

CUSTOMER SATISFACTION RATINGS BY FISCAL YEAR					
	2014	2015	2016	2017	2018
Chesterfield Internal Audit	4.8	4.7	4.3	4.2	4.7
ALGA Benchmark	4.4	4.4	4.4	4.2	4.2

At project completion, customers are provided surveys to rate their satisfaction, based on a 5-point scale, which helps us monitor quality control and improve our service.

COMPLETED PROJECT LISTINGS

Performance Audits:

- Building Inspection Code Compliance (11/21/17)
- Chesterfield Emergency Planning Committee (2/22/18)
- Countywide Payroll and Human Resources Benefits (12/29/17)
- Jail Canteen and Inmate Trust Fund Audit (12/7/17)
- Petty Cash, Change, and Consumer Spending Funds (4/4/18)
- Police Benefit Fund (12/28/17)
- School Activity Funds (9/13/17)
- School Business and Finance Expenditures (9/19/17)
- School Central Office Administrative Support (9/1/17)
- School Contracted Custodial Services (6/27/18)
- School Employee Benefits Supplemental Retirement Plan (2/23/18)
- School Instruction Administrative Support (9/1/17)

Other:

- ALGA Peer Review (10/20/17)
- Annual Audit Report Card (8/3/17)
- FY2016 APA Comparative Report Analysis (10/19/2017)
- CDBG/HOME Program Organization Audit Reports (3/30/18)
- Community Organizations Applying for Donations of \$10,000 or More (12/27/17)
- Fraud Waste and Abuse Report FY17 (8/4/17)
- FY2017 APA Comparative Report Analysis (6/6/18)
- FY2018 Audit Follow-Up (6/29/18)
- Volunteer Fire and Rescue Organization Audit Reports (5/18/18)

Special Projects:

- Electronic Monitoring Contract Procurement (2/23/18)
- General Registrar Self-Assessment (1/18/18)
- School Retirement Contribution Timeliness (2/12/18)

AUDITS IN PROGRESS AT FISCAL YEAR END

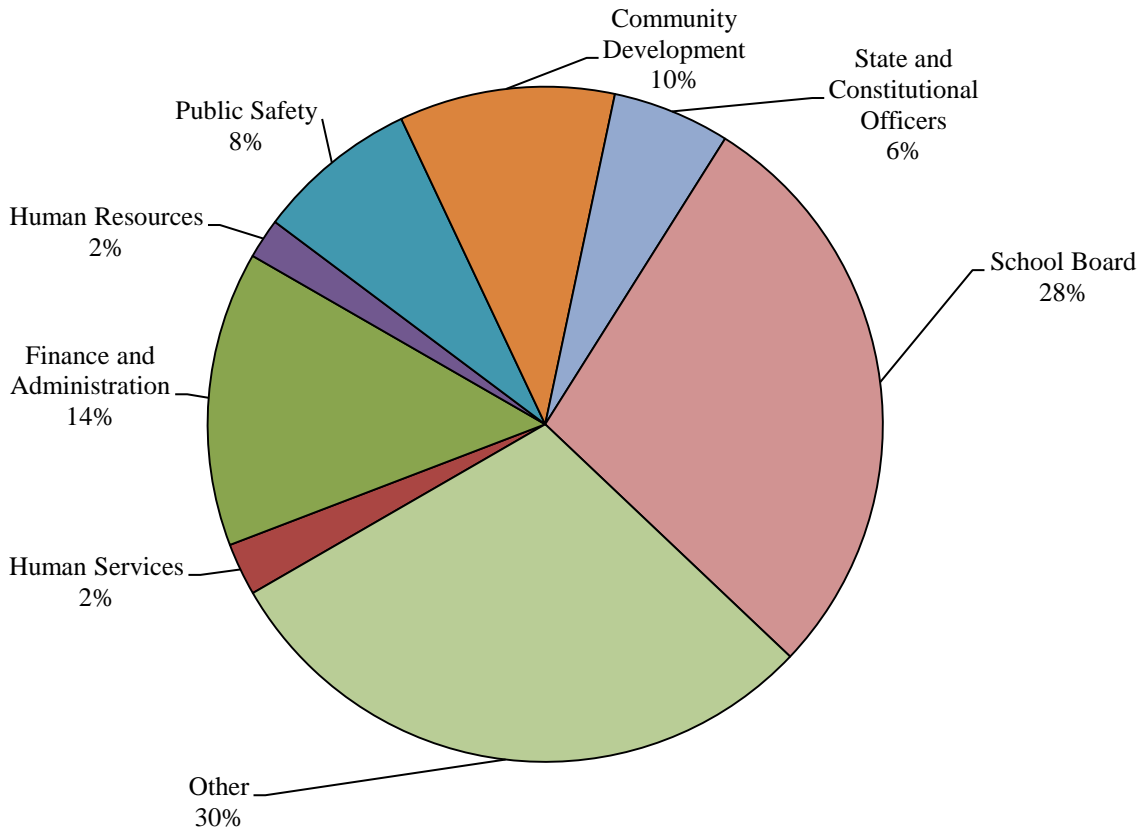
Performance Audits:

- Animal Services
- CDBG Program Compliance
- HR Benefits Administration County
- MHSS Medicaid
- One Solution Enterprise System Security
- Planning Proffers and Conditions
- Real Estate Assessor
- School Food Service
- School Payroll and Compensation
- School Temporary Work Assignments
- Treasurer Tax Billing, Payment Procedures and Balance

AUDIT RESOURCE ALLOCATION

FISCAL YEAR 2018	
Area	Hours
Management Services	-
Human Services	219
Finance and Administration	1,229
Human Resources	167
Public Safety	675
Community Development	898
State and Constitutional Officers	490
School Board	2,447
Other (Includes Open Recommendation Follow-up, Miscellaneous Hotline and Special Projects, Audit and Risk Plan, and External Audit Support)	2,574
TOTAL	8,699

Allocation By Area



INTERNAL AUDIT TEAM



November 11-17, 2018



Greg L. Akers, CPA	Director
Sandra Fuentes	Staff Auditor
Lora Holland, CPA, CGMA	Senior Auditor
Khara Lounsbury, CPA, CFE	Senior Auditor
Christopher Meade, CPA	Senior Auditor
Terry Parker, MBA, CFE	Senior Auditor
Steve Sanderson, CIA, CFE	Audit Manager
Annette Stinson	Administrative Analyst
Christian Wingfield	Staff Auditor

Professional Associations

Staff professional organization memberships and participation include:

- Association of Certified Fraud Examiners (ACFE)
- American Institute of Certified Public Accountants (AICPA)
- Association of Local Government Auditors (ALGA)
 - Department's external peer reviews (performed every 3 years) resulted in unqualified opinions from 1996 - 2017.
- Government Finance Officers Association (GFOA)
- Information Systems Audit and Control Association (ISACA)
- Institute of Internal Auditors (IIA)
- Virginia ACL Users Group
- Virginia Government Finance Officers' Association (VGFOA)
- Virginia Local Government Auditors Association (VLGAA)



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