



Chesterfield County, Virginia Internal Audit

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GREG L. AKERS
Director

DATE: September 19, 2017

TO: Dr. James Lane
Superintendent, Chesterfield County Public Schools

FROM: Greg L. Akers 
Director of Internal Audit

SUBJECT: School Business and Finance Expenditures Audit

The Office of Internal Audit completed an audit of the School Business and Finance Office Expenditures, and the final report is attached.

We would like to thank School Business and Finance staff for their cooperation and assistance during this audit.

Attachment

Copy: Donita Harper, Director of Finance
Paula Schuler, Business Process Manager
Shawn Smith, Director of Government, Policy and Media Relations
Dr. Joseph P. Casey, County Administrator
Audit and Finance Committee



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School Business and Finance Expenditures

September 19, 2017

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September 2017

Highlights

Internal Audit Report to the Board of Supervisors/School Board

Why We Did This Review

Internal Audit conducted this review as part of our FY17 audit plan approved by the County Administrator, School Board Superintendent, and Audit and Finance Committee.

The audit focused on reviewing School Business and Finance non-payroll expenditures. In particular, our objectives were to:

- Review non-payroll and non-capital expenditures for compliance with policies and procedures.
- Test for potential duplicate payments and split purchases.
- Test travel and training expenditures.
- Test wireless devices and non-cash awards.
- Report results to the School Superintendent.

What We Recommend

We recommended internal control improvements over:

- Procedures for resolving erroneous purchasing card charges.
- Policies and procedures for wireless devices.



For more information, please contact
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School Business and Finance Expenditures



What We Found

Commendable Policies and Procedures

We commended School Business and Finance for following sound internal controls as there were no split purchases or duplicate payments.

Resolving Purchase Card Discrepancies in a Timely Manner

Audit testing was performed for non-payroll expenditures for the School Business and Finance Office with minimal findings. However, a July 2016 purchasing card charge for a conference hotel included an unsupported \$274 item. Business and Finance initially questioned the charge however, it had not been resolved at the time of the audit.

Wireless Device Policy

Chesterfield County Public Schools (CCPS) follows an Acceptable Use Policy (School Board 7230-R) governing the use of technology in the organization. However, it does not have a policy, procedure, or other guidance specific to the issuance or acceptable use of wireless devices. CCPS currently has 264 wireless devices used by staff.

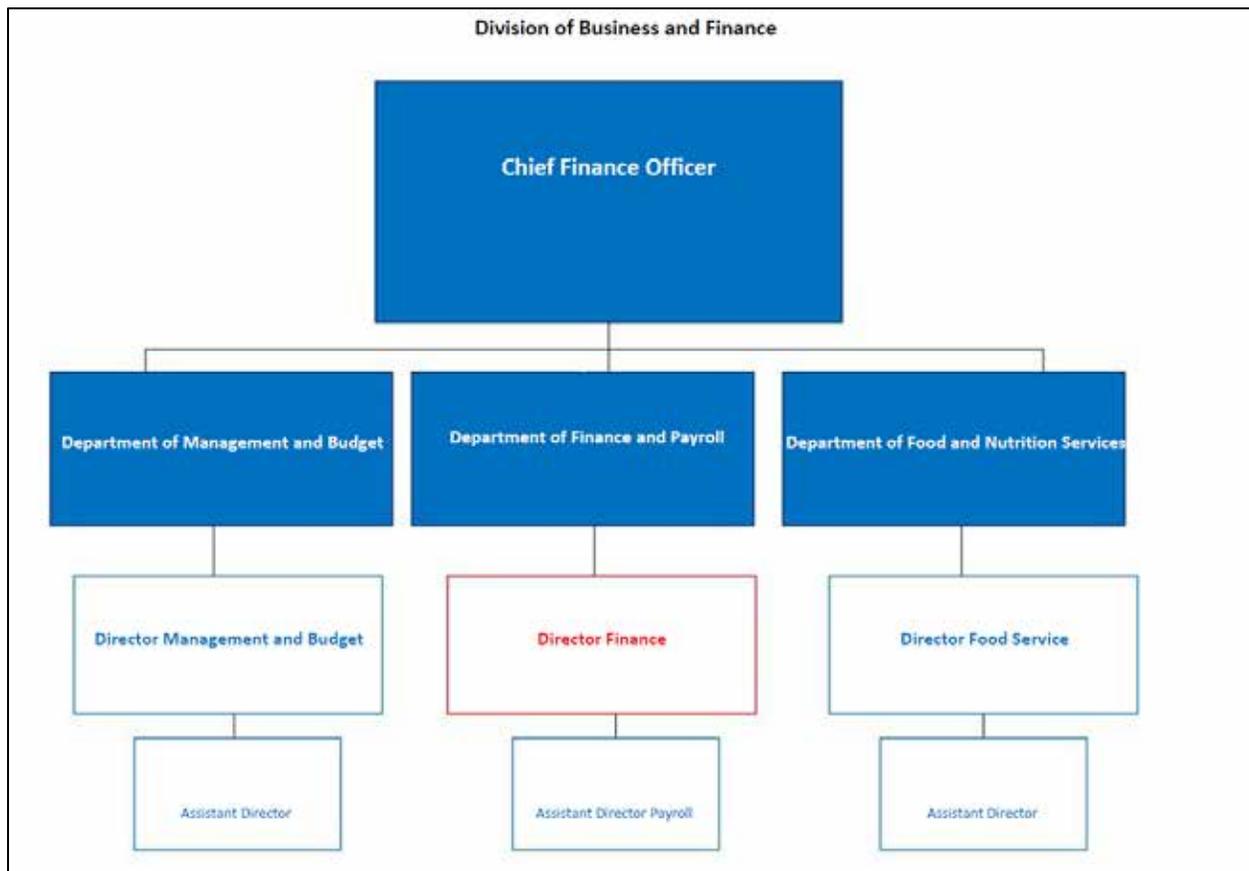
Management concurred with 3 of 3 recommendations to be implemented from October 31, 2017 to June 30, 2018.

We appreciate the cooperation received from management and staff while conducting this audit.

INTRODUCTION

BACKGROUND

Chesterfield County Public Schools (CCPS) Division of Business and Finance is overseen by the Chief Financial Officer (CFO) and includes the departments of Management and Budget, Finance and Payroll, and Food and Nutrition Services. The primary mission of the division of Business and Finance is to be the steward of public funds entrusted to CCPS. The division works to ensure that funds are budgeted and managed to accomplish the goals and vision of the School Board in accordance with the laws and policies of the Commonwealth of Virginia and Chesterfield County.



The departments of Management and Budget, and Finance and Payroll have 28 full time positions (including the CFO and their staff). FY17 non-payroll expenditures were \$1,924,926, including \$1,591,155 for shared County service charges (IST, Accounting, and Purchasing). The office of Food and Nutrition was not included in the scope of this audit.

OBJECTIVES

Objectives of the audit were to:

- Review non-payroll and non-capital expenditures for compliance with policies and procedures.
- Test for potential duplicate payments and split purchases.
- Test travel and training expenditures.
- Test wireless devices and non-cash awards.
- Report results to the School Superintendent.

SCOPE

Our audit work covered transactions processed in FY17 through March 31, 2017.

We considered the following Administrative Policies and Procedures:

County Accounting 1-1: Travel Policy	County Accounting 1-5: Bill Approval, Documentation and Payment
County Accounting 1-15: Purchasing Card	County Accounting 1-19: In Focus Security and Responsibilities
County HRM 6-14: Employee Recognition Program	County IST 7-11 Wireless Devices Policy
County Purchasing 12-09: Blanket Purchase Orders	County Purchasing 12-10: Small Purchase Procedures
School Board Policy 7040: Financial Management	School Board Policy 7149: Small Purchasing
School Board Policy 7150: Procurement	School Board Policy 7180: Staff Travel
School Board Policy 7230: Acceptable Use, The CCPS-Net	

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Nikiesha Roney, Staff Auditor performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

METHODOLOGY

Detailed information regarding the methodology can be found in the individual findings listed in the report. Internal Audit performed an analytical review of expenditure date, tested a sample of non-payroll expenditures including travel and credit card purchases, and reviewed for compliance with County and School Administrative Policies and Procedures.

INTERNAL CONTROL CONCLUSION

According to Government Auditing Standards, internal controls, in the broadest sense, encompass the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls include the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the results and findings of the audit test work, auditors concluded that internal controls were in place, and there were minimal findings to question their ability to assist management in meeting its mission, goals, and objectives. Recommendations specific to improving these controls can be found in detail further in the audit report.

CLOSING

We would like to thank Christopher Sorensen, Chief Financial Officer, and staff for their cooperation and assistance during the course of this audit.

FINDINGS, RECOMMENDATIONS, RESPONSES

Expenditures

(Point Sheet C-1.1)

CRITERIA:

County Administrative Policy 1-5; Accounting Bill Approval Documentation defines the policies and procedures for bill approval, documentation and payment of goods or services for County and School Board employees, elected officials, and Board appointees. The policy requires all expenditures made with County funds have a legitimate business purpose and supporting documentation.

CONDITION(S):

Internal Audit tested non-payroll expenditures for FY17 through March 31, 2017 and the following was noted:

- No duplicate payments or split purchases were found.
- A July 2016 purchasing card charge for a conference hotel included one unsupported \$274 item. Business and Finance initially questioned the charge however, it had not been resolved at the time of audit.

CAUSE(S):

The hotel incorrectly charged CCPS for another guest's deposit.

EFFECT(S):

CCPS has not received a refund for the incorrect charge.

COMMENDATION(S):

We commended School Business and Finance following sound internal controls as there were no split purchases or duplicate payments.

RECOMMENDATION(S):

We recommend:

1. School Business and Finance obtain a refund of the \$274 charge.
2. Strengthen procedures for resolving erroneous purchasing card charges.

MANAGEMENT'S RESPONSE(S):

1. *Concur. Donita Harper, Director of Finance, is responsible for implementing by October 31, 2017. Staff has been working with the hotel to resolve the issue. Resolution should be accomplished by October 31, 2017.*
2. *Concur. Donita Harper, Director of Finance, is responsible for implementing by March 31, 2018. Staff will continuously work to improve all processes. After existing vacancies are filled, however, we anticipate a more thorough and systematic review of all processes.*

FINDINGS, RECOMMENDATIONS, RESPONSES

Wireless Devices

(Point Sheet C-1.2)

CRITERIA:

A wireless device policy establishes responsibilities of employees, Technology Department, and Department Heads or their designee for the acquisition and use of organization-issued and personal wireless devices.

CONDITION(S):

CCPS follows an Acceptable Use Policy (School Board 7230-R) “to protect computer hardware, software, data and documentation from misuse, theft, unauthorized access and environmental hazards.” However, it does not have a policy, procedure, or other guidance specific to the issuance or use of wireless devices. CCPS currently has 264 wireless devices used by staff.

CAUSE(S):

CCPS acceptable use policy, does not include specific guidance for wireless devices.

EFFECT(S):

Business justification, approval process, and acceptable use for wireless devices is not documented.

RECOMMENDATION(S):

3. We recommend CCPS strengthen policy or procedures to include specific guidance for wireless devices.

MANAGEMENT’S RESPONSE(S):

3. *Concur. Shawn Smith, Director of Government, Policy and Media Relations, is responsible for implementing by June 30, 2018. Staff will meet with the Policy Committee to review the necessity to amend current policies or develop a new wireless policy.*