



Chesterfield County, Virginia Internal Audit

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GREG L. AKERS
Director

DATE: July 29, 2016

TO: Joseph P. Casey, Ph.D.
County Administrator

Dr. James Lane
CCPS Superintendent

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Petty Cash, Change, and Consumer Spending Funds Audit

We have conducted an audit of countywide Petty Cash, Change, and Consumer Spending Funds. This audit was included as a regularly scheduled audit on the FY16 Audit Plan.

BACKGROUND

As of June 30, 2015, there were 46 petty cash funds totaling \$21,480 and 71 change funds totaling \$16,083 maintained at the department level within Chesterfield County. Chesterfield County Mental Health Support Services (MHSS) maintains custody of consumer spending funds on behalf of its group home residents. At April 1, 2016, there were 88 consumers with a total of \$2,800 in cash spending funds at Group Homes operated by MHSS.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives:

- To verify accuracy of petty cash and change funds through unannounced counts.
- To evaluate internal controls over the funds counted.
- To determine if MHSS Group Home consumer spending funds are maintained in compliance with MHSS Administrative Procedures.
- To determine if MHSS Group Home consumer medications are maintained in compliance with MHSS medication procedures.
- To evaluate compliance with County Administrative Procedures.
- Report results to County and School management.

Scope:

Our audit scope covered FY15 to current for petty cash, change, and consumer spending funds.

We considered the following laws, regulations, and procedures during our audit:

- County Administrative Policy 1-5: Accounting – Bill Approval, Documentation, and Payment.
- County Administrative Policy 1-7: Accounting – Petty Cash Fund.
- County Administrative Policy 1-9: Accounting – Change Fund.
- MHSS Management of Consumer Funds, Section No. 10.07.
- MHSS “Residential Services” Medication Policy.

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. Steve Sanderson, Senior Auditor, Nikiesha Roney and Richard Slate, Staff Auditors, 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. Our methodology included:

- Selecting a sample of funds (5 petty cash, 10 change, and 12 consumer spending) for testing based on time since last audit and/or custodial change. See table below of funds tested.

LOCATION/DEPARTMENT	FUND TYPE AND AMOUNT
Building Inspections	Petty Cash \$100 Change \$200
General Services – Northern Convenience Center	6 Change totaling \$2,200
Library – Bon Air	Change \$75
MHSS: Baron Group Home	4 Consumer Funds totaling \$300
Eastman Group Home	4 Consumer Funds totaling \$300
Obisque Group Home	4 Consumer Funds totaling \$300
Police – Administration	Petty Cash \$200 Change \$75
Police – Special Investigations	2 Petty Cash totaling \$10,000
School Finance	Petty Cash \$500
Utilities	Change \$150

- Interviewing fund custodians and completing internal control questionnaires.
- Counting and reconciling each fund to its authorized amount.

FINDINGS

We tested a total of 27 funds (5 petty cash, 10 change, and 12 consumer spending), and the following was noted:

- All money and documentation was physically secure, the account balance did not exceed the approved limit, the fund confirmation was properly completed and submitted to Accounting by June 30, 2015, funds were replenished at the end of the fiscal year, and all request/change forms were properly completed and submitted to Accounting.
- 27 of 27 funds agreed with the authorized amount.
- Medications for MHSS consumers were handled in accordance with policies and procedures.
- One bank reconciliation was not reviewed by someone other than the person performing the reconciliation (MHSS Eastman Group Home).

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. A recommendation specific to improving these controls can be found in detail further in the audit report at Appendix A.

CLOSING

Findings were minor and serve to remind custodians of procedural responsibilities. The results of this audit have been provided to each department and are included in this report (APPENDIX A). We appreciate the cooperation and assistance received from each department audited.

cc: Rebecca Dickson, Interim Deputy County Administrator for Management Services
Bill Dupler, Deputy County Administrator for Community Development
Sarah Snead, Deputy County Administrator for Human Services
Thierry Dupuis, Police Chief
Chris Sorensen, Assistant Superintendent for Business and Finance

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 FY16 audit plan approved by the County Administrator and School Board Superintendent.

The audit focused on evaluating the funds existed for authorized amounts and were in compliance with County policies and procedures. In particular, our objectives were to:

- Verify accuracy of petty cash and cash funds through unannounced counts.
- Evaluate internal controls over the funds and compliance with County procedures.
- Determine if consumer spending funds are maintained in compliance with MHSS procedures.
- Determine if consumer medications are maintained in compliance with MHSS medication procedures.
- Report results to County and School management.

What We Recommend

We recommended internal control improvements over:

- Policy Compliance.

We issued individual reports to each of the agencies included in this review.



For more information, please contact
Greg L. Akers at 804-748-1240 or
akersg@chesterfield.gov

Unannounced Petty Cash, Change, and Consumer Spending Funds

Cash Funds Were Generally Well-Controlled:

As of June 30, 2015, there were 46 petty cash funds totaling \$21,480 and 71 change funds totaling \$16,083 maintained at the department level within Chesterfield County. Chesterfield County Mental Health Support Services (MHSS) maintains custody of consumer spending funds on behalf of its group home residents. At April 1, 2016, there were 88 consumers with a total of \$2,800 in cash spending accounts at Group Homes operated by MHSS.

We selected a sample of 5 petty cash funds totaling \$10,800, 10 change funds totaling \$2,700 along with 12 consumer spending funds totaling \$900. Our review found that the majority of the funds were balanced, secured, and had supporting documentation.

What we found:

The following table shows the funds we tested.

LOCATION/DEPARTMENT	FUND TYPE AND AMOUNT
Building Inspections	Petty Cash \$100 Change \$200
General Services – Northern Convenience Center	6 Change totaling \$2,200
Library – Bon Air	Change \$75
MHSS: Baron Group Home Eastman Group Home Obisque Group Home	4 Consumer Funds totaling \$300 4 Consumer Funds totaling \$300 4 Consumer Funds totaling \$300
Police – Administration	Petty Cash \$200 Change \$75
Police – Special Investigations	2 Petty Cash totaling \$10,000
School Finance	Petty Cash \$500
Utilities	Change \$150

We noted one bank reconciliation was not reviewed by someone other than the person performing the reconciliation (MHSS Eastman Group Home).

Management concurred with the 1 recommendation, to be implemented July 21, 2016.

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

APPENDIX A



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: Rick Witt
Director of Building Inspections

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On April 28, 2016, Internal Audit performed an unannounced count of one petty cash and one change fund in the Building Inspections Department. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that each fund amount agreed with the authorized level.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by Donna Ross and Kathleen Rivera during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: Rob Key
Director of General Services

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On June 8, 2016, Internal Audit performed an unannounced count of the six Northern Area Convenience Center change funds. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that all fund amounts agreed with the authorized levels.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by Rocky Henderson during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: Mike Mabe
Director of Libraries

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On June 7, 2016, Internal Audit performed an unannounced count of the Bon Air Library change fund. The purpose of this count was to determine if the funds matched the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that all fund amounts agreed with the authorized levels.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by John Twombly during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 13, 2016
TO: Debbie Burcham
Director of MHSS
FROM: Greg L. Akers
Director of Internal Audit
SUBJECT: Unannounced Petty Cash/Change Fund Audit

We conducted a regularly scheduled unannounced audit of MHSS consumer funds as indicated below on June 14 and June 15, 2016. The purpose of these counts was to determine if the funds exist for the amounts authorized by County management and if they were maintained in compliance with County administrative procedures and the MHSS Management of Consumer Funds policy. As a result of this audit, Internal Audit is submitting this draft report.

We tested 12 consumer funds and medications at the following three group homes: MHSS Baron Group Home, MHSS Eastman Group Home, and MHSS Obisque Group Home. Tested medications were handled in accordance with policies and procedures. For the test months (January 2016, March 2016, and June 2016) all consumers' funds were handled in accordance with policies and procedures with one finding.

FINDING:

MHSS Eastman Group Home had one consumer's January 2016 bank reconciliation that was not reviewed by someone other than the person performing the reconciliation.

RECOMMENDATION(S):

1. We recommend MHSS ensure consumer fund bank reconciliations are reviewed by someone other than the person performing the reconciliation.

MANAGEMENT'S RESPONSE:

1. *Concur. The Controller, Danielle Sayre is responsible to implement 7/21/2016. Current policy states that bank reconciliations are to be reviewed and signed off by the Service Supervisor. The supervisor had reviewed the January 2016 bank reconciliation; however, the sign off was done on the checkbook register instead of the bank reconciliation itself. The Supervisor has been given a copy of the policy again and the need for sign off on the bank reconciliation was reiterated. Additional note: The MHSS accountant audits all petty cash and change funds once per year. The Eastman review was last conducted July 22, 2015, which is why this was not caught previously.*

This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by your staff during these examinations. Should you have any questions regarding this matter, please contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: Col. Thierry Dupuis
Chief of Police

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On June 3rd & 13th, 2016, Internal Audit performed an unannounced count of one Police Administration change fund, two Police Special Investigations' petty cash funds, one Police Administration petty cash fund. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that all fund amounts agreed with the authorized levels.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by Sgt. Kevin Helton, Sgt. Justin Aronson, Theresa Simonson, Suzanne Sumner, and Lisa Scott during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: Bob Aylor
Director of School Finance

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced County of Petty Cash and Change Funds

On June 7, 2016, Internal Audit performed an unannounced count of one petty cash fund in the School Finance Department. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

Based on our audit, we concluded that each fund amount agreed with the authorized level.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by Sharon Jefferson during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.



Chesterfield County, Virginia

Memorandum

DATE: July 7, 2016

TO: George Hayes
Director of Utilities

FROM: Greg L. Akers
Director of Internal Audit

SUBJECT: Unannounced Count of Petty Cash and Change Funds

On April 28, 2016, Internal Audit performed an unannounced count of one change fund within the Utilities Department. The purpose of this count was to determine if the funds existed for the amount authorized by County management and was maintained in compliance with County Administrative Procedures.

FINDING:

The petty cash fund was short \$0.13.

ACTION(S) TAKEN:

After the audit, the custodian notified the Office Administrator that the fund was short. The Office Administrator then contacted Internal Audit stating this shortage resulted from routine transactions and the custodian provided restitution to correct drawer.

No response is required. This memo will be distributed as part of a Petty Cash/Change Fund report to the County Administrator. We appreciate the cooperation and assistance provided by Tiffany Holt and Michael Meadows during the examination. Should you have any questions regarding this matter, please feel free to contact Steve Sanderson at 751-4320.