

Internal Audit Report on
Human Resources Expenditures
FY12 (June 2011-May 2012)

County of Henrico



*Proud of our progress;
Excited about our future*

Internal Audit Report #234
August 17, 2012

HENRICO COUNTY INTERNAL AUDIT
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Internal Audit Report on Human Resources Expenditures

FY2012 (June 2011-May 2012)



Report #234
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Summary


- Scheduled Audit
- Conclusions on Audit Objectives:
 - Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel
(Note that there is need for improvement on travel.)
 - Determine that controls exist and are operating effectively to ensure Agency Head transactions are properly approved
 - Determine that adequate controls exist and are operating effectively to ensure compliance with policies for personnel expenditures including overtime
 - Determine adequate controls exist over fixed assets
 - Determine adequate controls exist over inter-department transfers
- Exception Oriented
- 1 Other Observation
- Management Action Plans have been developed to address all risks identified

• ● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient 2

Streamlining Technology
Empowering People
STEP Henrico County Human Resources Management Center

Contents

- Introduction and Background
- Scope, Objectives and Methodology
- Conclusions on Audit Objectives
- Issues and Management Action Plans
- Closing and Report Distribution




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Streamlining Technology
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Introduction

- Auditor III Joyce Aikor-Richardson performed audit work
- Used professional auditing standards
- Examined controls & tested for selective compliance
- All exceptions given to Agency
- Reported control design issues & significant test exceptions
- Work for same Government we audit



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Human Resources' Responsibilities

Managing a centralized, full-service human resources function including :

- Employment and Compensation Services
- Benefits administration
- Employee development and training
- Volunteer services
- Employee health, fitness and wellness
- Employee relations, employee applicant records, and information systems including Personnel and Payroll transactions
- Employee grievance procedures and equal employment opportunity complaint procedures

Source: Approved Annual Fiscal Plan 2011-12 5



Human Resources' Objectives

- To remain an employer-of-choice by continuing to attract and retain employees at all job levels
- To strive to enhance employee health, fitness, and wellness efforts in an attempt to manage rising health care costs
- To continue to provide innovative training programs for County employees in customer service and technology as well as training to promote continued employee development for succession management and leadership
- To ensure that all related laws, regulations and policies are followed
- To communicate and collaborate with all of our stakeholders to provide the best human resources for the employees of Henrico County

Source: Approved Annual Fiscal Plan 2011-12 6

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Human Resources' Financial Highlights

The Department's budgeted expenditures include:

Personnel

- Salaries and benefits for Personnel Complement of 52.


Operating

- Operating supplies, computer software, technology replacement, tuition, and two leased facilities housing a portion of the Department's staff.

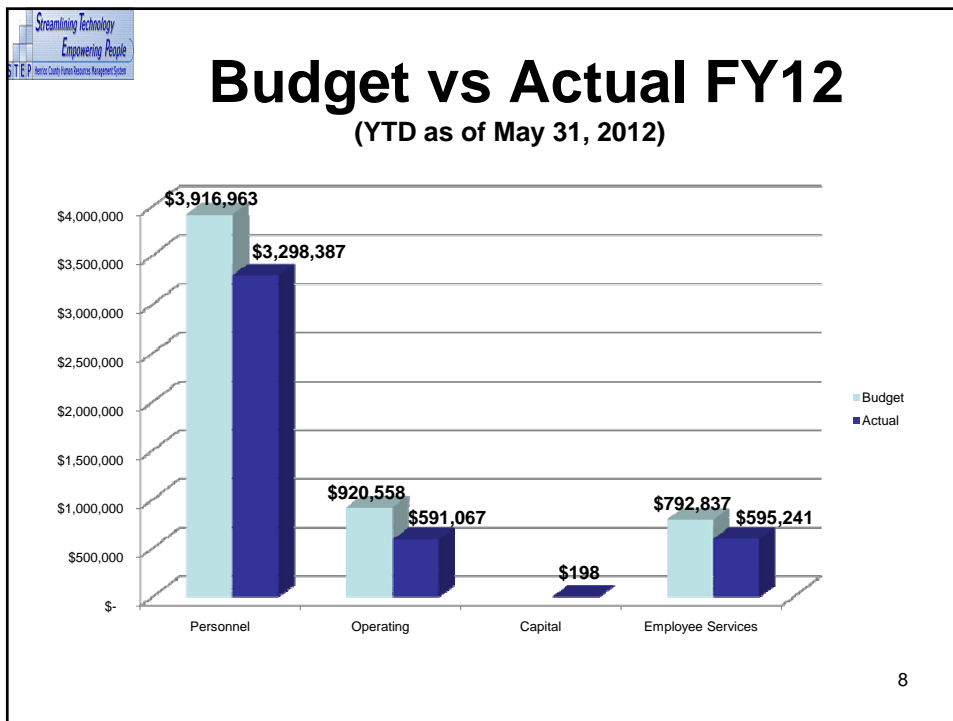
Employee Services (Group Benefits)

- Health care premiums for disabled retirees and the retiree health benefit supplement authorized by the Board effective January 2003.

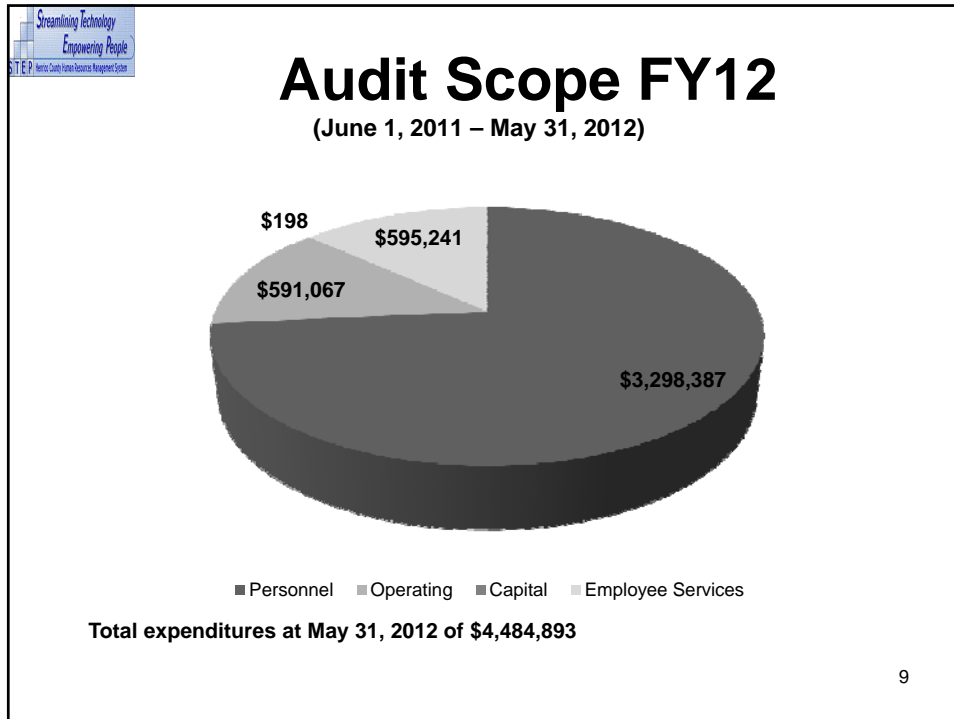
Source: Approved Annual Fiscal Plan 2011-12 and General Ledger Accounts



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Streaming Technology
Empowering People
STEP Henrico County Human Resources Management System

Internal Controls


Objectives

- Reliability and integrity of information
- Compliance with policies, procedures, laws and regulations
- Safeguarding of assets
- Effectiveness and efficiency of operations


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 **Internal Controls Cont'd**
General Limitations of any Controls

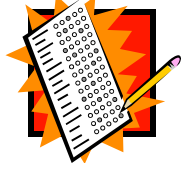
- Errors and irregularities may go undetected
- Inherent limitations in any control structure
- Limitations include resource constraints, legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate




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 **Audit Methodology**

- Evaluated control procedures
- Evaluated strength & weakness of control procedures
- Randomly sampled supporting documents
- Reviewed documents for compliance
- Report of findings




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Conclusions on Audit Objectives

- Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel
(Note that there is need for improvement on travel – See Other Observation)
- Determine controls exist and are operating effectively to ensure Agency Head transactions are properly approved.
- Determine that controls exist and are operating effectively to ensure compliance with policies for personnel expenditures including overtime
- Determine adequate controls exist over fixed assets
- Determine adequate controls exist over inter-department transfers

● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient 13




Reportable Issues


No significant reportable issues related to the audit objectives.

Other Observation

Ensure all travel is settled within 14 days of return




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Other Observations

The following slides include an additional observation noted during our audit which was considered less critical in reaching our conclusions on our audit objectives.

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Other Observation

Condition


- Two of the individuals who traveled settled travel more than 14 days after return.

This is the required timeframe per County policy designed, in part, to help ensure any advanced travel funds not spent are returned timely. Of note is that no funds were to be returned to the County in these instances.

Recommendation

- Ensure all travel is settled within 14 days of return in compliance with travel policy

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Other Observation Cont'd

Management's Action Plan


Finance and Administrative Services Manager will ensure that all travel is settled within 14 days. An email was sent to All Human Resources Staff with the following reminders:

*"I wanted to take this opportunity to remind all HR staff that when travel is over \$300 and we process a T-1 and T-2 that per the travel policy that **all** travel needs to be settled in this office within **14 days of return.**"*

Action Plan Owner: Finance and Administrative Services Manager


Completion date: August 3, 2012

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Closing

- Appreciate Agency's cooperation
- Follow up on open Action Plans will be performed as completion dates are reached or after a sufficient period of time has passed (e.g. 6 months) to determine whether management's actions were effective.



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Report Distribution

Audit Committee (Mr. Glover, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Internal Audit Staff	Director of Human Resources

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