

# **Internal Audit Report on Social Services Expenditures FY13**

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## **County of Henrico**



*Proud of our progress;  
Excited about our future*

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**Internal Audit Report #245  
April 25, 2014**

HENRICO COUNTY INTERNAL AUDIT  
<http://www.co.henrico.va.us/audit>  
4301 EAST PARHAM ROAD  
P.O. BOX 90775, RICHMOND, VIRGINIA 23273-7032

# Internal Audit Report on Social Services Expenditures FY2013



Report #245  
April 25, 2014

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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
  - 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-departmental transfers
- Exception Oriented
- No Reportable Issues and 2 Other Observations
- Management Action Plans have been developed to address all risks identified

● Insufficient-Immediate Attention    ▲ Improvement Needed    ■ Sufficient

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## Contents

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



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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 observations & significant test exceptions
- Work for same Government we audit



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## Background

- The Department of Social Services focuses on providing an array of services to children, families, and individuals who are in need of human-based services including financial assistance.
- The financial assistance and social services programs provided by the Department assist individuals and families in meeting their basic human needs; increase their capacity to function independently; and provide protection for the elderly, disabled, and abused or neglected children.
- Funding that supports these efforts is provided by Federal, State, and County governments as well as Community Partnerships.

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## Objectives

- To process applications and reviews for benefit programs within State/Federal standards of promptness.
- To offer and/or provide social work services and interventions as prescribed by State/Federal standards.
- To guarantee all foster parent applicants will receive orientation and training prior to the placement of a child.
- To make certain required foster care administrative responsibilities and judicial hearings will be held in compliance with State/Federal rules.
- To initiate investigations on all valid adult and child abuse complaints within seventy-two hours.
- To successfully prosecute all cases where payment fraud is evident.

*Excerpt from FY2012-13 Approved Annual Fiscal Plan*

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## Other Highlights

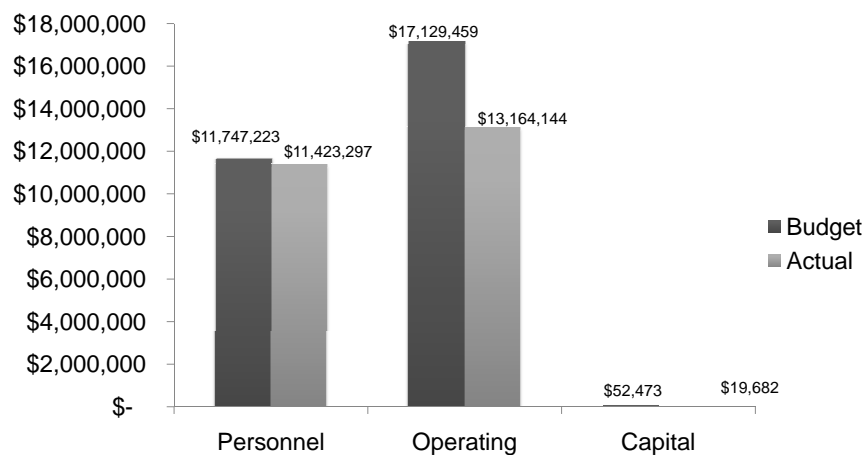
- The Department's approved budget for FY2012-13 is \$14,597,149 which represents a decrease of \$4,000,664 or 21.5 percent from the FY2011-12 approved budget.
- The Department anticipated collecting \$10,348,435 in revenue from the State and Federal governments, which represents 70.89 percent of the total funding amount.
- While funding for personnel expenditures increased by \$139,718, or 1.3 percent due to increases in the cost of benefits, the budgetary requirement for operations decreased by \$4,139,042, or 55.3 percent.

*Excerpt from FY2012-13 Approved Annual Fiscal Plan*

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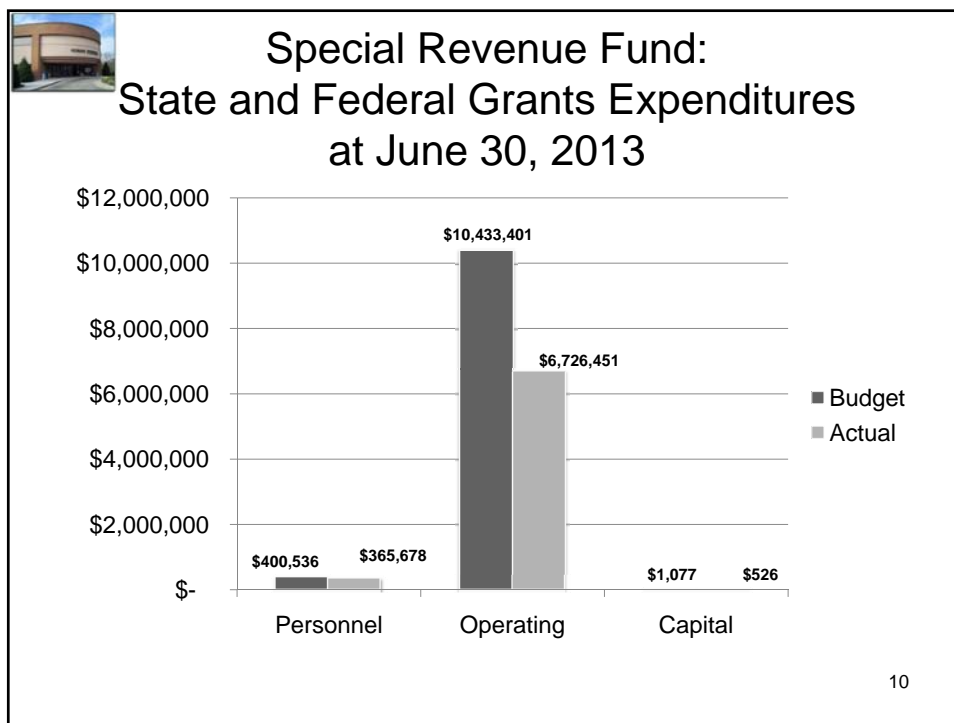
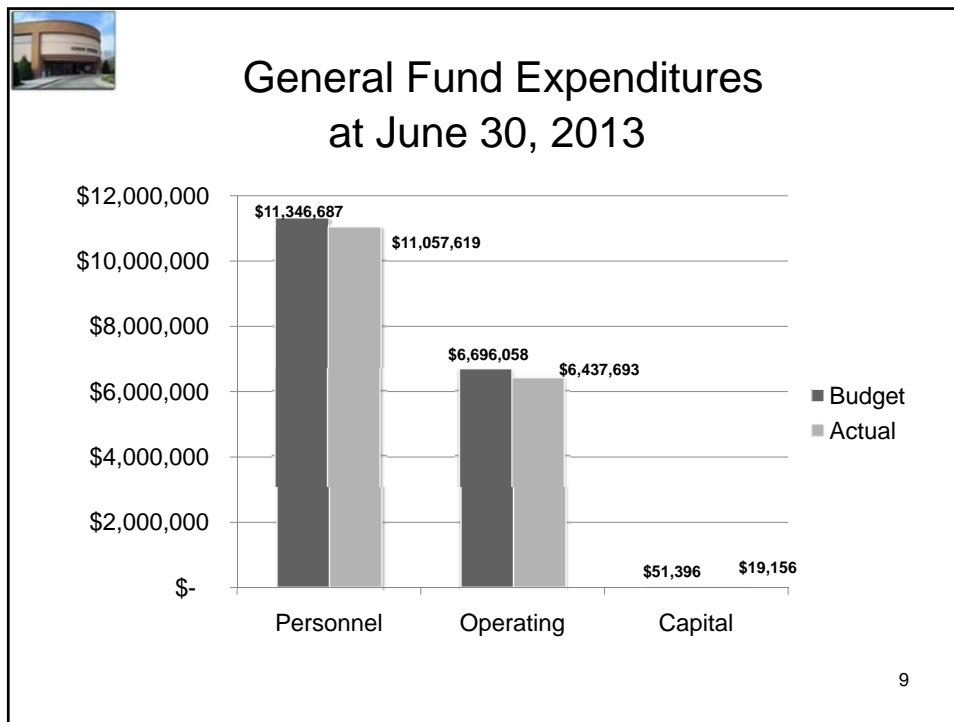


## Expenditures at June 30, 2013

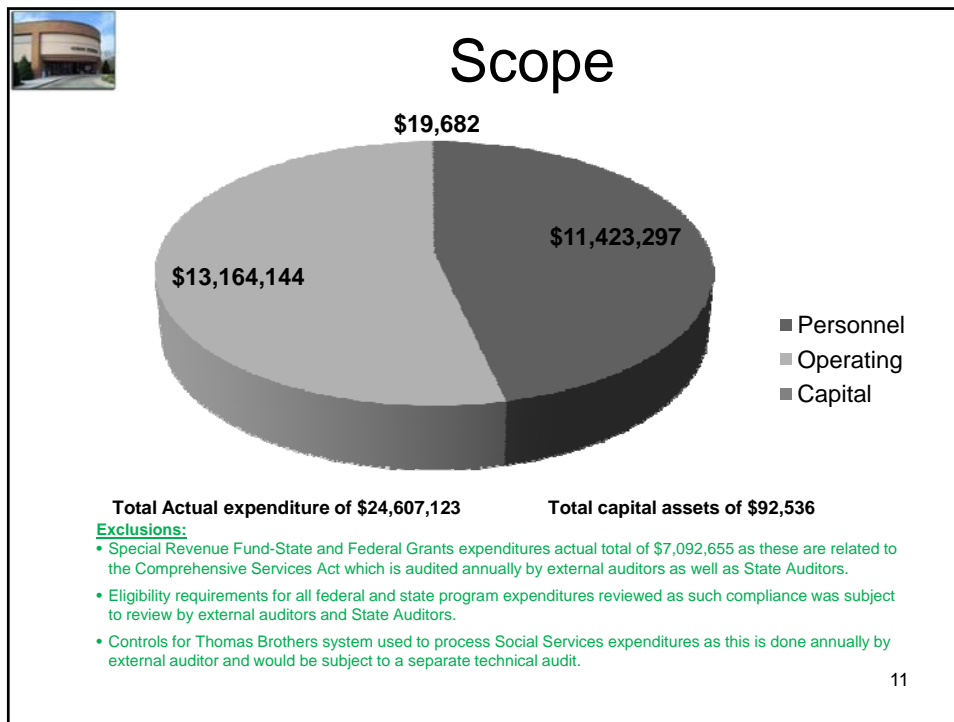


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- ## Internal Controls *Objectives*
- Reliability and integrity of information
  - Compliance with policies, procedures, laws and regulations
  - Safeguarding of assets
  - Effectiveness and efficiency of operations
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## 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

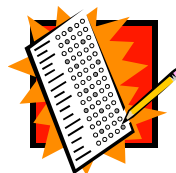


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## Audit Methodology

- Determined expenditure-related processes and control procedures
- Evaluated strengths and weaknesses of control procedures
- Randomly sampled recorded transactions and traced to supporting documents for accuracy and compliance with policy
- Randomly sampled capital assets and verified existence



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## Conclusions on Audit Objectives

	Audit Objectives	Observations Identified
▲	Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel	1. Ensure Travel is Settled within 14 Days of Return 2. Ensure Actual Receipts are Obtained for Employee Reimbursements
■	Determine that controls exist and are operating effectively to ensure Agency Head transactions are properly approved	None
■	Determine that adequate controls exist and are operating effectively to ensure compliance with policies for personnel expenditures including overtime	None
■	Determine adequate controls exist over fixed assets	None
■	Determine adequate controls exist over inter-departmental transfers	None

● Insufficient-Immediate Attention    
 ▲ Improvement Needed    
 ■ Sufficient

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## Reportable Issues

No significant reportable issues related to the audit objectives.

### Other Observations

1. Ensure Travel is Settled within 14 Days of Return
2. Ensure Actual Receipts are Obtained for Employee Reimbursements

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## Other Observations

The following slides include observations noted during our audit which were considered less critical in reaching our conclusions on our audit objectives.

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Issue 1

### Ensure Travel is Settled within 14 Days of Return


1. Review of Agency Head expenditures revealed 4 of 5 (80%) travel expenditures exceeding \$300 were settled more than 14 days after return.
2. Review of travel expenditures for staff revealed 4 of 5 (80%) travel expenditures greater than \$300 were settled 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. No funds were to be returned to the County for any of these instances of employee travel.*

#### Recommendation

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

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Issue 1

## Management Action Plan

Travel settlement for employees has been moved from Administration section to Finance Division to expedite processing.

**Action Plan Owner:** Finance Division Members  
**Completion date:** 09/01/13

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Issue 2


### **Ensure Actual Receipts are Obtained for Employee Reimbursements**

In a sample of disbursement transactions under \$5,000, 1 of 146 (<1%) involved payment to an employee who submitted two handwritten receipts (totaling \$226.50) for purchase of food items for reimbursement.

**Recommendation**

Ensure actual receipts are used instead of handwritten receipts for reimbursements to employees.

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Issue 2


## Management Action Plan

Agency supervisors, along with the Finance Division, have been reminded that no handwritten receipts will be accepted under any circumstances.

**Action Plan Owner:** Agency Supervisors and Finance Division Members


**Completion date:** 04/01/2014

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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 to ensure effective implementation.




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## Report Distribution

Audit Committee (Mr. Glover, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Community Services	Director of Social Services
Internal Audit Staff	

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## Audit Contact Information

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