

# Internal Audit Report on Permit Centers: Money Receipts and Expenditures

---

## County of Henrico



*Proud of our progress;  
Excited about our future*

---

Internal Audit Report #246  
October 1, 2014

HENRICO COUNTY INTERNAL AUDIT  
<http://henrico.us/audit>  
4301 EAST PARHAM ROAD  
P.O. BOX 90775, HENRICO, VIRGINIA 23273-0775

# Internal Audit Report on Permit Centers: Money Receipts and Expenditures

Jul\_ 2012 thru\_ h December 2013.



Report #246  
October 1, 2014



## Summary

- Scheduled Audit
- Conclusions on Audit Objectives:
  - ▲ Money Receipts: Improvement needed for each of the 4 related audit objectives (*Refer to Slide 15*)
  - ▲ Expenditures: Improvement needed for 3 related audit objectives; system-related controls were deemed to be sufficient (*Refer to Slide 16*)
- Exception Oriented
- 5 reportable Issues and 2 Other Observations
- Management Action Plans have been developed to address all risks identified.



● Insufficient-Immediate Attention    ▲ Improvement Needed    ■ Sufficient

Henrico County Internal Audit

2



## Contents

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



Henrico County Internal Audit

3




## Introduction

- Auditor III, Sharon Wade, 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 only
- Work for same Government we audit




Henrico County Internal Audit

4




# Background




**Permit Centers' Objectives:**

- To consistently provide quality services to all citizens and customers in a professional, accurate, and efficient manner
- To assist the public - including private citizens, builders, developers, and engineers – with their permitting and licensing needs
- To provide information to the public concerning the requirements and regulations related to zoning and subdivisions of property, building construction, and other aspects of the development process
- To assist the public with questions concerning the agendas and processes of the Planning Commission and Board of Zoning Appeals
- To provide a streamlined development review process at a convenient, one-stop location
- To accurately track, monitor, and administer the costs of providing these services in order to provide them in a cost efficient manner




Henrico County Internal Audit 5




# Background

## Organization of the Permit Centers

- Comprised of 16 individuals:
  - Director of Community Development and Assistant Director
  - Two administrative support staff members
  - 4 Building Inspection employees
  - 3 Planning employees
  - 3 DPW employees\*
  - 2 DPU employees\*
- Services are provided at both the Eastern and Western Government Centers



## Functions of the Permit Centers

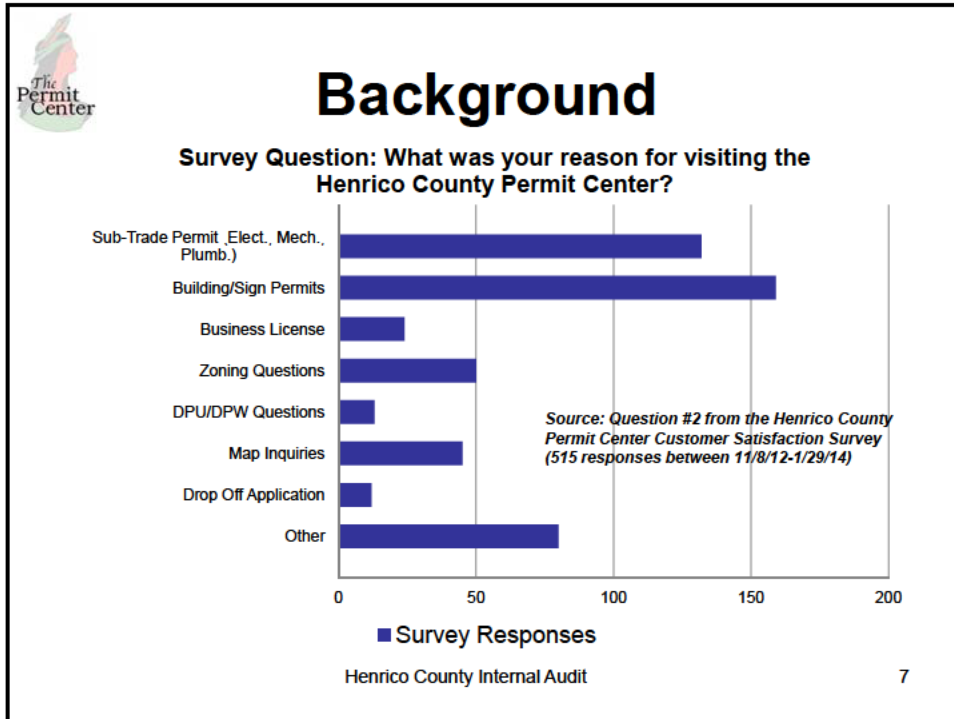


- One-stop shopping for residential building permits (additions/alterations only)
- Sign permit reviews & approvals; Building Inspections issues the permit.
- Sub-trade permit issuance (electrical, mechanical, plumbing)
- Zoning reviews & approvals for business licenses; Finance issues the license.
- Map inquires & purchases (The availability of online maps has significantly reduced these activities.)
- Questions related to zoning, DPU, DPW or general information

\* Personnel expenditures for the two DPU positions and two of the three DPW positions are reimbursed to the Permit Centers via interdepartmental transfers.

Henrico County Internal Audit 6

**County of Henrico  
Internal Audit Report #246  
Permit Centers: Money Receipts and Expenditures**



**Background**

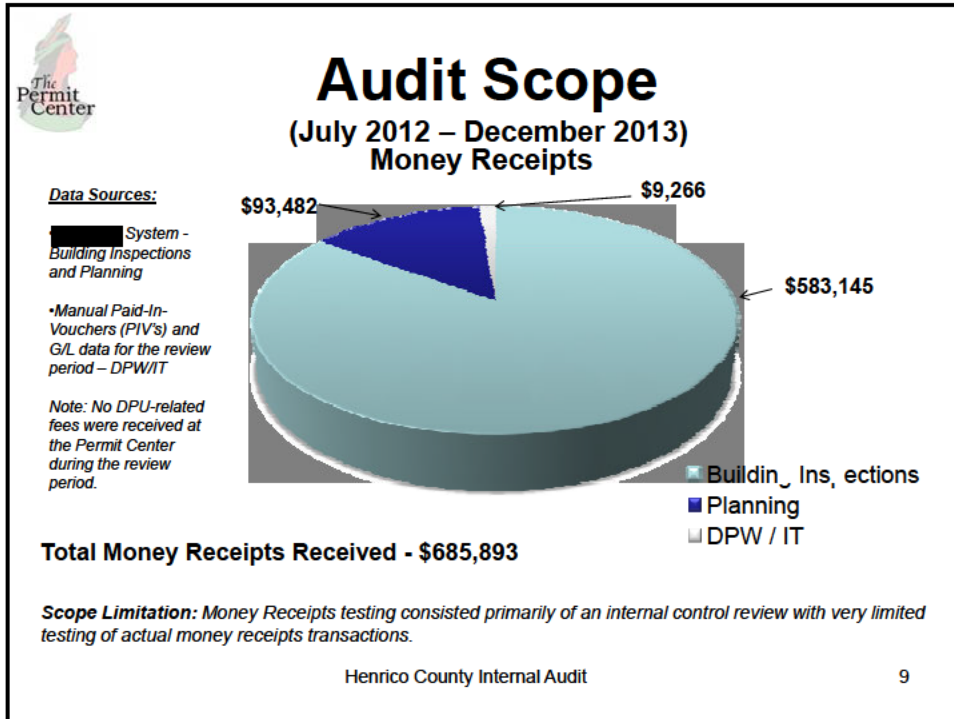
**Money Receipts**

While the Permit Centers do not have their own revenue accounts, they collect fees for the following agencies:

Agency for which Fees are Collected	Description of Fees
Building Inspections	Sub-trade permits (Electrical, Mechanical, Plumbing) for residential additions/alterations only
Planning	Zoning Conformance Letters (ZCL's), Variances, Conditional Use Permits (CUP's), Plans of Development (POD's), Subdivisions, Rezoning
DPW / IT	GIS data requests; map copies; map book sales
DPU	Water/Sewer Connection Fees

Henrico County Internal Audit 8

**County of Henrico  
Internal Audit Report #246  
Permit Centers: Money Receipts and Expenditures**



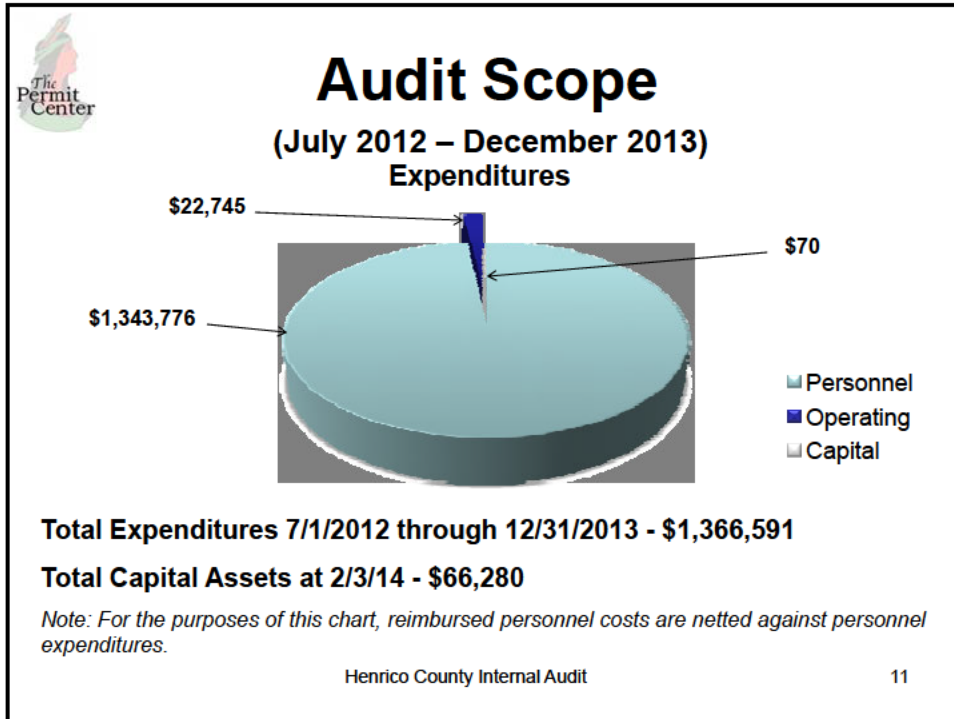
**Audit Scope**  
**Budget vs. Actual Expenditures**  
(FY14 through December 31, 2013)

	Budget	Actual
Personnel	\$829,396	\$520,541
Operating	\$35,281	\$9,863
Capital Outlay	\$1,150	\$0
<b>Total</b>	<b>\$865,827</b>	<b>\$530,404</b>

**NOTE: FY13 total actual expenditures of \$836,187 were under the total revised budget of \$893,787.**

Henrico County Internal Audit 10

**County of Henrico**  
**Internal Audit Report #246**  
**Permit Centers: Money Receipts and Expenditures**



- 
- ## Internal Controls Objectives
- Reliability and integrity of information
  - Compliance with policies, procedures, laws and regulations
  - Safeguarding of assets
  - Effectiveness and efficiency of operations
- 
- Henrico County Internal Audit 12



## **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




## **Audit Methodology**

- Evaluated money receipts and expenditure control procedures including their strengths and weaknesses
- Tested for compliance with key controls
- Randomly sampled supporting documents
- Reviewed documents for compliance
- Verified the existence of capital assets



**County of Henrico  
Internal Audit Report #246  
Permit Centers: Money Receipts and Expenditures**




## Conclusions on Audit Objectives

<b>Money Receipts</b>		
<b>Rating</b>	<b>Audit Objective</b>	<b>Issues/Other Observations Identified</b>
▲	Determine that controls exist and are operating effectively to ensure money receipts are properly accounted for, recorded, deposited in tact and in a timely manner.	<b>Issue 1</b> - Strengthen Reconciliation and Monitoring Controls in the Manual Receipting Process <b>Issue 4</b> - Strengthen Security of Money Receipts and Ensure Timely, Documented Deposits <b>Other Obs. 6</b> - Display Signs Communicating the Expectation of a Receipt
▲	Determine that controls exist to safeguard money receipts.	<b>Issue 4</b> - Strengthen Security of Money Receipts and Ensure Timely, Documented Deposits
▲	Determine compliance with agency money receipts policies and procedures.	<b>Issue 5</b> - Revise the Permit Center Policies and Procedures Manual
▲	Determine if system controls exist and are operating effectively.	<b>Issue 2</b> - Enhance System-Related Controls

● **Insufficient-Immediate Attention**    
 ▲ **Improvement Needed**    
 ■ **Sufficient**

Henrico County Internal Audit 15



## Conclusions on Audit Objectives

<b>Expenditures</b>		
<b>Rating</b>	<b>Audit Objective</b>	<b>Issues/Other Observations Identified</b>
▲	Determine that controls exist and are operating effectively to ensure compliance with policies and procedures over personnel and non-personnel expenditures including travel.	<b>Issue 3</b> - Enhance Controls for Processing Accounts Payable
▲	Determine that adequate controls exist over fixed assets, inter-departmental transfers and agency head transactions (i.e. to ensure proper approval).	<b>Other Obs. 7</b> - Update Capitalized Asset Information in Oracle Timely
■	Determine if system controls exist and are operating effectively.	<b>None</b>

● **Insufficient-Immediate Attention**    
 ▲ **Improvement Needed**    
 ■ **Sufficient**

Henrico County Internal Audit 16

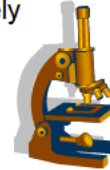


## Issues

1. Strengthen Reconciliation and Monitoring Controls in the Manual Receipting Process
2. Enhance System-Related Controls
3. Enhance Controls for Processing Accounts Payable
4. Strengthen Security of Money Receipts and Ensure Timely, Documented Deposits
5. Revise the Permit Center Policies and Procedures Manual

Other Observations:

6. Display Signs Communicating the Expectation of a Receipt
7. Update Capitalized Asset Information in Oracle Timely



### Issue 1

## Strengthen Reconciliation n M n i r i n g n r l i n the Manual Receipting Process





## Issue 1

### Criteria

Money receipt transmittals recording fees paid should be accounted for and reconciled to the permitting system activity and, ultimately, the financial system to ensure complete, timely and proper revenue postings.




## Issue 1

### Condition

Permit Center technicians are issued manual, numbered receipts (PIV's) in books or on loose sheets to use when collecting fees from customers. Copies of completed receipts and the collected funds are to be sent to the Cashier's Office for depositing and recording in the financial systems. However, we noted that there were no processes in place in the Permit Center or in Planning, Building Inspections, or IT to independently review each technician's assigned receipt books/sheets to ensure that all receipts were accounted for as either unused, voided, or used and validated indicating that the funds were properly transmitted to and received by the Cashier's Office.

Additionally, there were no processes in place in Planning or IT to attempt to independently reconcile their general ledger revenue accounts to the money received in the Permit Center on their behalf to ensure the revenue was completely and properly posted.







**Issue 1**

## Condition

Furthermore, permitting activities are tracked in [REDACTED] which does not interface with the financial system. While cases are denoted in [REDACTED] as having the related fees paid, there were no processes in place to independently review and ensure that the payment noted in [REDACTED] agreed to a manual receipt that was validated by the Cashier's Office. In a review of one sample transaction, a discrepancy in the amount recorded was noted which management was able to explain.




Henrico County Internal Audit 21



**Issue 1**

## Condition

Finally, [REDACTED] users who collect money receipts can change or override the system-calculated fees. There appeared to be no compensating controls in place to review for the proper charging of fees and limited exception reporting on potential fee issues such as instances where (1) the "fee due" from the customer did not agree to the "fee paid" or (2) the "fee paid" did not have a notation of the corresponding receipt number. Management was able to review and provide explanations for such instances noted in data extracted from the system during the audit.



Henrico County Internal Audit 22



## Issue 1

### Cause

1. Oversight
2. Thought that these reviews and reconciliations were being done in the Permit Center and/or the respective agencies serviced by the Permit Center
3. The [REDACTED] application was deployed in July 2001 and only has limited built-in security features.



## Issue 1

### Effect

The potential for the misappropriation or, at a minimum, the mis-ostin\_ of funds. No such instances were noted in our very limited receipts testing, however.

In addition, there is the potential for the charging of fees in a manner inconsistent with the established fee structure and data integrity issues.





**Issue 1**

# Recommendation

We recommend the following:

1. The Directors of Community Development and Planning should ensure that the sequence of all PIV forms for recording monies received in the Permit Center are properly accounted for and are reconciled to Oracle Financials.
2. The Directors of Community Development and IT should ensure that the sequence of all PIV forms recording monies related to the sharing of GIS data are properly accounted for and are reconciled to the general ledger.
3. The Building Official should ensure that accounting for the sequence of all Building Inspection PIV forms becomes a part of their general ledger reconciliation process.




**Issue 1**

# Recommendation

We recommend the following:

4. The Building Official along with the Directors of Community Development and Planning should work together to devise processes to:
  - a. ensure that payments noted in [REDACTED] agree to the manual receipts validated by the Cashier's Office.
  - b. review fees in [REDACTED] to ensure that they are appropriately charged and collected which should include exception reporting on: 1) "fees due" not equal to "fees paid" and 2) "fees paid" with no notation of corresponding receipt numbers.







**Issue 1**

## Management Action Plan

#	Management Action Plan	Completed By	Date
1.1	Permit Center will provide Planning with daily copies of itemized PIV receipts that include payee, [REDACTED] case number if applicable, and address and/or GPIN number. Planning will maintain a spreadsheet of revenue activity that includes the PIV number, date and applicable identifying case information listed above. This will be used to account for all PIV's and to reconcile to OFMS each month. (Spreadsheet will also be used to audit [REDACTED] transactions identified in 1.4a.)	Planning Fiscal and Accounting Technician	10/31/14




Henrico County Internal Audit 27



**Issue 1**


## Management Action Plan

#	Management Action Plan	Completed By	Date
1.2	IT will talk with Budget as well as the Permit Center about transferring the GIS-related revenue to the Permit Center as they collect the receipts, maintain the associated PIV books, and generally fulfill the customer requests. If feasible, the Permit Center will then be responsible for ensuring that the sequence of these PIV's is independently accounted for and the receipts are reconciled or otherwise monitored for reasonableness. If infeasible, IT will still talk to the Permit Center about assigning an independent reviewer to periodically account for the sequence of all PIV's. However, IT will facilitate evaluation of a long-term strategy of making the GIS data available free of charge.	Director of Information Technology	10/31/14



Henrico County Internal Audit 28


**County of Henrico  
Internal Audit Report #246  
Permit Centers: Money Receipts and Expenditures**




**Issue 1**

### Management Action Plan

#	Management Action Plan	Completed By	Date
1.3	Management will look into the cost benefit of issuing new PIV books that could be individually assigned to Building Inspections and Permit Center staff members and would be independently accounted for. If this option is not cost beneficial, management will consider other processes that would achieve the same goal with minimal expense and impact on staff resources.	Building Official	11/30/14
1.4a	Record a routine monthly audit of at least 10 randomly selected samples of collected fees and validated receipts (10 cases each for Planning and Building Inspections) to assure accuracy of the assessed fees, agreement with the validated amounts and posting of the receipt numbers in [REDACTED]	Building Inspections Business Supervisor, Permit Center staff designee, Planning Business Supervisor	10/31/14


Henrico County Internal Audit  29



**Issue 1**

### Management Action Plan

#	Management Action Plan	Completed By	Date
1.4b	Working with the Information Technology [REDACTED] Specialist, a report will be generated monthly that identifies all cases in which fees required does not equal fees paid. The Director of Community Development and Permit Center staff will reconcile any cases identified. Additionally, the Policy and Procedures Manual will be amended to require technicians note reasons for which fees required does not equal fees paid and to note PIVs for each case within the appropriate [REDACTED] field for ease of identification. A monthly report will be generated for which fees are paid but no PIV is noted and the Director of Community Development will reconcile any items identified.	Director of Community Development	10/31/14

Henrico County Internal Audit  30

**Issue 2**

# Enhance System-Related Controls



31



**Issue 2**

# Criteria

COBIT 5, A Business Framework for the Governance and Management of Enterprise IT, states that system access should be restricted to those entitled to and needing it. Furthermore, this framework sets forth information quality goals which include accuracy and completeness.



Henrico County Internal Audit

32



## Issue 2

### Condition

Walkthroughs with the Permit Center technicians and discussions with the System Administrator of the [REDACTED] permitting application revealed the following:

1. Although a user access clean-up project was completed at the beginning of 2014 to validate that all users were current employees, a review of the level of security access granted to each user has not been performed in the last year.
2. Some users have the ability to delete cases within the system which leaves a very minimal trail of the transaction.



## Issue 2

### Cause

1. In the past, access reviews were not a high priority task.
2. This application was deployed in July 2001 and only has limited built-in security features.





## Issue 2

### Effect

The potential for:

1. system and/or data manipulation which, among other things, could be used to conceal the misappropriation of funds when system access granted does not correspond to job duties assigned.
2. the misappropriation of money receipts if cases can be deleted by the person collecting the funds.
3. data integrity issues

No such instances were noted in our very limited receipts testing, however.




## Issue 2

### Recommendation

We recommend the following:

1. IT management should define and document the security levels within the [redacted] System and then periodically distribute to agency management a user listing which includes these security levels for access review purposes. As a part of this review, agency management should ensure that users with case deletion capability do not also accept fee payments. Finally, documentation of this access review process should be maintained.
2. The Project Management Team assigned to replace the [redacted] System should ensure that appropriate controls are built into the new system as well as the related processes to address these issues.






## Issue 2

# Management Action Plan

#	Management Action Plan	Completed By	Date
2.1	IT will perform a cost-benefit analysis to determine the amount of work required to document the security levels within [REDACTED] which is needed in order to create user listings for access review purposes at the agency level. At a minimum, however, IT will identify the users within [REDACTED] who can delete cases as well as the "super users" so that the affected agencies can ensure that duties for these individuals are properly segregated.	IT Project Leader, [REDACTED] Replacement Project	10/31/14
2.2	The Project Management Team assigned to replace the [REDACTED] System will work to ensure that the appropriate system controls are built into the new system (i.e. proper controls and management reporting around fee edits and transaction deletions as well as reporting to facilitate user access reviews).	IT Project Leader, Tidemark Replacement Project	9/30/16


Henrico County Internal Audit



37

## Issue 3

# Enhance Controls for Processing Accounts Payable



38



## Issue 3

# Criteria

1. Common business practices dictate that, prior to payment approval, invoices should be reviewed, initialed and dated by an individual who can confirm that the goods/services were received as well as the accuracy and completeness of the amount billed. Furthermore, prior to approval, invoice numbers should be reviewed to determine if they have been modified in order to bypass system controls. Finally, invoices should be date stamped upon receipt.
2. Henrico County Procurement Manual
3. County of Henrico Accounts Payable Manual
4. County of Henrico Revised Budgetary Chart of Accounts- Expenditure Accounts Descriptions



## Issue 3

# Condition

Discussions with management and administrative staff revealed the following:

1. While invoice packages were initialed and dated by the department head upon approval in Oracle, they were not initialed and dated by an individual who can confirm that the goods were actually received or the services were, in fact, rendered. However, the Administrative Assistant stated that she sometimes initials and dates packing slips to confirm the receipt of goods.
2. When invoices are set-up and approved for payment in Oracle, proper payment terms were not confirmed to ensure timely payments. No late payments were noted in our testing, however.
3. A few invoice numbers have been modified in order to pay invoices whose amounts were initially entered incorrectly into Oracle, for example. Given this situation, the Director of Community Development did not first check in Oracle to see if an apparently modified invoice number has already been paid before approving the expenditure for payment.





### Issue 3

## Condition

4. Furthermore, detailed testing of 36 invoices (27 direct payments and 9 paid via purchase orders) processed during the review period revealed the following exceptions:
  - a. Thirteen invoices (36%) were coded to the wrong G/L account.
  - b. Nine invoices (33%) paid as direct payments were associated with four vendors that were listed on the County's or the State's Master Contract Listing (or both) and, therefore, the products/services should have been acquired using purchase orders.
  - c. Eight invoices (24%) were not date stamped upon receipt (out of 33 which should have been date stamped).
  - d. Eight invoices (30%) had no direct payment category selected ....h.n Oracle.



### Issue 3

## Cause

1. Relied on the Director or Assistant Director's approval through Oracle
2. Lack of training (Conditions 1-3)
3. Reliance on Oracle's default payment terms
4. This is how they were trained by their predecessors to process payments (Condition 4)





### Issue 3

## Effect

The potential for:

1. payment of goods not received or services not rendered
2. late payment penalties being assessed, especially if the invoice receipt date is not documented
3. duplicate payments to vendors
4. overpayment to vendors, especially if State/County contracts are not referenced in order to pay the negotiated prices or rates
5. budget transfers if invoices are not charged to the correct G/L accounts or improper budgeting and management decision-making
6. non-compliance with County policies



### Issue 3


## Recommendation

We recommend the following:

1. Invoices should be initialed and dated by a person more closely involved in the transaction to indicate review and accountability for goods and services prior to payment.
2. Payment terms in Oracle should be checked to ensure payment by the contract due date or, if a date is not established by the contract, payment not more than 45 days after the goods are received or the invoice is rendered, whichever is later.
3. The Director of Community Development should first check in Oracle to see if an apparently modified invoice number has already been paid prior to approving the expenditure for payment.
4. The Director of Community Development should ensure that processes are implemented to confirm that each of the accounts payable areas noted is properly addressed going forward prior to the approval of invoices for payment.




**County of Henrico  
Internal Audit Report #246  
Permit Centers: Money Receipts and Expenditures**




**Issue 3**

## Management Action Plan

#	Management Action Plan	Completed By	Date
3.1	Internal procedures have been modified to require separate individuals input orders, unpack materials, verify invoice details, and approve invoices for payment. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Director of Community Development	9/30/14
3.2	Internal procedures have been modified to verify payment due dates. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Administrative Assistant to Director of Community Development	9/30/14
3.3	Internal procedures have been modified to verify modified invoice numbers in Oracle. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Director of Community Development	9/30/14


Henrico County Internal Audit  45



**Issue 3**

## Management Action Plan

#	Management Action Plan	Completed By	Date
3.4	Internal procedures have been modified to verify that accounts payables are coded to correct G/L account; that vendors are/are not on State contract/ invoices are date stamped/ and have correct payment category selected in Oracle. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Director of Community Development and Administrative Assistant	9/30/14

Henrico County Internal Audit  46

Issue 4

## Strengthen Security of Money Receipts and Ensure Timely, Documented Deposits



47



Issue 4

## Criteria

1. County assets, particularly money receipts, are to be secured at all times.
2. Best business practices dictate that: a) money receipts be deposited timely and evidence of that deposit be retained, b) checks be restrictively endorsed immediately upon receipt and c) customers be provided a consistent receipt.



Henrico County Internal Audit

48



## Issue 4

### Condition

Walkthroughs of the money receipts process with the Permit Center East and West technicians revealed that cash and checks were not always properly secured during the day (given the high volume of customer traffic in the area) and at night when funds were not sent to the Cashier's Office. Furthermore, checks were not always being deposited timely. Specifically we noted:

1. Two technicians did not keep money receipts secured during the day. In addition, one of these technicians did not always keep money receipts locked up at night if the funds were not able to be sent to the Cashier's Office during the day.
2. One technician had 11 checks on hand at the time of the walkthrough, 9 of which had been held for one to two days without being deposited and 5 of which had not been restrictively endorsed upon receipt.




## Issue 4

### Condition


3. Building Inspection technicians did not provide a consistent receipt to the customer and they did not prepare consistent paperwork packages to send to the Building Inspections Department. In addition, incomplete packages were not handled in the same manner among these technicians.
4. Checks associated with sub-trade permit applications that were dropped off at the front desk of the Permit Center West were restrictively endorsed upon receipt but were not secured overnight if Building Inspection personnel did not come over and pick-up the application package before the end of the work day.




 **Issue 4**

## Cause

1. Oversight
2. Lack of training
3. This is the way money receipts have always been handled
4. No documented procedures which standardize customer receipting and paperwork sent to Building Inspections



Henrico County Internal Audit 51



 **Issue 4**

## Effect


The potential for:

1. the misappropriation of cash or checks not restrictively endorsed if not properly secured
2. the misuse of bank account information lifted from unsecured checks that may or may not be restrictively endorsed
3. revenue not being available for use as it is not being deposited timely
4. customer confusion due to the inconsistency in receipting
5. processing inefficiencies if the packages sent to Building Inspections are not consistently prepared against an agreed upon standard.

**Note:** During our walkthrough, we did not substantiate any misappropriations or confirm any misuse, however.

Henrico County Internal Audit 52




## Issue 4

# Recommendation


We recommend the following:

1. In the Permit Center West,
  - a. cash payments should be sent to the Cashier's Office immediately upon receipt
  - b. checks should be restrictively endorsed immediately upon receipt and sent to the Cashier's Office. If checks need to be accumulated throughout the day for any reason, they should be stored in a secure location out of customers' sight and sent to the Cashier's Office by the end of that same day. Any checks that cannot be sent to the Cashier's Office by the end of the day (a late arriving customer, for example) should be properly secured overnight.
2. Standard processes related to customer receipts and paperwork packages sent to Building Inspections need to be documented in the Permit Center Policies and Procedures Manual.



Henrico County Internal Audit


53




## Issue 4

# Management Action Plan

#	Management Action Plan	Completed By	Date
4.1a	Permit Center Staff have been instructed via email not to hold cash received at their desks, but to immediately send funds to Finance Cashiers. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Director of Community Development	9/30/14
4.1b	Permit Center staff have been provided with stamps to restrictively endorse checks immediately upon receipt. All checks are forwarded to Finance Cashiers immediately upon receipt. These procedural modifications will be memorialized in a revised Policies and Procedures Manual (see 5 below).	Director of Community Development	9/30/14
4.2	The Permit Center Policies and Procedures Manual will be updated to include revised receipt and paperwork handling processes.	Director of Community Development	10/31/14



Henrico County Internal Audit



54

**Issue 5**

## **Revise the Permit Center Policies and Procedures Manual**



55



**Issue 5**

## **Criteria**

Policies and procedures documenting a process should be comprehensive in order to be utilized as a reference and training tool.



Henrico County Internal Audit

56



## Issue 5

### Condition

Based on discussions with management, it was determined that a policies and procedures manual was created in 2001 when the Permit Center was formed; however, the Director of Community Development confirmed that it had not been revised under his tenure.

Furthermore, inquiries into the money receipts data highlighted the need for policies surrounding processing and documentation requirements (e.g. fee handling and documentation needs for cases such as landscape and lighting permits processed simultaneously).



## Issue 5

### Cause


The Director communicated necessary information via emails.



### Effect

There was no updated policies and procedures manual for reference and training purposes to facilitate consistent practices particularly in the event of employee turnover.







**Issue 5**

## Recommendation

We recommend that the Director of Community Development revise the Permit Center Policies and Procedures Manual as indicated.




Henrico County Internal Audit 59



**Issue 5**

## Management Action Plan

#	Management Action Plan	Completed By	Date
5	The Permit Center Policies and Procedures Manual will be reviewed and updated to reflect current and proposed business practices.	Director of Community Development	10/31/14



Henrico County Internal Audit 60



## Other Observations

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



## Issue 6


### Display Signs Communicating the Expectation of a Receipt

Observations at the Permit Center West revealed that no signs communicating the expectation of a receipt were displayed at the front desk or at the desk of the technicians. NOTE: At the Permit Center East, customers are sent to the Cashier's windows for payment processing.

#### Recommendation:

The Director of Community Development should ensure that signs communicating to customers the expectation of a receipt be placed at the front desk and at every technician's desk in the Permit Center West and East locations.


# Receipt



## Issue 6


## Management Action Plan

#	Management Action Plan	Completed By	Date
6	Signs communicating customers can expect a transaction receipt have been posted at the reception counter and at the credit card terminal within the Permit Center-West. Individual workstations at the Permit Center-East have received the same signage.	Director of Community Development	9/30/14



Henrico County Internal Audit


63



## Issue 7

### Update Capitalized Asset Information in Oracle Timely

While trying to confirm all Permit Center assets based on a 2/3/14 Oracle-Fixed Assets listing, a leased copier could not be verified as the model and serial number of the asset located ... different. Research revealed that the leased copier on the Oracle listing was traded-in for a different model in February 2013. This change was reflected in the sub-system used to send out quarterly leased asset verifications; however, Oracle was not updated until March 2014. Furthermore, we noted Form L dated 1/2/14 from the Business Section of the Revenue Division of Finance also listed the incorrect copier; the Director of Community Development signed off on this document without correcting the out-dated information.




**Recommendation:**

1. The Senior Accountant in Accounting should initiate a control procedure in the quarterly leased asset verification process to help ensure that all changes reported as a result of the verification process are updated timely in both the sub-system used to initiate these inventories and in the Oracle-Fixed Assets System.
2. The Director of Community Development or his designee should physically verify the asset(s) in question including the accuracy of the reported serial number(s) before signing off on any physical inventories or verifications of leased assets.

Henrico County Internal Audit

64




## Issue 7


## Management Action Plan

#	Management Action Plan	Completed By	Date
7.1	<p>Any changes to the Quarterly fixed asset lists provided to departments will continue to be updated in the subsystem by the Fixed Asset Accountant. These changes will be documented to the supervising Senior Accountant to insure that parallel changes are made in the Oracle fixed asset system.</p> <p>Asset changes will be updated in Oracle within 3 months of notification and no later than necessary to meet June 30 reporting deadlines.</p>	Fixed Asset Accountant and Senior Accountant	9/30/14
7.2	<p>The Director of Community Development or his/her designee will physically verify the serial number(s) of any physical asset(s) or verifications of leased equipment before reporting and/or surplusing.</p>	Director of Community Development	9/30/14

Henrico County Internal Audit




65




## Closing

- Appreciate Agencies' cooperation
- Follow up on open Action Plans will be performed as completion dates are reached or after sufficient time has passed to ensure the actions are effective and on-going.



Henrico County Internal Audit


66



## Report Distribution

Audit Committee (Mr. Glover, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Managers for Community Development and Administration	Directors of Community Development, Planning, Information Technology and Finance, Building Official
Internal Audit Staff	

Henrico County Internal Audit 67



## Audit Contact Information

Sharon Wade, Auditor III  
Phone: 804-501-4210  
E-Mail: [wad01@henrico.us](mailto:wad01@henrico.us)

Vaughan Crawley, Director of Internal Audit  
Phone: 804-501-4292  
E-Mail: [cra85@henrico.us](mailto:cra85@henrico.us)

Henrico County Internal Audit 68