

# **Internal Audit Report on Division of Fire Expenditures FY15**

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## **County of Henrico**



*Proud of our progress;  
Excited about our future*

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**Internal Audit Report #252  
July 29, 2015**

HENRICO COUNTY INTERNAL AUDIT  
<http://henrico.us/audit>  
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# Internal Audit Report on Division of Fire Expenditures FY2015 (Thru February 2015)



Report #252  
July 29, 2015

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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, Objectives and Methodology
- Conclusions on Audit Objectives
- Issues 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 issues & significant test exceptions
- Work for same Government we audit



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## Background

- Division of Fire became an accredited Fire service organization in September 1998

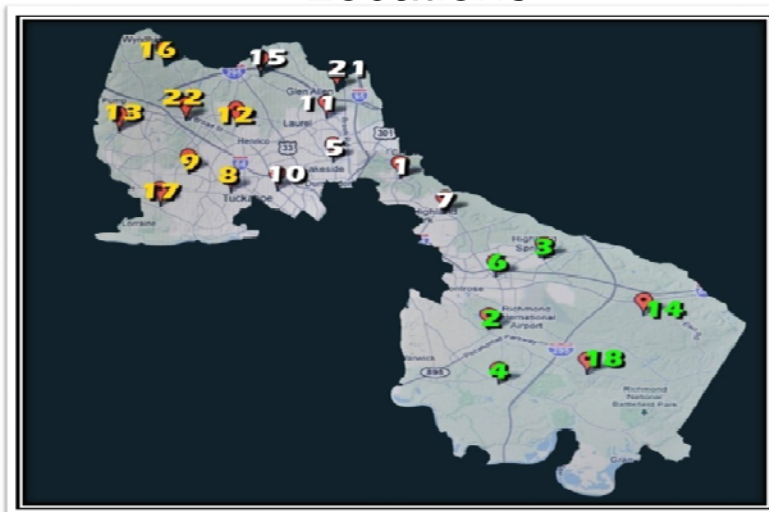


- First county government in United States with both accredited Fire and Police

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## Current Fire Stations and Locations



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## Background

<b>Fire Section:</b>	<b>Major Responsibilities:</b>
Operations	Fire fighting, coordination of special events, salvage operations, pre-fire planning, company fire inspections and operation of specialty repair and maintenance shops
Fire Marshal	Arson investigation, fire safety inspection, and community services and public affairs
Organizational Development	Training and professional development of personnel

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## Background

<b>Fire Section:</b>	<b>Major Responsibilities:</b>
Business Management	Prepare and manage the budget, purchasing, payroll, personnel records, fire services records, stockroom supplies and statistical reporting.
Accreditation, Technology and Support Services	Manage and coordinate activities related to the Fire Service Accreditation Program, forecast, develop, coordinate, administer, and maintain the Division's technological initiatives
Emergency Medical Services	Enhance delivery of emergency medical services, in concert with Volunteer Rescue Squads, by providing training, recruitment, and first responders for basic and advanced life support
Emergency Services	Plan and prepare for all major disasters, both natural and man-made

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## Budget Highlights

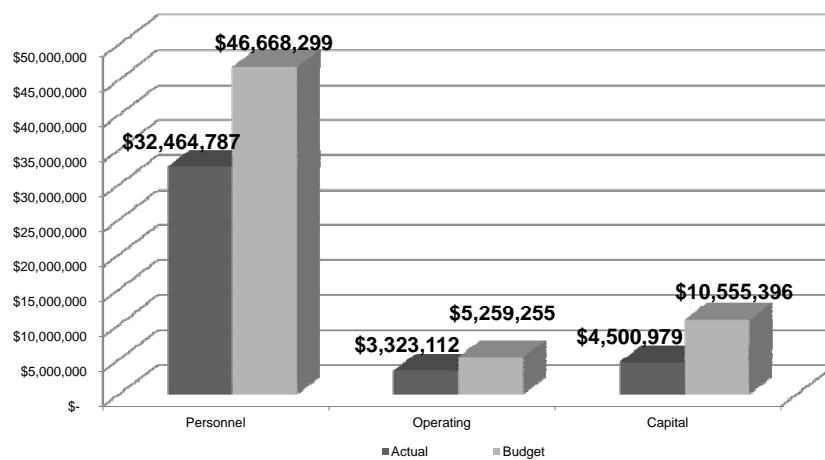
- The Division of Fire's budget for FY2014-15 is \$51,357,234, representing an increase of \$569,050 or 1.1 percent from the previous approved budget. The personnel component increased by a net difference of \$569,051 or 1.2 percent from the previous approved
- In FY2014-15, the Division of Fire will focus on expanding the quality of existing programs as well as continuing to provide a consistently high level of service to the citizens of the County. Examples of these programs include enhancing firefighter safety, streamlining training delivery, and a continued priority towards community services.

*Excerpt from FY2014-15 Approved Annual Fiscal Plan*

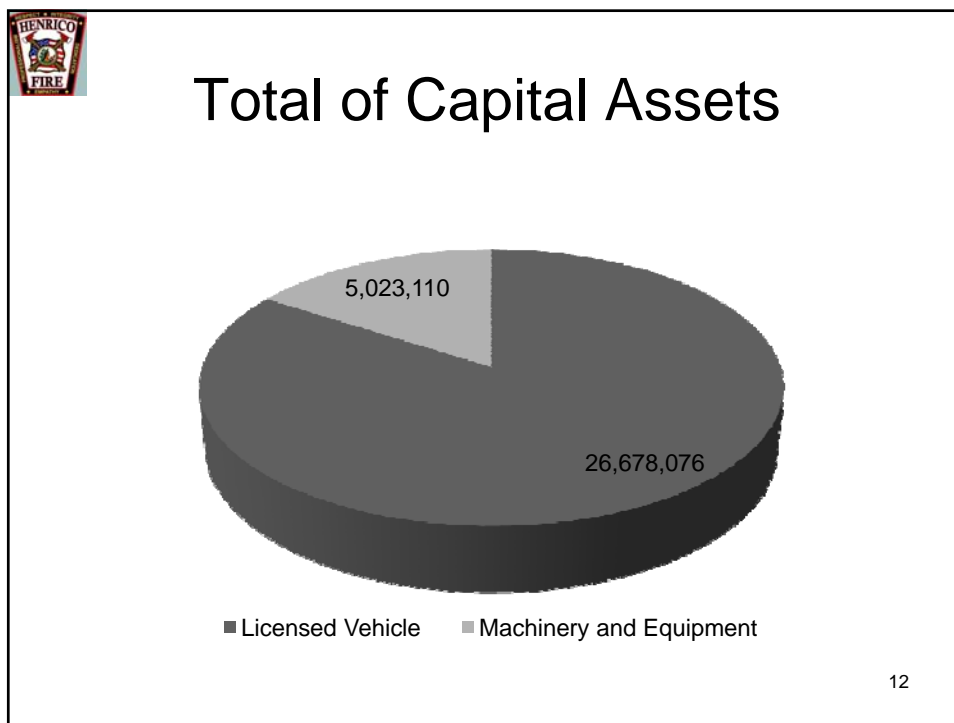
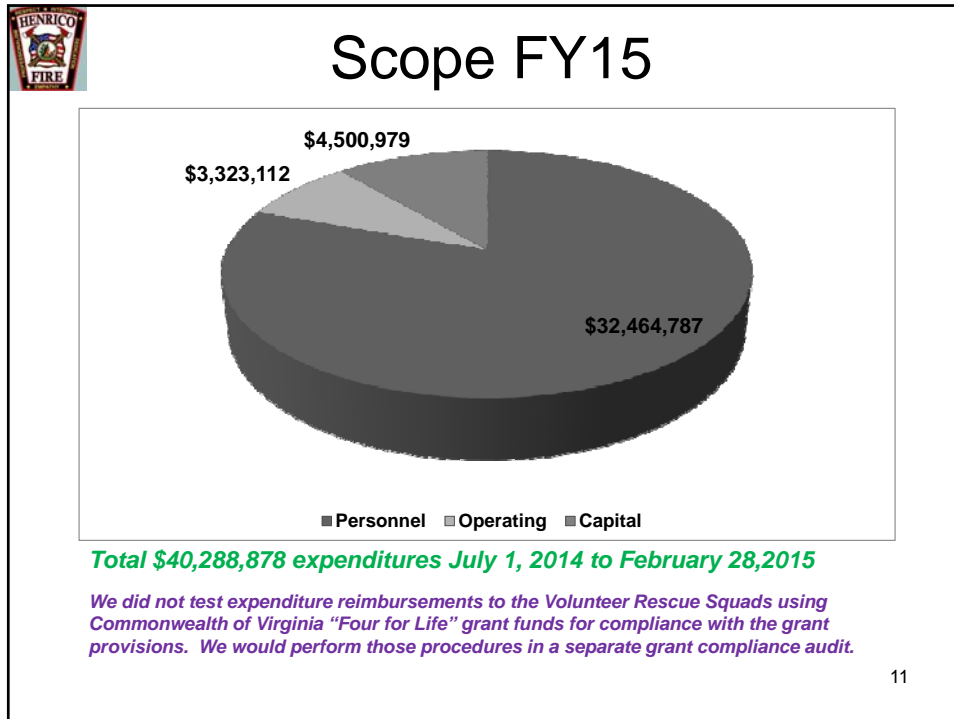
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## Budget Versus Actual At February 28, 2015



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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

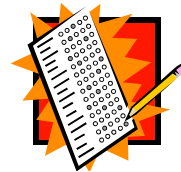


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## Audit Methodology

- 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	Issues and Other Observations Identified
■	Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel	<i>Other Observation 2</i>
■	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	<i>Other Observation 1</i>
■	Determine adequate controls exist over inter-departmental transfers	None

● Insufficient-Immediate Attention    
 ▲ Improvement Needed    
 ■ Sufficient

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## Issues

No significant reportable issues related to the audit objectives

### ***Other Observations***

1. Improve controls over Capital Assets
2. Ensure all travel is settled timely



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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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## Improve controls over Capital Assets

Some assets had incorrect serial numbers and some had no serial numbers listed requiring an update in Oracle. [2 of 158 (2%) capital assets tested]

Some assets were marked as surplus or destroyed in records kept by Division of Fire but General Services had no corresponding records. [5 of 158 (3%) capital assets tested]



Correctly enter and/or correct the asset description, serial and capital asset identification tag numbers into each mass addition line monthly.

Timely completion and distribution of Capital Asset Information Forms (AIF) and supporting documentation to the Surplus Property Coordinator for disposals and inter-departmental transfers. <http://virtual.henrico/genserv/CAIF.doc>

## Recommendation

Improve controls over Capital Assets by ensuring serial numbers are accurately listed and surplus forms are timely completed.

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## Management Action Plans

1.1 All Asset Information Forms to be executed by General Services with a copy of the executed copy returned to Division of Fire.

**Action Plan Owner:** Captain of Logistics

**Expected Completion Date:** June 30, 2016

1.2.a Review all existing fixed assets to make sure they are entered correctly into Oracle.

1.2.b Finance runs a monthly import to the Fixed asset module. As part of our monthly close out procedures we will go into the Fixed Asset Mass Addition and make sure the appropriate serial numbers, model numbers etc. have been captured.

**Action Plan Owner:** Captain of Logistics and Business Management

**Expected Completion Date:** June 30, 2016

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## Ensure all travel is settled timely

Review of travel expenditures for staff revealed 2 of 49 (4%) 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. Funds were to be returned to the County in both 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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## Management Action Plans

- 2.1 Reminder upon approval of travel of the date it needs to be settled. Emails sent to Traveler and Supervisor of the settlement date for their travel.

**Action Plan Owner:** Business Management

**Expected Completion Date:** October 30, 2015

- 2.2 Supervisor follow up before Firefighter goes on a 5 day break

**Action Plan Owner:** Supervisor

**Expected Completion Date:** October 30, 2015

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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 sufficient time has passed to ensure the actions are effective and on-going.



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## Report Distribution

Audit Committee (Mr. Glover, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Chief, Division of Fire	Internal Audit Staff

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