

**Internal Audit Report on
Public Relations & Media Services
Expenditures
FY15 and FY16 (Thru November 20)**

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #258
March 10, 2016**

HENRICO COUNTY INTERNAL AUDIT
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Internal Audit Report on Public Relations and Media Services Expenditures FY15 and FY16 (thru November 20)



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1



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

2



Contents

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



3



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



4



Overview

The Office is separated into two divisions: Public Relations and Media Services.

- The employees in the Public Relations office focus on media relations and public awareness of County policies and activities via coverage in print, broadcast media, and publications. Public Relations is also responsible for tours, the speakers' bureau, and other bulletins that include tips on special events planning and promotion, working with the media, writing news releases and public service announcements, and listing other in-house services.
- The employees in the Media Services office serve as a media support staff, offering other County agencies assistance with audio-visual production and presentation. The office provides streaming video coverage of Board of Supervisors meetings and is also responsible for producing programs and operating HCTV.

Excerpt from FY2015-16 Approved Annual Fiscal Plan

5



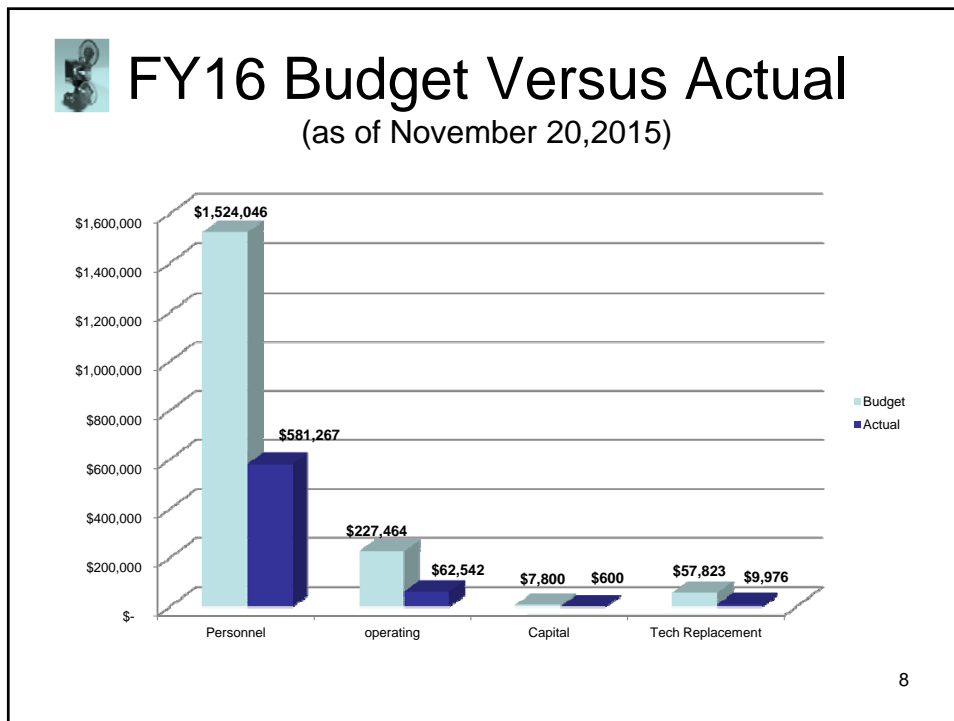
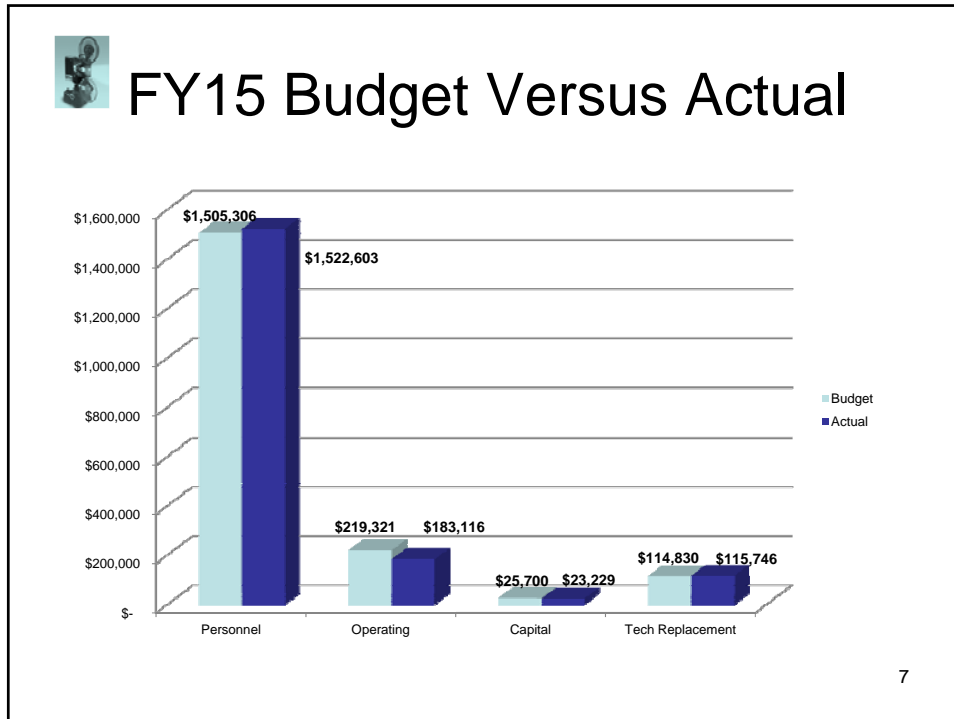
Budget Highlights

- The Public Relations & Media Services department's proposed budget for FY2015-16 is \$1,749,523, which is a \$26,690 or a 1.5 percent increase from the FY2014-15 approved budget.
- The Public Relations component of the proposed budget for FY2015-16 is \$825,928. Compared to the approved FY2014-15 budget, this is an increase of \$18,409 or 2.3 percent. The increase is attributed entirely to personnel costs.
- The Media Services component of the proposed budget for FY2015-16 is \$923,595, which is an increase of \$8,281 or 0.9 percent from FY2014-15. The increase is attributed entirely to personnel costs.
- Personnel costs account for approximately 87% of the department's FY15-16 budget. The largest budgeted Operating expenditures include Printing and Binding and Other Operating Supplies.
- The department acquires its computer and software assets using funds separately budgeted in the County's Technology Replacement Fund, an internal service fund.

Derived from the FY2015-16 Approved Annual Fiscal Plan

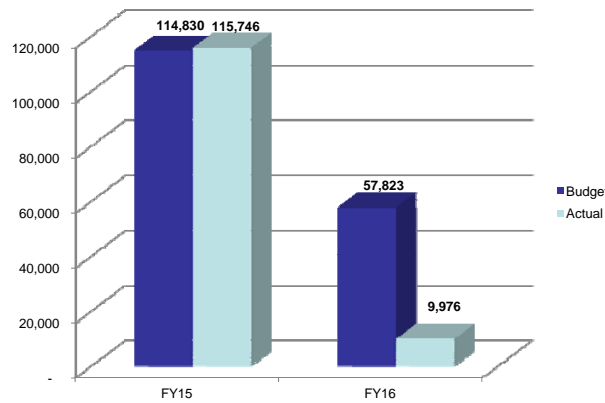
6

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PR&MS' Technology Expenditures in the Technology Replacement Fund (as of November 20, 2015)

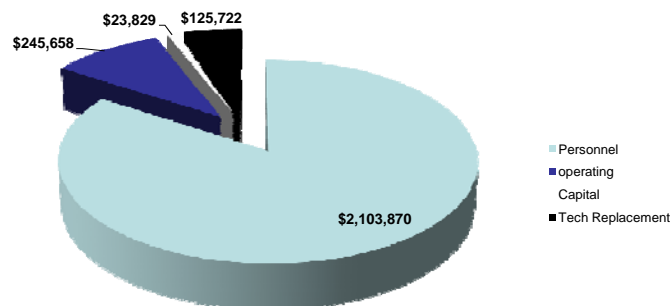


Source: OMB's Technology Replacement Fund reconciliation spreadsheets.

Actuals agreed to expenditures charged to PR&MS' Tech Replacement Fund location code in Oracle.



Scope FY15 to November 20, 2015



Total Expenditures of \$2,373,357 (General Fund) and \$125,722 (Tech Replacement Fund) from July 1, 2014 to November 20, 2015.

Total Capital Assets-Machinery and Equipment of \$942,276.44 at June 30, 2015



Internal Controls *Objectives*

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



11



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

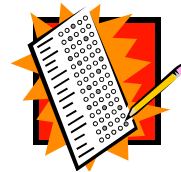


12



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



13



Conclusions on Audit Objectives

- Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel (*See other observation 2*)
- 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 (*See other observation 1*)
- Determine adequate controls exist over fixed assets
- Determine adequate controls exist over inter-departmental transfers

● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient

14



Issues

No significant reportable issues related to the audit objectives



Other Observations

1. Consider Using Oracle Leave Request Process
2. Ensure all invoices submitted for scanning and attachment into Oracle are initialed and dated

15



Other Observations

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

16

Other Observation 1



Consider Using Oracle Leave Request Process

The department currently uses the County's manual leave forms to request and approve leave for all staff including the Director.



RECOMMENDATION:

For efficiency purposes, consider using the Oracle leave request process to electronically document and approve leave requests. At a minimum, consider scanning the manual leave request forms and saving the scans on a County server that is being backed up for data retention purposes.



17

Other Observation 1



Management Action Plan

...will consider, in the short-term, scanning the leave forms. I will also consider in the long-term possibly switching to the Oracle leave request process.

Action Plan Owner: Director of PR&MS

Expected Completion: July 1, 2016

18

Other Observation 2



Ensure all invoices submitted for scanning and attachment into Oracle are initialed and dated

- 85 of 95 (89%) of direct pay expenditure invoices sampled were not initialed on the support scanned into Oracle but were check marked to indicate review for goods and services received prior to payment.
- 19 of 25 (76%) of Purchase Order expenditure invoices sampled were not initialed on the support scanned into Oracle but were check marked to indicate review for goods and services received prior to payment.

RECOMMENDATION:

Ensure all invoices submitted for scanning and attachment into Oracle Financials are those that agree to invoice payment amount and are initialed and dated to indicate review and accountability for goods and services received prior to payment.

19

Other Observation 2



Management Action Plan

...Since this issue was brought to our attention, we have complied with this additional step and will continue to do so moving forward.

Action Plan Owner: Business Supervisor

Expected Completion: February 1, 2016

20



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 ongoing.



21



Report Distribution

Audit Committee (Mr. Glover, Mrs. O’Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Director of Public Relations and Media Services	
Internal Audit Staff	

22



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