

**Internal Audit Report on
General Services Expenditures
FY16 (Thru February 29)**

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #259
September 2, 2016**

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



Internal Audit Report on General Services Expenditures FY16 (thru February 29)



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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-department transfers
- Exception Oriented
- No reportable Issues
- Management took corrective actions during the audit to address some observations which were considered less critical in reaching our conclusions.

● Insufficient-Immediate Attention
 ▲ Improvement Needed
 ■ Sufficient 2



Contents

- Introduction and Background
- Scope, Objectives and Methodology
- Conclusion 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

- The Department of General Services is dedicated to providing quality support services for all County operations.
- The Department provides services in an effective, economical, and efficient manner, with pride and concern for those served. General Services is a diversified operation that consists of *Maintenance & Custodial, Security, Administration, Employee Cafeteria, Financial, Information Technology, Energy Management, Records Management and Central Automotive Maintenance (CAM)*

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Budget Highlights

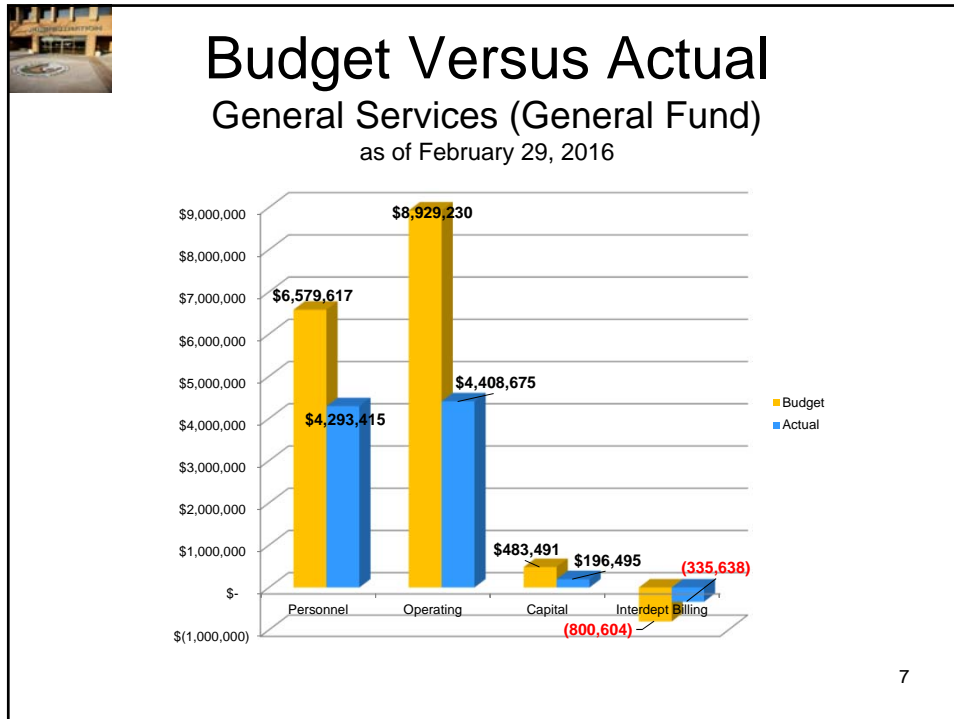
- The Department of General Services' general fund budget for FY16 was \$14,111,387 consisting of the following:

Maintenance & Custodial	\$9,929,033
Security	\$1,449,588
Administration	\$1,825,206
Records Management	\$463,420
Employee Cafeteria	\$444,140

Personnel costs account for approximately 50% of the department's general fund budget.

- The department acquires its computer and software assets using funds separately budgeted in the County's Technology Replacement Fund, an internal service fund.

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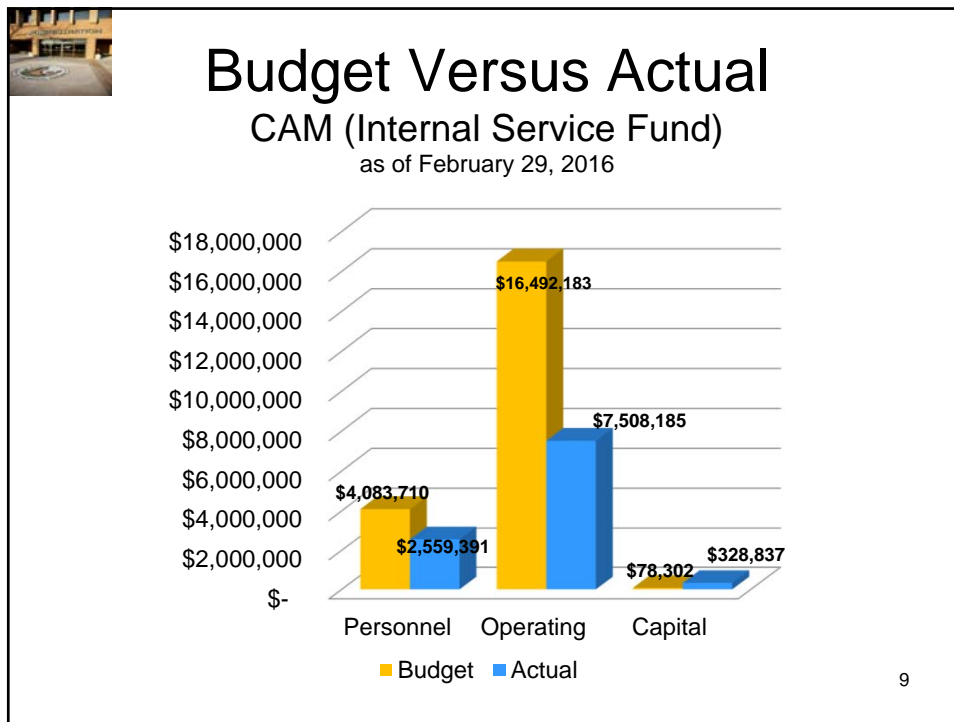
Budget Highlights

Internal Service Fund

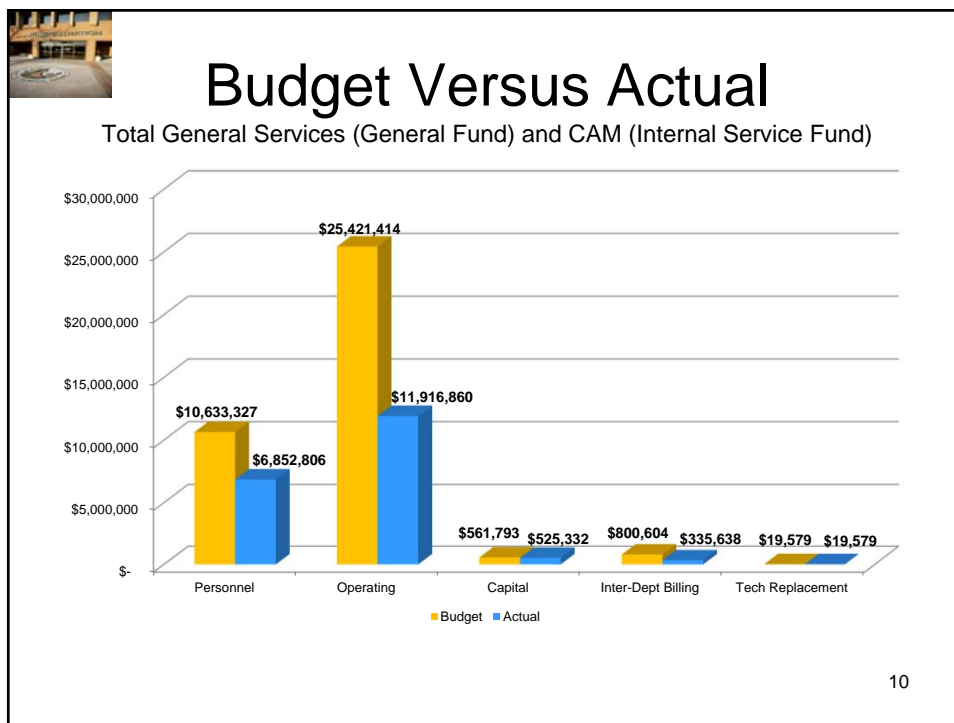
- CAM expenditures are recorded in an internal service fund and the activities are funded primarily through inter-departmental billings. The CAM budget for FY16 was \$20,506,792.
- Significant budgeted expenditures include personnel costs, vehicle repairs and replacements, and fuel.

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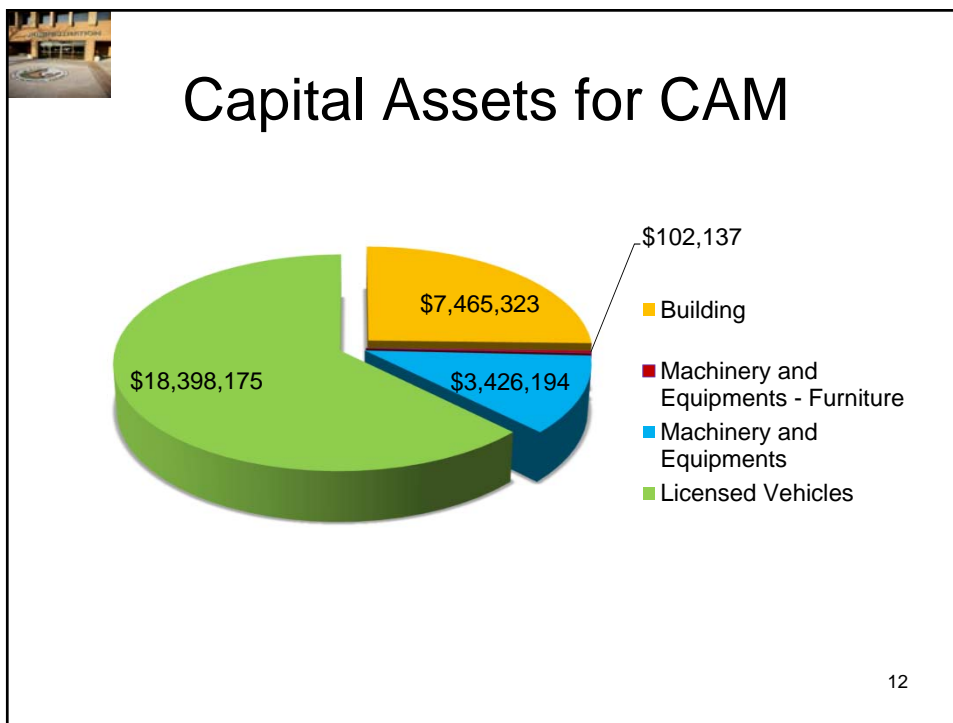
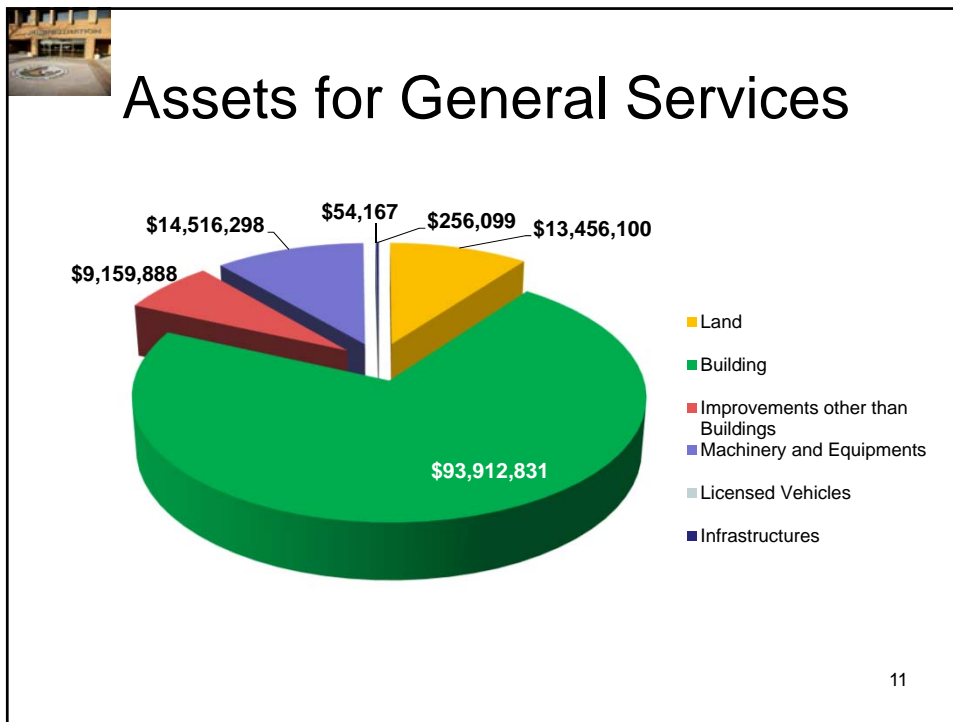
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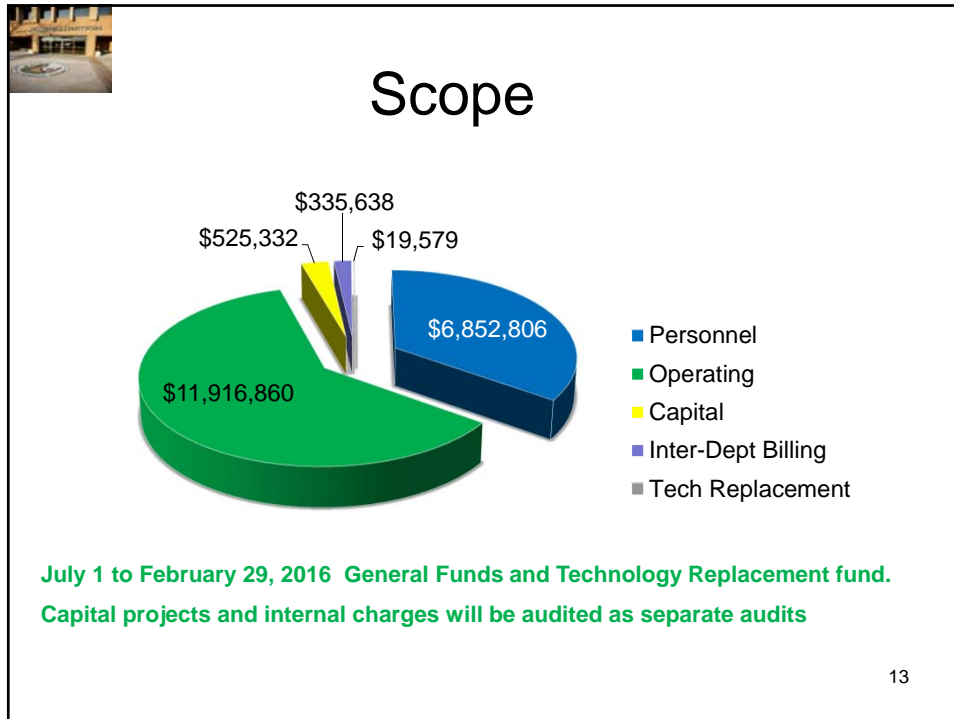


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- Internal Controls
Objectives**
- Reliability and integrity of information
 - Compliance with policies, procedures, laws and regulations
 - Safeguarding of assets
 - Effectiveness and efficiency of operations
-
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Internal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

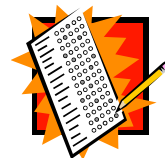


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Audit Methodology

- 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

- 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-department transfers

● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient 17



Issues

No significant reportable issues related to the audit objectives

Other Observations

Management took corrective actions during the audit to address some observations related to invoice processing in Central Automotive Maintenance which were considered less critical in reaching our conclusions.



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Closing

- Appreciate Agency's cooperation



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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 Administration	Director of General Services
Internal Audit Staff	

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Audit Contact Information

Joyce Aikor-Richardson, Auditor III

Phone: 804-501-4493

E-Mail: aik11@henrico.us

Vaughan Crawley, Director of Internal Audit

Phone: 804-501-4292

E-Mail: cra85@henrico.us