


Internal Audit Report on
Agriculture & Cooperative Extension
Money Receipts and Expenditures
FY16 and FY17 (thru January 31)

County of Henrico




*Proud of our progress;
Excited about our future*

Internal Audit Report #263
July 20, 2017
HENRICO COUNTY INTERNAL AUDIT
<http://henrico.us/audit>
4301 EAST PARHAM ROAD
P.O. BOX 90775, RICHMOND, VIRGINIA 23273-7032




Internal Audit Report on Agriculture & Cooperative Extension Money Receipts and Expenditures

FY16 and FY17 (thru January 31)



Report #263
July 20, 2017

1




Summary

- Scheduled Audit
- Conclusions on Audit Objectives:
 - Money Receipts**
 - Determine controls exist and are operating effectively to ensure money receipts are properly accounted for, recorded, deposited in tact and promptly
 - Determine that controls exist to safeguard money receipts.
 - Determine compliance with agency money receipts policies and procedures.
 - Determine that controls exist to ensure money received and held in trust and agency funds are disbursed for appropriate related program activities.
 - Expenditures**
 - Determine controls exist and are operating effectively to ensure compliance with policies and procedures over personnel and non-personnel expenditures including travel
 - Determine that controls exist over fixed assets, inter-departmental transfers and agency head transactions (i.e., to ensure proper approval)
- Exception Oriented
- No Reportable Issues or Other Observations
- Control Improvements Implemented during the Audit
- No Management Action Plans required


● Insufficient-Immediate Attention
 ▲ Improvement Needed
 ■ Sufficient

2




Contents

- Introduction and Background
- Scope, Objectives and Methodology
- Conclusions on Audit Objectives
- Issues
- Implementation of Control Improvements during the Audit
- 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



Background

- The Henrico Extension Office is the local arm of the national Cooperative Extension system that began with the passage of the Smith-Lever Act in 1914.
- The Cooperative Extension is a partnership between the USDA, the 106 land-grant colleges and universities across the nation, and state and local governments. In Virginia, Cooperative Extension is administered through Virginia Tech and Virginia State University.

5




Background

The Extension Office has a broad scope of work centered on program areas that include the following:

- Agriculture and natural resources
- 4-H youth development
- Family and consumer sciences
- Leadership development, and
- Community and economic development

They provide research-based information through an informal educational process that is designed to address specific issues and needs relevant to the communities they serve.


6



Budget Highlights

- *The Agriculture and Home Extension approved budget for FY2016-17 continues to reflect only Henrico County's contribution to the Department's annual expenses. The personnel complement includes two support staff positions.*
- *A total of five Extension Agent positions, whose funding is located in the operating portion of the Department's budget, are paid directly by Virginia Tech. Henrico County reimburses Virginia Tech for 100.0 percent of the salary and benefit costs of two Extension Agent positions, and 50.0 percent of the salary and benefit costs of the other three Extension Agent positions.*

7




Budget Highlights

The Agriculture and Home Extension approved budget of \$398,499 for FY2016-17 increased by 4.0 percent from the FY2015-16 approved budget. There is a slight increase in personnel costs which is attributable to revised estimates for salaries and benefits of two support positions, which includes a 2.372 percent salary increase.

The 5.1 percent increase in the operating component of the budget is driven primarily by a State mandated 4.0 percent merit raise to the five Extension Agents and an increased percentage of benefits required by the County; these positions are funded by Virginia Tech and reimbursed by the County. Also included in the operating component is education and training costs previously budgeted in a central reserve.

8




Money Receipts

The Agriculture and Cooperative Extension Office's money receipts include:

- Fees for Programs (4-H, Master Gardner and FCS)
- Donations
- Collections from sales of items (e.g. books)

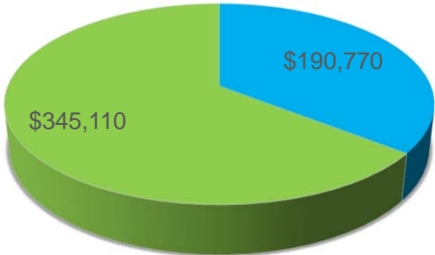
The receipt and disbursement of these funds is recorded through Trust and Agency Fund accounts on the County's general ledger.

9



General Fund Expenditures FY16 and FY17 (thru Jan 31, 2017)

Expenditures



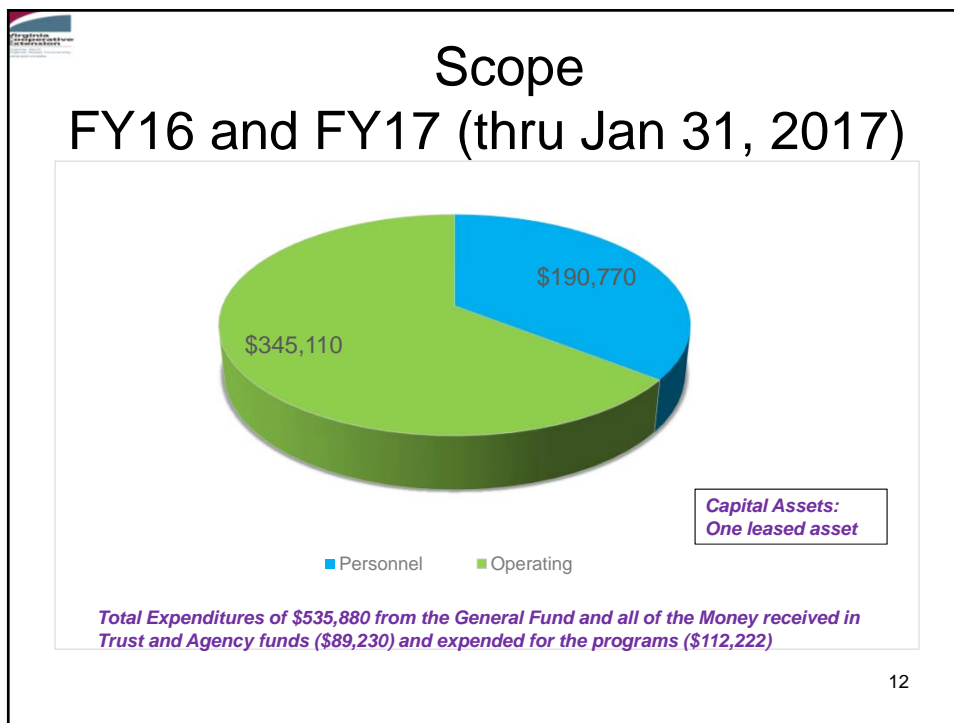
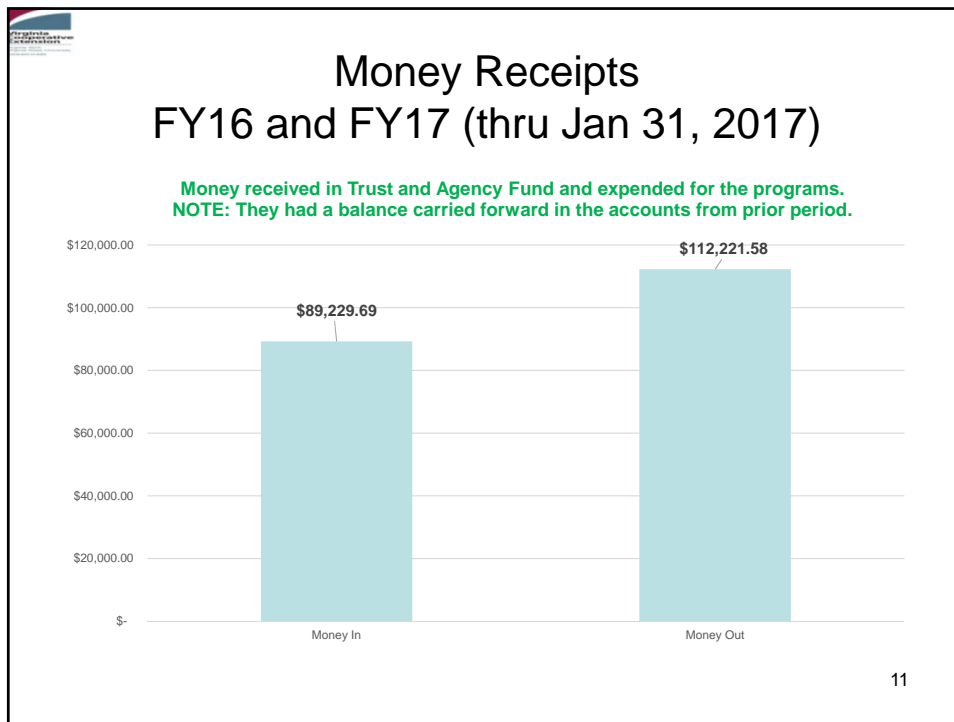
Category	Amount
Personnel	\$190,770
Operating	\$345,110
Total	\$535,880


■ Personnel ■ Operating

Total expenditures of \$535,880 for period of Audit

10


**County of Henrico
Internal Audit Report #263
Agriculture & Cooperative Extension-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




13



Internal Controls Cont'd *General Limitations of any Controls*

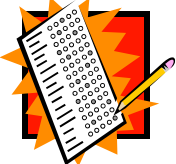
- Errors and irregularities may go undetected
- Inherent limitations in any control structure
- Limitations include resource constraints, legislative restrictions, etc.
- Projection to future subject to risk of change in effectiveness
- Compliance may deteriorate



14

Audit Methodology

- Determined money receipts and expenditure-related processes and control procedures
- Evaluated strengths and weaknesses of control procedures
- Tested all money receipts and expenditures in the Trust and Agency Fund for period of audit
- Randomly sampled recorded transactions and traced to supporting documents for accuracy and compliance with policy
- Confirmed existence of one leased asset



15

Conclusions on Audit Objectives

<i>Money Receipts</i>		
Rating	Audit Objective	Issues/Other Observations Identified
■	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.	None
■	Determine that controls exist to safeguard money receipts.	None
■	Determine compliance with agency money receipts policies and procedures.	None
■	Determine that controls exist to ensure money received and held in trust and agency funds are disbursed for appropriate related program activities.	None

● Insufficient-Immediate Attention
 ▲ Improvement Needed
 ■ Sufficient

16


Conclusions on Audit Objectives

Expenditures		
Rating	Audit Objective	Issues/Other Observations Identified
■	Determine controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures including travel	None
■	Determine that adequate controls exist over fixed assets, inter-departmental transfers and agency head transactions (i.e. to ensure proper approval)	None

● Insufficient-Immediate Attention
 ▲ Improvement Needed
 ■ Sufficient 17

Issues

No significant Reportable Issues noted



18

Implementation of Control Improvements during the Audit

#	Control Weakness Observed	Control Improvement Implemented
1	<p>24 of 41 (59%) of <i>Direct Pay</i> expenditure invoices and 18 of 27 (70%) of <i>Purchase Order</i> expenditure invoices sampled were not initialed on the support scanned into Oracle.</p> <p>129 of 320 (40%) of <i>Trust and Agency-related program expenditure</i> invoices were not initialed on the support maintained in the agency.</p> <p>All three types were check marked to indicate review for goods and services received prior to payment.</p>	<p>All invoices are now being initialed and dated showing that goods and services were received prior to payment.</p>
2	<p>19 of 27 (48%) of invoices sampled were not date stamped upon receipt.</p>	<p>All invoices are now being date stamped as soon as they are received whether by mail or email.</p>
3	<p>Review of travel expenditures revealed 2 of 2 (100%) travel expenditures for staff greater than \$300 which were settled more than 14 days after return.</p>	<p>All travelers who want to be reimbursed will be held to the policy of settling their travel and having it approved and sent to accounting within 14 days of returning per policy.</p> <p>All of the exceptions were discussed with the staff at large at our staff meeting on June 13, 2017. All staff members will be expected to abide by all recommendations as presented.</p>


19

Closing

- Appreciate Agency's cooperation
- No Follow up for this Audit.



20



Report Distribution

Audit Committee (Mr. Hinson, Mrs. O'Bannon, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Community Services	Acting Unit Coordinator, Extension Agent FCS
Internal Audit Staff	

21



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

22