

Internal Audit Report on Juvenile Detention Home Expenditures

County of Henrico



*Proud of our progress;
Excited about our future*

Internal Audit Report #272
October 31, 2018

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

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Summary


- Scheduled Audit
- Conclusions on Audit Objectives:
Controls are sufficient for audit objectives below
 - 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 or Other Observations
- Control Improvements Implemented during the Audit
- No Management Action Plans required

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Contents

- Introduction and Background
- Scope, Internal Controls and Methodology
- Conclusions on Audit Objectives
- Issues
- Implementation of Control Improvements during the Audit
- 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 Detention Home incarcerates juveniles who are awaiting court action for committing criminal offenses. Some juveniles may also be sentenced for up to thirty days after having been found guilty of an offense.
- This group includes criminal offenders, children in need of supervision, and certain traffic offenders.
- While housed at the Detention home, juveniles are offered programs in education, recreation, and optional religious services, as well as receive mental health screening, evaluations, medical services, and follow-up evaluation as necessary.

Excerpt from 2017-18 Approved Budget

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Background

- All aspects of service levels in the Detention Home are mandated by the State and will remain unchanged in the upcoming fiscal year.
- Operational procedures, programs, professional services, and support services are all to stay in compliance with State mandated regulations for licensure.
- In addition, staff will be provided with ongoing training and development.

Excerpt from 2017-18 Approved Budget

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Background

Programs and Special Revenue Funds

VJCCCA

- Since 1996, the Virginia Juvenile Community Crime Control Act (VJCCCA) has provided funding for all community based programs and services in the juvenile justice system except secure detention. VJCCCA Funds are used for:
 - **Probation programs and services** which include home based services, GPS electronic monitoring, a two-level larceny reduction program, anger management, and Project Fresh Start, and Promoting Empowerment and Resiliency through Learning Strengths (PEARLS), a program that specifically addresses the needs of female youth.
 - The **Services Through Opportunity Programs (STOP) program** which was developed to monitor non-violent juveniles as an alternative to weekend sentencing in secure detention. The Department coordinates with Recreation and Parks to identify various park sites that require cleanup, including picking up trash and sweeping sidewalks.

USDA

- Each year the United States Department of Agriculture (USDA) awards a grant to the County to assist with caring for juveniles who are in some form of detention. The Juvenile Detention Home qualifies for a portion of this grant. Funds can be used for food, supplies, kitchen equipment, and relief wages for cooks.

Summarized from 2017-18 Approved Budget

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Budget Highlights

- The Detentions Home's *General Fund budget* for FY2017-18 is \$2,287,094 which is \$36,618 or 1.6 percent from the FY2016-17 approved budget.
- This increase was driven by updated estimates for personnel including a 2.5 percent salary increase for FY2017-18 as well as rising health care costs.
- State aid for the Juvenile Detention Home in the FY2017-18 budget is estimated to total \$550,500, which includes \$550,000 for the Juvenile Detention Home's block grant and \$500 in estimated per diem payments for State-responsible juveniles.

Excerpt from 2017-18 Approved Budget

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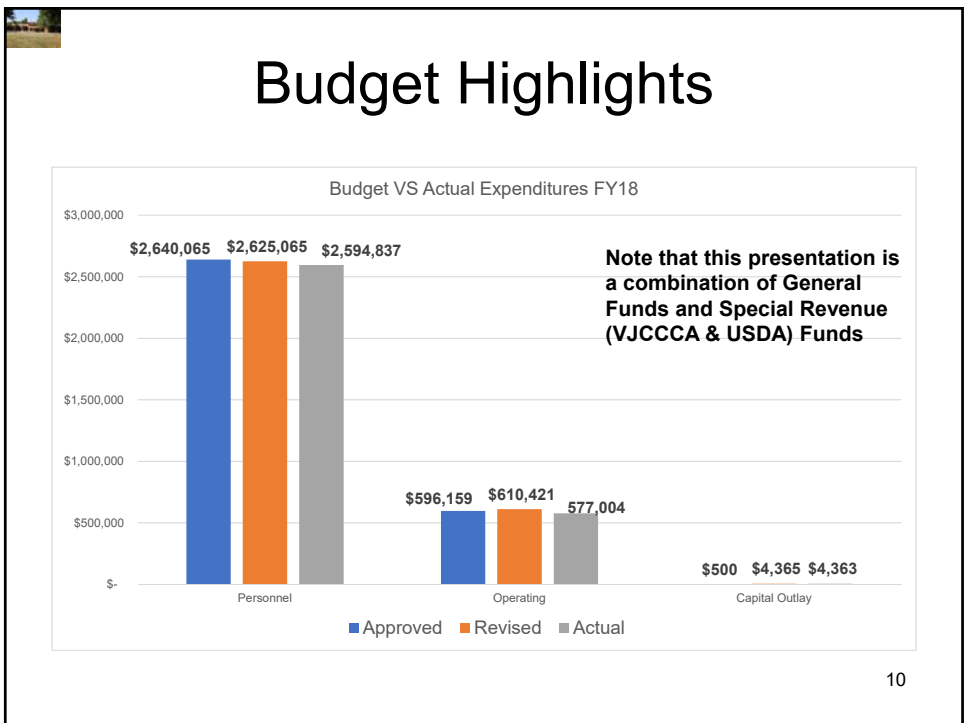
Budget Highlights

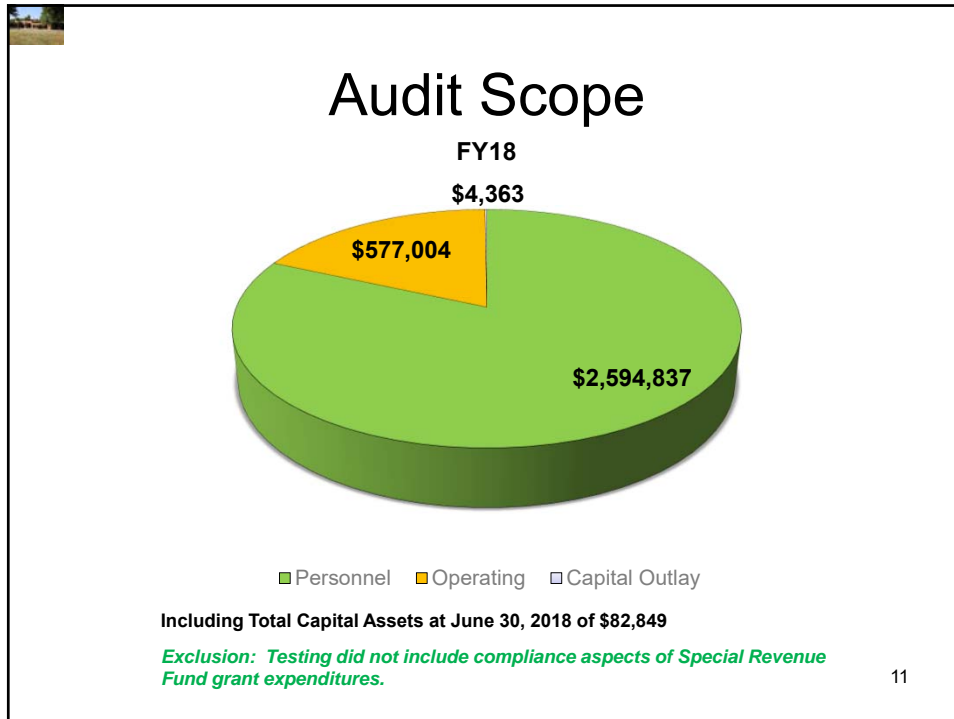
The Detention Home's *Special Revenue Fund* budgets consist of:

- The **Juvenile Probation VJCCCA** budget which totals \$606,883 for FY2017- 18 and includes County support of \$432,055. The Program's budget reflects a \$4,624 increase or 0.8 percent when compared to FY2016-17. Probation will continue to use VJCCCA funding to provide a wide variety of services and programs to offenders and their families. These services and programs continue to be utilized as alternatives to secure detention.
- The **Detention Home's VJCCCA** budget which totals \$319,040, including the County contribution of \$103,760. The total budget reflects an increase of \$5,625 or 1.8 percent when compared to the FY2016-17 budget. The budget will support Detention Outreach and the Services Through Opportunity Programs (STOP) offered through Juvenile Detention.
- The **Detention Home's USDA Grant** budget. The Department projects \$23,207 in USDA grant funding for FY2017-18, which is a \$671 or 3.0 percent increase when compared to the approved budget for FY2016-17. These funds will continue to be used to purchase food, food service equipment, and maintain and repair kitchen equipment.

Excerpts taken from 2017-18 Approved Budget

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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

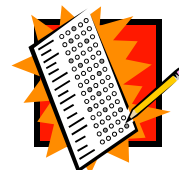


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Audit Methodology

- 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




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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
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● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient 15




Issues

None




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Implementation of Control Improvements during the Audit

#	Control Weakness Observed	Control Improvement Implemented
1	Traveler signed and approved his VA T1 travel authorization document instead of having his Agency Head/Deputy County Manager sign it.	Moving forward we will follow Travel Policies and Procedures and submit VA T1 form for signature to the Agency Head and/or Deputy County Manager.
2	114 of 139 (82%) 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.	Purchased, date/received stamps for all department, will have responsible staff continue to review for accuracy, stamp with provided date/received stamp and sign all forms/invoices. Office Asst. will follow-up on this process.
3	8 of 162 (5%) of expenditures reviewed were not posted to the proper Account code	Business Supervisor will ensure that the proper account codes are being used for expenditures.

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Implementation of Control Improvements during the Audit

#	Control Weakness Observed	Control Improvement Implemented
4	Agency staff paid sales tax (totaling approx. \$10) on 7 payments made.	Staff purchasing items that are an immediate need moving forward will utilize the P-Cards recently issued which should make it easier to get the tax exemption for the County using the County of Henrico P-Card.
5	132 of 132 (100%) of purchase order invoices sampled were not date stamped upon receipt.	The Agency has provided date/received stamps to all department and responsible staff will continue to review for accuracy, stamp with provided date/received stamp and sign all forms/invoices Office Asst. will follow-up on this process.
6	8 of 8 travel transactions under \$300 reviewed revealed no Travel Justification Addendum from the Agency.	Business Supervisor will ensure that all travels under \$300 have the Travel Justification Addendums from the Agency.

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Closing

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



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Report Distribution

Audit Committee (Mrs. O'Bannon, Mr. Thornton, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Community Services	Detention Home Superintendent
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