

**Internal Audit Report on
Police Division
Revenues and Expenditures
(FY18)**

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #273
May 8, 2019**

HENRICO COUNTY INTERNAL AUDIT
<http://henrico.us/audit>
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Internal Audit Report on Police Division Revenues and Expenditures FY18



Report #273
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Summary

- Scheduled Audit
- Conclusions on Audit Objectives:
Controls are sufficient, insufficient or need improvement related to:
 - Examine and report on adequacy of controls over money receipts collection and reconciliation
 - 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 and are operating effectively to ensure compliance with policies and procedures non-personnel expenditures including travel
 - Determine adequate controls exist over fixed assets and inter-department transfers
- Exception Oriented
- No reportable Issues and 4 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, Internal Controls, 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

- Responds to citizen complaints
- Provides patrol coverage
- Enforces traffic laws
- Investigates criminal activity
- Investigates animal complaints
- Operates citizen police academies
- Conducts crime analysis
- Provides emergency communications for the County

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Objectives

- To achieve total professionalism, through training, commitment and action within the rule of law, in response to the needs of the community.
- To establish as a cornerstone of all Division endeavors, a partnership with the community based upon mutual trust and integrity.
- To eliminate opportunity for crime and reduce fear of crime through Intelligence-Led Policing (ILP) and the Division's policing strategy TEMPO (Technology Enhanced Modern Policing Operations). TEMPO is the efficient use of intelligence in the deployment of resources to effectively prevent, deter, and respond to crime and quality of life concerns. To achieve the highest level of safety possible on our streets through education, enforcement, and high visibility

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Objectives

- To extend compassion impartially to all persons, regardless of the nature of the interaction, through fairness and understanding in response to those with whom contact is necessitated.
- To hold all division personnel accountable to the highest standards of conduct in performing our service to the community and embracing the ideals of our Constitution and democratic society.
- To provide our employees with an environment in which to work that is sensitive to their needs, and conducive to the accomplishment of the highest quality of work.

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General Fund

Revenue at June 30, 2018

Fund	Natural Account Description	Actuals YTD
General	Adult Video/Bookstore Permit	\$ 500.00
	Concealed Weapon Permit	\$ 116,840.50
	Taxi-Cab Certificates	\$ 13,835.00
	Permit to Purchase Precious Metals	\$ 8,665.00
	Criminal Justice Training Academies	\$ 233,666.53
	Dangerous or Vicious Dog Registrations	\$ 405.00
	Dance Hall Permit Application Fee	\$ 600.00
	False Alarm Penalty	\$ 83,185.00
	Sale of Equipment - County	\$ 181.00
	Records and Services Fee	\$ 107,448.28
	Charge for Board of Animals	\$ 32,380.20
	Sale of Unclaimed Property	\$ 8,226.48
	Court Order Restitution	\$ 140.59
	Sale of Vehicles-County	\$ 211,075.90
	Spay/Neuter Fees	\$ 15,727.83
	Law Enforcement - Police	\$ 8,801,460.00
	Recoveries and Rebate - Police	\$ 80,670.97
	Recoveries and Rebate - Police	\$ 36,000.00
	Recoveries and Rebate - General	\$ 16,896.00
Grand Total		\$ 9,767,904.28

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Special Revenue Fund

Revenue at June 30, 2018

Fund	Natural Account Description	Actuals YTD
Special	Miscellaneous Revenue (Donations)	\$ 26.82
	Metro Aviation Reimbursement-Richmond	\$ 92,685.71
	Henrico Police Other Extradition	\$ 85,596.42
	Metro Aviation Reimbursement-Chesterfield	\$ 92,685.71
	Henrico Air Extradition	\$ 29,449.75
	Wireless E-911 Reimbursement	\$ 1,301,879.07
Grand Total		\$ 1,602,323.48

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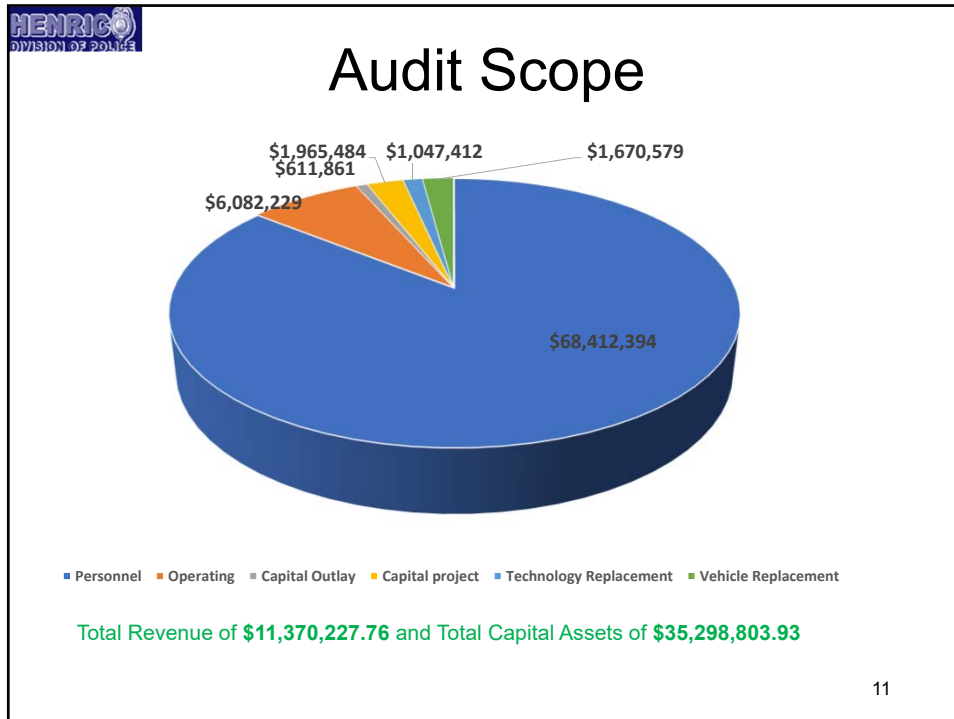


Expenditures

at June 30, 2018




Fund	Expenditure Type	Actuals YTD
General	Personnel	\$ 67,273,791.95
	Operating	\$ 5,446,958.82
	Capital Outlay	\$ 540,017.71
Grand Total		\$ 73,260,768.48
Special	Personnel	\$ 1,138,601.73
	Operating	\$ 635,270.57
	Capital Outlay	\$ 71,843.50
Grand Total		\$ 1,845,715.80
Capital	Construction, Equipments, Furnishings and Fixtures	\$ 1,965,484.00
Technology Replacement	Computers	\$ 1,047,411.57
Vehicle Replacement	Vehicles	\$ 1,670,578.83
Grand Total		\$ 4,683,474.40

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Audit Scope Exclusion

- We excluded all Grants funds
- For capital asset observation purposes, we did not sample the non-tagged capital assets which included items such as software and vehicles

All Vehicles have vehicle number and all of the non-tagged assets have serial numbers

- Police Revenue/Receipts processed by other Agencies (e.g. Treasury/Finance)

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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

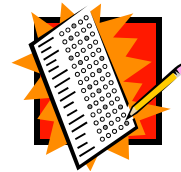


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Audit Methodology

- 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

- Examine and report on adequacy of controls over money receipts collection and reconciliation ([Other Observation 4](#))
- Determine that controls exist and are operating effectively to ensure Agency head transactions are properly approved ([Other Observation 1](#))
- Determine that adequate controls exist and are operating effectively to ensure compliance with policies for personnel expenditures including overtime
- Determine adequate controls exist and are operating effectively to ensure compliance with policies and procedures non-personnel expenditures including travel ([Other Observations 2 and 3](#))
- Determine adequate controls exist over fixed assets and inter-department transfers



Insufficient-Immediate Attention



Improvement Needed



Sufficient

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Issues

Reportable issues

None



Other Observations

1. Ensure Agency Head Travel Documents are Approved by the County Manager or Deputy County Manager
2. Ensure a Copy of Travel Justification Addendum is Attached to Direct Pay Invoices per Policy
3. Ensure Travel is Settled within 14 Days of Return
4. Ensure Funds are Taken or Sent to the Treasury Cashier's Office Timely


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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.

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 **Other Observation 1**

Ensure Agency Head Travel Documents are Approved by the County Manager or Deputy County Manager

Review of two (100%) Agency Head travel expenditures revealed one travel document was not approved by the County Manager or his Deputy, but by another Division of Police Staff member.

Recommendation


Agency should ensure Agency Head travel documents are approved by the County Manager or Deputy County Manager in accordance with Travel Policy.

Management's Action Plan

Fiscal Records travel desk procedures were updated to include this requirement, and the Controller will immediately begin to ensure all Agency Head travel expenditures are approved by the County Manager or his Deputy.

Owner: Controller **Expected Completion Date:** 5/3/19

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 **Other Observation 2**

Ensure a Copy of Travel Justification Addendum is Attached to Direct Pay Invoices per Policy

12 of 12 (100%) travel transactions under \$300 reviewed revealed no Travel Justification Addendum from the Agency was attached to the Direct Pay Invoice (DPI) in Finance. Instead of the Addendum, the Division's internal form, HCPD-372, was completed and those copies were kept at their office.

Recommendation


Agency should ensure travelers complete a Travel Justification Addendum to document that the total travel expenditure is under \$300. Per policy, "The Travel Justification Addendum must be maintained by the agency and a copy attached to each DPI related to payment of travel cost."


Management's Action Plan

The Controller met with the Accounting Division Director on April 30 and obtained approval to use the Division's Training/Conference Attendance Request (HCPD-372) in lieu of the Travel Justification Addendum form. Fiscal Records will submit the HCPD-372 with all future travel under \$300, beginning May 1, 2019.

Owner: Controller **Expected Completion Date:** 5/1/19

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	Other Observation 3
Ensure Travel is Settled within 14 Days of Return	
<p>Review of travel expenditures revealed 5 of 32 (16%) expenditures greater than \$300 were settled more than 14 days after return.</p>	
<p><i>This is the required timeframe per County policy designed, in part, to help ensure any advanced travel funds not spent are returned timely. All funds were returned to the County for these instances of employee travel.</i></p>	
Recommendation	
<p>Agency should ensure all travel is settled within 14 days of return in compliance with travel policy.</p>	
Management's Action Plan	
<p>Division Policy RP-20-14 requires Division members to submit travel documents to Fiscal Records within 7 calendar days of their return date. Fiscal Records staff will immediately begin to notify a staff officer if a Division member fails to submit travel documents within seven days of return.</p>	
Owner: Controller	Expected Completion Date: 5/3/19
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	Other Observation 4
Ensure Funds are Taken or Sent to the Treasury Cashier's Offices Timely	
<p>Review of money receipts revealed that 6 of 158 (3.8%) Paid In Vouchers (PIV) sampled were taken to the Treasury Cashier's Offices a month, and in some cases two months, after money was received.</p>	
Recommendation	
<p>Agency should ensure funds are taken or sent to the Treasury Cashier's Offices preferably daily, but no longer than once a week or when deposits exceed \$1,000.</p>	
Management's Action Plan	
<p>Animal Protection personnel will PIV and deposit all funds daily. The Controller will research methods to provide more timely refunds to citizens.</p>	
Owner: Controller	Expected Completion Date: 5/3/19
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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 that actions taken are effective and ongoing.



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Report Distribution

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

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