

**Internal Audit Report on
James River Juvenile Detention Center
Expenditures
(FY25)**

County of Henrico



*Proud of our progress;
Excited about our future*

**Internal Audit Report #299
February 23, 2026**

HENRICO COUNTY INTERNAL AUDIT
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Internal Audit Report on James River Juvenile Detention Center Expenditures (FY25)



Report #299
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Summary



- Scheduled Audit
- Conclusions on Audit Objectives (see the legend below):
 - ▲ Determine that 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 that adequate controls exist over fixed assets
 - Determine that adequate controls exist over interdepartmental transfers
- Exception-oriented
- 1 reportable issue, 8 other observations and 1 control improvement implementation
- 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 of procedures
- Internal controls and methodology
- Conclusions on objectives
- Issues , other observations, management action plans and control improvement implementation
- Closing and report distribution



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Introduction

- Auditor I, Darice Alexander, performed audit work
- Used professional auditing standards
- Tested for selective compliance
- All exceptions given to agency
- Reported control design issues and significant test exceptions only
- Work for same government we audit



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Background

- The James River Juvenile Detention Commission (JRJDC) is a regional organization of Goochland, Powhatan, and Henrico Counties, formed to operate a juvenile detention facility. There are five voting members of the Commission, of which three members represent the County and one each represents the Counties of Goochland and Powhatan.
- The center detains youth who are awaiting court action within the three counties for criminal offense charges. The facility can house up to 60 youths, who are offered psychological screening and follow-ups as needed, as well as programs in education and recreation, and opportunities for success through a high-expectation management program.



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Background Cont'd

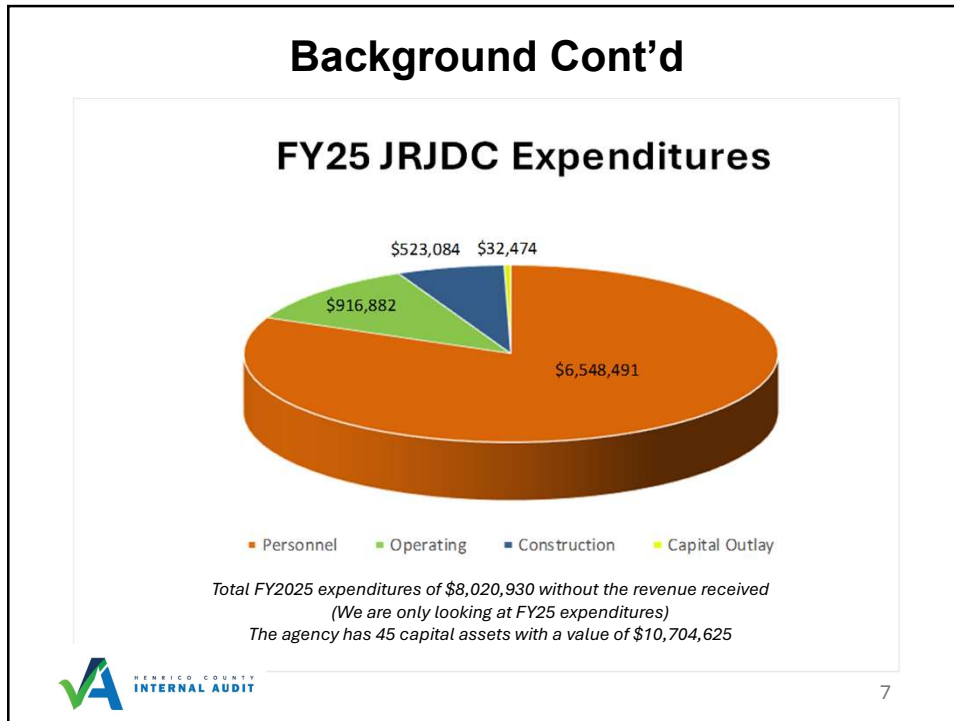
- The operating costs are allocated among the member jurisdictions based on proportionate usage. For FY25, the Commission will bill each participating locality its operating share based on the number of beds assigned in the 60-bed facility. Per the JRJDC agreement, Henrico has 52 beds (86.6%), and Powhatan and Goochland have four beds each (6.7% each).
- Henrico, as the majority partner, serves as the fiscal agent for the operation, which eliminates the need for the Commission to duplicate various administrative functions related to personnel matters, procurement activities, and the management of accounting and budgeting efforts.



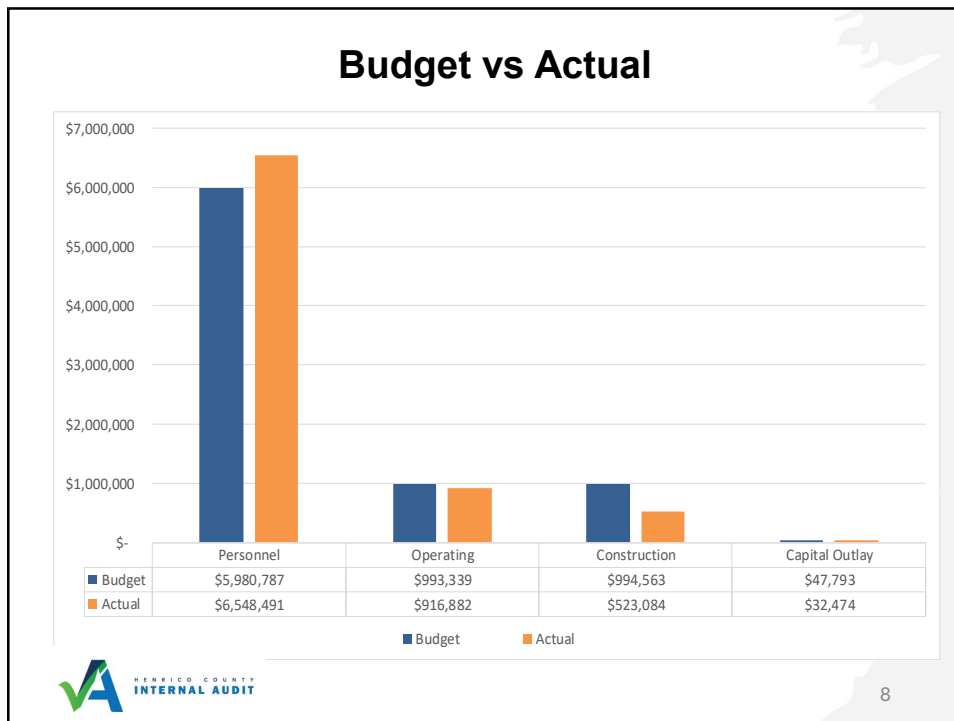
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Audit Scope



Includes:

- Expenditures for fiscal year 2025, which covers July 1, 2024, through June 30, 2025
- Capital Assets

Excludes:

- Any prior year expenditures
- Any prior or current year revenue



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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 of future is subject to risk of change in effectiveness
- Compliance may deteriorate

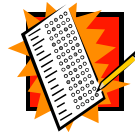


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Audit Methodology

- Randomly and judgmentally sampled recorded expenditure transactions and traced them to supporting documents for accuracy and policy compliance
- Performed process walkthroughs to assess the effectiveness of:
 - the implementation of the overall internal control system, including proper segregation of duties, based on the organizational structure
 - strengths and weaknesses of the internal controls
- Randomly sampled capital assets and verified existence



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Conclusions on Audit Objectives

Rating	Audit Objective	Issues/Other Obs. Identified
▲	1. Determine that controls exist and are operating effectively to ensure compliance with policies and procedures for non-personnel expenditures, including Travel.	Other observations 1, 2, 3, 4, 5 & 6
■	2. Determine that controls exist and are operating effectively to ensure Agency Head transactions are properly approved.	Other observation 6
▲	3. Determine that adequate controls exist and are operating effectively to ensure compliance with policies for personnel expenditures, including overtime.	Issue 1 and other observation 7
■	4. Determine that adequate controls exist over fixed assets.	Other observation 8
■	5. Determine that adequate controls exist over interdepartmental transfers.	Control improvement implementation

● Insufficient-Immediate Attention ▲ Improvement Needed ■ Sufficient



Issues

Issue

Employees were Compensated at the Wrong Overtime Rate

Other Observations

1. Late Payments with One Late Payment Fee
2. Sales Tax Paid
3. No Date Stamp of Invoice Receipt
4. Incorrect Account Code Used
5. No Approval Signature (Ok to Pay)
6. No Formal Travel Procedures In Place to Document Approval
7. No Overtime Reason Documented in the Timecard System
8. Capital Asset Accountability Controls Need Strengthening



Issue1

Issue

**Employees were Compensated
at the Wrong Overtime Rate**



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Issue1

Condition

Five of 30 (17%) full-time employees in a sampled pay period were paid overtime time-and-a-half in error.



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Effect

Employees were incorrectly compensated at the overtime time-and-a-half rate, resulting in an overpayment.



Cause

Unsure of the reasoning for the error. Likely missed after submission by the supervisor when approving the timecard, as well as by the timekeeper when timecards were due.



Criteria

HR Policies and Procedures Manual Section 4.4 (3), *“To be eligible for overtime pay, non-exempt employees (other than non-exempt fire protection and law enforcement employees) must actually have worked more than 40 hours in the workweek. Any hours not actually worked (for example, hours for which an employee uses sick leave, County or floating holiday leave, or other paid or unpaid leaves of absence) will not be counted as hours worked in a workweek for purposes of calculating overtime pay.”*



Recommendation

The agency should ensure that the designated timekeeper and all staff adhere to established HR policies and procedures for accurately reporting overtime and overtime at time-and-a-half.



Management Action Plan

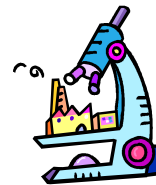
All overtime must be approved in advance by a supervisor. Supervisors must notify the Superintendent or designee of the reason why, when overtime will be paid out: other than a draft due to staffing shortage or callouts. Supervisors must educate staff on how overtime Straight, and time and half schedule adjustments is calculated within the week Saturday Through Friday of the Work Week. The supervisor will ensure that the reason for the approved overtime is documented on the timecard system and the timekeeper will verify that it is documented. The assistant Superintendent will ensure it is documented on the daily duty roster, logbook and end of shift report.

- **By Whom:** Detention Supervisor, Assistant Superintendent, Management Assistant and Business Supervisor
- **Expected Completion Date:** 2/17/2026



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

Late Payments with One Late Payment Fee

1. Three of 8 (37.5%) of the total capital outlay expenditures were paid late with no late payment fee.
2. One out of 158 (1%) (\$1,863 of \$92,319) 2% of direct pay expenditures were paid late and incurred a late payment fee totaling \$6.25.
3. Eight out of 158 (5%) and (\$8,340 of \$92,319) 9% of the total direct pay expenditures were paid late and did not include a late payment fee.
4. One of 8 (13%) and (\$30,000 of \$108,277) 28% of the total sampled direct pay expenditures of \$10,000 & over were paid late with no late payment fee.
5. Twelve of 51 (24%) and (\$109,171 of \$581,086) 19% of the total Purchase order invoice expenditures were paid late with no late payment fees.



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Other observation 1

Recommendation

Management should ensure vendor invoices are paid promptly.



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Other observation 1

Management Action Plan

Effective immediately when invoices are received through the postal service or electronically. They will be stamped receive and approved on that day. All invoices will be paid on that day or no later than three days after receiving the invoice.

- **By Whom:** Business Supervisor and Management Assistant
- **Expected Completion Date:** 2/17/2026



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Other observation 2

Sales Tax Paid

Six out of 158 (4%) (\$2,961 of \$92,319) 3% of direct pay expenditures included sales tax that was paid totaling \$134.



Recommendation

Agency should communicate to all staff members that the County should not pay sales or use tax when making purchases on behalf of the County. They should also ensure a Sales and Use Tax Certification of Exemption (Form ST-12) has been obtained from the Purchasing Division when making purchases.



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Other observation 2

Management Action Plan

All P-Card holders have been re-educated and reminded that sales tax must not be paid on any purchases. All managers are required to review receipts at the time of purchase to ensure no sales tax has been charged. Any sales tax issues must be resolved immediately before accepting the merchandise or leaving store.

- **By Whom:** Superintendent and Assistant Superintendent
- **Expected Completion Date:** 2/17/2026



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Other observation 3

No Date Stamp of Invoice Receipt

Two out of 158 (1%) (\$15 of \$92,319) 0.01% of direct pay expenditures did not include a received date stamp.



Recommendation

Agency should ensure to communicate the importance that all invoices are date-stamped upon receipt.



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Other observation 3

Management Action Plan

We will continue to adhere strictly to the established practice of stamping received and then stamping approved to pay. This seems to have been an oversight.

- **By Whom:** Business Supervisor, Management Assistant and Superintendent
- **Expected Completion Date:** 2/17/2026



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Incorrect Account Code Used

1. 5 out of 158 (3%) (\$1,092 of \$92,319) 1% of direct pay expenditures were assigned incorrect account codes.
2. 1 out of 7 (14%) (\$-10 of \$4,230) travel related expenditures was charged to the incorrect account code. Tax of \$10 was erroneously paid and was initially charged to "50501" but was credited back to "50431" when refunded.

Travel

50430	Mileage
50431	Education and Training



Recommendation

The agency should ensure that the correct account code is used when entering and reviewing transactions in the accounting system.

Travel

50430	Mileage
50431	Education and Training



Other observation 4

Management Action Plan

Effective immediately the Business Supervisor will review transactions entered by the Management Assistant and the Management Assistant will review transactions reviewed by the Business Supervisor. This will ensure accurate account coding moving forward.

- **By Whom:** Business Supervisor, Management Assistant, Assistant Superintendent and Superintendent
- **Expected Completion Date:** 2/17/2026



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Other observation 5

No Approval Signature (Ok to Pay)

1. Eighteen out of 158 (11%) (\$5,191 of \$92,319) 6% of direct pay transactions did not include approval signature (ok to pay).
2. Two of 51 (4%) and (\$76,549 of \$581,086) 13% of the total purchase order invoice expenditures were missing an approval signature (ok to pay) by an individual close enough to the transaction.



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Recommendation

The agency should communicate and ensure all invoices are reviewed for accuracy and completeness by the designated approver and have them sign or initial, and date to show that the invoice was verified with an "ok to pay".



Management Action Plan

The Business Supervisor and Management Assistant have been reminded that no payment is to be sent to finance without the agency's head approval. All invoices will be received, approved and the Direct Overview Approved by the Agency head before any invoice is sent to accounting.

- **By Whom:** Business Supervisor and Management Assistant
- **Expected Completion Date:** 2/17/2026

Other observation 6

No Formal Travel Procedures In Place to Document Approval

1. Four out of 4 (100%) (\$1,189 of \$1,189) 100% had no written documentation/approval for agency head travel.
2. Six out of 7 (86%) (\$4,240 of \$4,230, net) of travel/training payments had no written documentation of approval.



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Other observation 6

Recommendation

The Agency should obtain written approval from the appropriate individuals for travel and direct-pay invoices for department heads. This helps ensure continuity and availability of documentation in the event of staff changes.



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Other observation 6

Management Action Plan

The Chief of Staff had given verbal consent for the Agency Head to attend all VJDA Quarterly Conferences. The Chief of Staff has now put the Consent in Writing that the Agency Head can attend all VJDA Conferences and to Arrive a day early when required to do so with justification. The Agency Head will now request the approval of his newly appointed supervisor.

As for Direct Pay invoices for mandatory training for First Aid, CPR, and HWC, these training courses are necessary to follow the Department of Juvenile Justice audit compliance. This training is typically done during in-service that's built into the work schedule. Refer to the JRJDC Policy Book.

- **By Whom:** Deputy County Manager and Superintendent
- **Expected Completion Date:** 2/20/26



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Other observation 7

No Overtime Reason Documented in the Timecard System

Thirty out of the 30 (100%) full time employees who reported overtime straight and overtime time-and-half did not enter an overtime reason or comment to document the additional time.

Internal Audit also observed that overtime reported for temporary staff did not have overtime reason or comment to document the additional time.



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Recommendation

The agency should emphasize the importance of documenting overtime reasons and comments in the timecard system to support proper justification.



Management Action Plan

The supervisor will ensure that the reason for the approved overtime is documented on human resource time reporting system and the timekeeper will verify that it is documented. The assistant Superintendent will ensure it is documented on the daily duty roster, logbook and end of shift report.

- **By Whom:** Detention Supervisor, Assistant Superintendent, Management Assistant and Business Supervisor
- **Expected Completion Date:** 2/17/2026

Other observation 8

Capital Asset Accountability Controls Need Strengthening

Physical inventory revealed seven capital assets on the assets listing were not found. Two (2) were removed when a new washer and dryer were purchased and five were not found. We noted that some of these items had been purchased more than 15 years ago based on the dates in the financial system.

Action: <input type="checkbox"/> Purchased <input type="checkbox"/> Constructed <input type="checkbox"/> Donation <input type="checkbox"/> Seized <input type="checkbox"/> Transfer <input checked="" type="checkbox"/> Surplus			
Section 1- Asset Information			
Date:	Oracle Asset Number:	Department Name: Select...	
Description:			
Fund #: Select...	Department #: Select...	Estimated Value:	Tag #:
Site #:	Building #:	Room #:	Cost Center:
Manufacturer:		Model #:	
Serial #:	Acquisition Date:		
Original Cost: \$ USD	Asset Type: Capitalized	Invoice #:	
Major Category: Select...		Minor Category: Select...	
Condition: <input type="radio"/> New <input type="radio"/> Good <input type="radio"/> Fair <input type="radio"/> Poor <input type="radio"/> Broken/Damaged <input type="radio"/> Total Loss			
Section 2- Asset Transfer			
<input type="checkbox"/> Inter-Departmental		<input type="checkbox"/> Intra-Departmental	



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Other observation 8

Recommendation

The agency should complete and submit an asset information form to the Accounting Division of Finance to have those assets removed from the financial records.

Action: <input type="checkbox"/> Purchased <input type="checkbox"/> Constructed <input type="checkbox"/> Donation <input type="checkbox"/> Seized <input type="checkbox"/> Transfer <input checked="" type="checkbox"/> Surplus			
Section 1- Asset Information			
Date:	Oracle Asset Number:	Department Name: Select...	
Description:			
Fund #: Select...	Department #: Select...	Estimated Value:	Tag #:
Site #:	Building #:	Room #:	Cost Center:
Manufacturer:		Model #:	
Serial #:	Acquisition Date:		
Original Cost: \$ USD	Asset Type: Capitalized	Invoice #:	
Major Category: Select...		Minor Category: Select...	
Condition: <input type="radio"/> New <input type="radio"/> Good <input type="radio"/> Fair <input type="radio"/> Poor <input type="radio"/> Broken/Damaged <input type="radio"/> Total Loss			
Section 2- Asset Transfer			
<input type="checkbox"/> Inter-Departmental		<input type="checkbox"/> Intra-Departmental	



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Management Action Plan

We will conduct regular physical inventories of all capital assets on a biannual basis to ensure that all capital assets are present and accounted for, everything is operable and in good condition. Properly document inventory records. Any items identified for surplus are properly processed and documented and any new items purchased are promptly recorded and tagged in accordance with established procedures. This will improve oversight, accuracy and compliance with asset management moving forward.

- **By Whom:** Building and Grounds Supervisor, Business Supervisor, Management Assistant, Senior supervisor, Kitchen Manager and Assistant Superintendent
- **Expected Completion Date:** 2/17/2026



Control Improvement Implementation

Control Weakness	Action taken
<p>The agency did not receive monthly central automative maintenance (CAM) Report email notifications or have access to the site containing the reports.</p> <p>* Four out of 4 (100%) (\$7,255 of \$7,255, 100%) of the Central Automative Maintenance (CAM) reports that were selected for testing were not received or verified for accuracy by the agency.</p>	<p>During the audit, agency contacts were made aware of the monthly emails and were added to the distribution list and granted access to the site containing the monthly reports.</p>



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 on-going.



Report Distribution

Audit Committee (Rev. Cooper, Mr. Schmitt, County Manager)	Board of Supervisors, Non-Committee Members
Deputy County Manager for Public Safety	Superintendent of JRJDC
Internal Audit Staff	



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