

INTERNAL AUDIT

Description

Internal Audit assists the County Manager and the Board of Supervisors by providing objective analyses, recommendations, advice and comments concerning those cases reviewed to ensure an appropriate level of control at a reasonable cost. To be effective, Internal Audit must maintain independence, and therefore reports directly to the County Manager and the Audit Committee of the Board of Supervisors. The focus of Internal Audit is on General Government, as Education has a separate internal audit function.

The auditing environment has become increasingly complex and challenging as the County and its agencies implement additional technology. To meet this challenge, Internal Audit uses enhanced software for both auditing processes and testing data. The Office employs these enhanced auditing technologies in all of its audits to better examine activity in a cost effective manner.

Objectives

- Perform an annual risk assessment, identify areas of risk for audit, and conduct internal audits to evaluate controls, note commendable practices, and recommend workable improvements.
- Follow up on prior internal audits to determine that agreed upon management action plans have been effectively implemented to address the risks identified during the audits.
- Assist with the County’s external audit.

- Advise County management and the County’s Audit Committee on potential improvements in operations and results through technical assistance.
- Audit special projects and recommend corrective action as required.
- Administer office activities for continuous professional education, training, and skills development, ensuring excellent quality and adherence to independent auditing with integrity.

Budget Highlights

Internal Audit examines and evaluates the adequacy and effectiveness of internal controls plus the quality of performance for improvement of accountability within General Government. Assessing quality of performance includes appraising the reliability and integrity of financial and operating information plus the means to process data; evaluating the sufficiency of compliance with significant plans, policies, procedures, laws and regulations; ascertaining the adequacy of controls for safeguarding General Government assets and, as appropriate, verifying asset existence; examining efficient use of General Government resources and program accomplishments. Some of the audits conducted by the department included the County landfill and Henrico County Public Libraries.

Service levels will continue at current levels on audits, special projects and follow-ups.

Annual Fiscal Plan

| <u>Description</u> | <u>FY13 Actual</u> | <u>FY14 Original</u> | <u>FY15 Approved</u> | <u>Change 14 to 15</u> |
|--------------------------|------------------------|--------------------------|--------------------------|----------------------------|
| Personnel | \$ 400,568 | \$ 393,184 | \$ 398,888 | 1.5% |
| Operation | 25,108 | 10,039 | 12,579 | 25.3% |
| Capital | <u>0</u> | <u>0</u> | <u>0</u> | <u>0.0%</u> |
| Total | <u>\$ 425,676</u> | <u>\$ 403,223</u> | <u>\$ 411,467</u> | <u>2.0%</u> |
| Personnel Complement | 4 | 4 | 4 | 0 |

Internal Audit (cont'd)

| | Performance Measures | | | |
|--|-----------------------------|-------------|-------------|----------------------------|
| | FY13 | FY14 | FY15 | Change 14 to 15 |
| Workload Measures | | | | |
| Audit Projects: Audits, Follow Ups, Consults | 26 | 26 | 26 | 0 |
| Efficiency Measure | | | | |
| General Gov't budget/audit position (mil) | \$141 | \$145 | \$146 | \$1 |
| General Gov't employees/audit position | 981 | 981 | 981 | 0 |

The fraud reporting website may generate additional special projects. Technical assistance will be provided to agencies as requested and to the external auditors as contracted. Also, Internal Audit plans to conduct a survey and finalize a risk-based planning assessment to select and perform routine audits of the effectiveness of controls in a number of areas. The goal of this survey is to cover aspects of each of the major operating segments-Administration,

Community Services, Community Development, and Community Operations.

Internal Audit's budget for FY2014-15 is \$411,467, which is an increase of \$8,244 or 2.0 percent compared to the FY2013-14 approved budget. This increase is attributable to a raise in wages and benefits and adding training expenditures back to the operating budget.