



Internal Audit

PERFORMANCE MEASURES

	FY19	FY20	FY21	Change 20 to 21
<b>Workload Measures</b>				
Audit Projects: Audits, Follow Ups, Consults	26	35	35	0
<b>*Efficiency Measures</b>				
Henrico County budget/audit position (mil)	\$ 167	\$ 221	\$ 233	12
Henrico County employees/audit position	1,030	1,851	1,882	31

\*FY19 reflects only Henrico County General Government.

\*FY20 and FY21 reflect both General Government and Henrico County Public Schools.

OBJECTIVES (CONTINUED)

- Advise County and School management, and the County's and School's Audit Committees on potential improvements in operations and results through technical assistance.
- Perform requested special audits and follow up on issues raised through the fraud reporting mechanisms 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

FY2019-20 is the first year of operation as a consolidated Internal Audit function for both the General Government and Education. The consolidation allows both entities to leverage resources, audit skillsets, and minimize redundancy.

The auditing environment has become increasingly complex and challenging as the County, its agencies and the School system implement additional technology and as regulations and accounting requirements are continuously changing. To meet these challenges and provide quality audit results, Internal Audit uses enhanced auditing software in all of its audits to better examine activity in a cost-effective manner. The department pays annual software licensing costs to maintain current versions and vendor support for these tools. In addition, the department requires all staff to maintain professional certifications and provides annual continuing education to stay current with requirements, business risks, and the latest audit techniques. The software licensing costs as well as the continuing education costs are the two largest components of the operating budget for Internal Audit.

As the majority of the department's budget (96%) consists of personnel costs, service levels will continue at current levels on General Government and Schools audits, special projects and follow ups. Internal Audit conducts annual surveys and finalizes risk-based planning assessments to select and perform routine audits of the effectiveness of controls in a number of areas. The goal of the audit planning process is to select auditable areas of risk in the major General Government operating segments and School locations and operating divisions each year.

### *Internal Audit*

The department manages the County's webpage and telephone hotline, which allow citizens and employees to report concerns of potential government fraud, waste, and abuse. These resources may generate additional special projects. Technical assistance will be provided to County agencies and School divisions as requested. The department also assists the County's external auditors with the required annual financial and compliance audits to help control those costs.

Some of the internal audits conducted by the department in FY2019-20 included receipts and/or expenditures in Building Inspections; processes involved in administering activities related to the Children's Services Act; Information Technology Controls within Schools; certain School payroll processes; and department audits related to turnover of key personnel in some General Government agencies and various schools.

Internal Audit's budget of \$783,992 represents an increase of \$132,055 or 20.3 percent over the FY2019-20 approved budget. This increase in personnel and operating expenses is driven by the addition of one new auditor position. With the consolidation of General Government and Education audit functions, there is an increased workload and need of additional supervisory staff. This new position will address those needs.



Department Operating Budget  
 Henrico County, Virginia  
 FY2020-21  
 INTERNAL AUDITING

Account Description	Prior Year Actual	Approved Budget	Proposed Budget	Dollar Inc/Dec	Percent Inc/Dec
50100 Full-Time Salaries and Wages - Regular	342,722	478,567	564,969	86,402	18.1%
50108 Hybrid Disability Prgm (Prev Wage Adj)	0	360	731	371	103.1%
50109 Vacancy Savings	0	-11,437	-11,714	-277	-2.4%
50110 FICA	25,643	36,610	42,907	6,297	17.2%
50111 Retirement VRS	45,547	63,602	79,096	15,494	24.4%
50112 Hospital/Medical Plans	28,411	53,514	66,150	12,636	23.6%
50113 Group Insurance - Life (VRS)	4,490	6,269	7,797	1,528	24.4%
50211 Maintenance Service Contracts	260	330	0	-330	-100.0%
50220 Lease/Rent Of Equipment	0	0	1,500	1,500	100.0%
50240 Printing and Binding	0	50	50	0	0.0%
50310 Automotive/Motor Pool	0	0	4,866	4,866	100.0%
50410 Postal Services	1	50	50	0	0.0%
50412 Telecommunications	1,499	1,950	2,045	95	4.9%
50430 Mileage	0	50	50	0	0.0%
50431 Education and Training	4,949	8,675	9,875	1,200	13.8%
50450 Dues And Association Memberships	2,690	3,988	4,470	482	12.1%
50500 Office Supplies	234	1,300	1,100	-200	-15.4%
50512 Books and Subscriptions	397	2,200	1,200	-1,000	-45.5%
50514 Other Operating Supplies	0	109	150	41	37.6%
50521 Computer Software	3,576	5,750	8,700	2,950	51.3%
<b>Total Department</b>	<b>460,419</b>	<b>651,937</b>	<b>783,992</b>	<b>132,055</b>	<b>20.3%</b>