



# Fairfax County Internal Audit Office

**Commonwealth Attorney's Office  
Procurement Card Audit  
Final Report**

**June 2005**

*"promoting efficient & effective local government"*

## Executive Summary

Our review of procurement cards revealed that internal controls were adequate. Internal control procedures were well documented, separation of duties was in place, and the Commonwealth Attorney's Office appeared to be in compliance with internal controls outlined in the County Procedural Memorandum (PM) 12-02 with the exception of the following:

- There was no evidence to indicate who was reconciling transactions to FAMIS or the weekly transaction reports and when the reconciliations were being performed.
- Separation of duties for Witness Travel procurement card transactions was inadequate.
- A back-up program manager was not assigned.

## Scope and Objectives

This audit was performed as part of our fiscal year 2005 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. The audit covered the period of January 2004 through December 2004, and our audit objectives were to determine if the department:

1. Had developed written internal procedures in accordance with PM 12-02.
2. Followed the County rules and procedures for the use of procurement cards.
3. Had adequate internal control procedures in place and that these procedures were being followed by cardholders.
4. Transactions were reasonable, in line with policy, and did not appear to be fraudulent.

## Methodology

Audit methodology included a review and analysis of internal control procedures, procurement card expenditures and related accounting records of the department. Our audit approach included an examination of procurement card expenditures, records and statements; interviews of appropriate employees; and a review of internal manuals and procedures. We evaluated the processes for compliance with County PM 12-02 *Use of the County Procurement Card*. Information was extracted from the Procurement Card Management System for sampling and verification to source documentation during the audit; however, our audit did not include an independent review of the system controls. Our transaction testing did not rely on system controls; therefore, this was not a scope limitation.

The Fairfax County Internal Audit Office is free from organizational impairments to

independence in our reporting as defined by government auditing standards. We report directly and are accountable to the County Executive. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the County Executive and the Board of Supervisors, and reports are available to the public.

## Findings, Recommendations, and Management Response

### 1. **FAMIS Reconciliation**

The Commonwealth Attorney's Office was unable to provide evidence of FAMIS reconciliation for the Travel and Witness Travel procurement cards for twelve of twenty-five (48%) sample transactions tested.

PM 12-02 requires that on a monthly basis, at a minimum, the user department reconcile the bank statement or the weekly transaction report to the amounts posted as expenditures in FAMIS. Also, the office's internal control procedures require that this reconciliation be performed.

Lack of a documented reconciliation decreases the accountability that the process is being performed in a complete and timely manner. In addition errors and omissions could go undetected.

**Recommendation:** The office should review the transactions for these cards during their monthly FAMIS reconciliation. The person performing the reconciliation should initial and date the reconciliation to evidence a timely preparation and review process.

**Management Response:** The weekly transaction report will be reconciled with FAMIS and the Management Analyst and the Administrative Assistant III will review, sign and date the report as proof of reconciliation. The entire report will be maintained on file. This process was put into place December 2004.

### 2. **Procurement Card Reconciliation**

While there was evidence to indicate that reconciliations were being performed, there was no evidence to indicate who performed procurement card reconciliations and when they were being performed for twelve of twenty-five (48%) transactions tested.

PM 12-02 requires that all agencies reconcile receipt/charge slips to the weekly transaction report or to the monthly statement in a timely manner. In either case, the program manager must initial and date these documents. In addition, the office's internal control procedures require that this reconciliation be performed. Failure to document when reconciliation is performed and the name of the reconciler decreases the accountability for processing the reconciliation in a complete and timely manner.

**Recommendation:** Once the procurement card reconciliation (either to the weekly PVS reports or the monthly bank statement report) is completed the preparer should initial and date the report.

**Management Response:** After the program manager prepares the weekly transaction report and is certain that all of the purchases are valid and accounted for; the report will be initialed and dated prior to forwarding it to the Administrative Assistant III. This process was put in place in December 2004.

### 3. **Witness Travel Card Transactions**

There was a lack of separation of duties for the Witness Travel card. The Management Analyst I held the card, arranged and approved purchases, and was performing the necessary reconciliations. To compensate for this weakness, the reconciliations were to be reviewed by the program manager, as was done previously; however, this had not been done since the transition to the new program manager.

Lack of proper segregation of duties increase the risk of undetected improper purchases.

**Recommendation:** The procurement card program manager should resume review of the Witness Travel card reconciliations and evidence this review by initialing and dating the documents.

**Management Response:** The management analyst makes all travel arrangements for the agency, updates the Witness Travel Log and reconciles this with the weekly transaction report and the bank statement. The log is initialed and dated by the program manager and the management analyst. This process was put in place in December 2004.

### 4. **Back-Up Program Manager**

There were several instances of improper or untimely processing of procurement card transactions and this occurred during a period when the program manager position was vacant and the office had not designated a back-up program manager.

PM 12-02 requires a program manager for participation in the County's procurement card program. A back-up program manager should be clearly defined and trained to perform procurement card duties in the absence of the assigned program manager. The inability to quickly assign procurement card processing responsibilities increases the risk of improper transactions taking place when control activities are not being strictly followed.

**Recommendation:** The Commonwealth Attorney's Office should appoint and train a back-up program manager.

**Management Response:** The back-up program manager will be the Administrative Assistant IV. The Administrative Assistant IV does not normally use the credit card. The back-up program manager will be trained in PathwayNet and will have a complete understanding of all requirements of the position. This process should be implemented in June 2005.