



Fairfax County Internal Audit Office

**POLICE DEPARTMENT
PROCUREMENT CARD AUDIT**

March 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, a well designed separation of duties was in place, and the Police Department appeared to be in compliance with internal controls outlined in the County Procedural Memorandum (PM) 12-02 with the following exception:

- Supporting documentation was not obtained and maintained for all transactions.

We commend the program manager for taking the appropriate action on a split transaction involving one of the department's internal agencies.

Scope and Objectives

This audit was performed as part of our fiscal year 2004 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. The audit covered the period of March 1, 2004, through May 31, 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 procedures were being followed by cardholders.

Methodology

Audit methodology included a review and analysis of internal control procedures, procurement card expenditures and related accounting records of the department. The Police Department had approximately 150 procurement cards with three different employees performing the reconciliations. The cards were divided among the personnel performing the reconciliations based on the use of the card. The cards used for travel and extradition were reconciled by different individuals than the remaining cards. Due to this division in duties we included samples from each of the three areas as follows:

	Transactions Selected	Transactions for the Period
Travel Cards	31	238
Extradition Cards	25	83
All Others	79	1265

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

Supporting Documentation

During our review, we noted that six of the 25 extradition transactions reviewed had no supporting documentation on file. Three of these transactions were charges made to the cards, the other three were credits issued for the same three transactions. Agencies are required by PM12-02 to maintain all original invoices and credit slips from each transaction for a minimum of two years. Documentation should be obtained for each charge and credit by the vendor and maintained with the weekly PVS report or the monthly bank statement. It is essential to have supporting documentation for all transactions on the procurement cards to ensure their validity.

Recommendation: The Police Department should obtain documentation for all transactions from the vendor and maintain them with either the weekly PVS report or the monthly bank statement.

Management Response: The procurement card program manager will provide additional training to the employees responsible for obtaining receipts for each extradition procurement card transaction.

To insure compliancy of receipts, the Administrative Assistant IV will provide a signed and dated copy of the PVS report to the program manager on a weekly basis.

In order to provide better tracking, all travel and extradition paperwork will be cross-referenced to the PVS report.