



Fairfax County Internal Audit Office

**Clerk to the Board
Procurement Card Audit
Final Report**

July 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 Clerk to the Board appeared to be in compliance with internal controls outlined in the County Procedural Memorandum (PM) 12-02 with one exception. There was no evidence to indicate that a weekly review of transactions was being completed.

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 July 2004 through September 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. Weekly Transaction Report Review

There was no evidence to indicate that a weekly review of transactions was being completed.

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.

Failure to review the weekly transaction reports increases the risk that inappropriate purchases will not be identified in a 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: No management response is required for this item as the recommendation was implemented and verified by Internal Audit prior to the completion of the audit.