



Fairfax County Internal Audit Office

**Department of Public Works and Environmental Services
Maintenance and Stormwater Division
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. The Maintenance and Stormwater Management Division had sufficient separation of duties and appeared to be in compliance with internal controls outlined in the County Procedural Memorandum (PM) 12-02. However, the division's written internal control procedures were not well documented and did not reflect current operations.

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 October 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 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. This did not result in a scope limitation of the audit.

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

Procurement Card Procedures

The Maintenance & Stormwater Management Division had developed internal control procedures according to PM 12-02; however, the stated procedures were not a true reflection of the actual roles and responsibilities assigned to the individuals managing the division's procurement card program. For example, some of the duties assigned to the program manager were actually being performed by the custodian or administrative assistant.

Recommendation: The Maintenance & Stormwater Management Division should update their procedures to accurately reflect the design of the division's procurement card program. The procedures should clearly define the assignment of all procurement card related responsibilities by position/title. This was also recommended as a result of the division's last procurement and compliance review conducted by the Department of Purchasing and Supply Management in 2002 but was not completed.

Management Response: The division's Internal Control Plan (ICP) has been revised on an interim basis to more accurately reflect actual roles and responsibilities of assigned individuals managing the division's procurement card. Upon finalization of the revision of the Department of Purchasing and Supply Management procedural memorandum, PM 12-02, the Maintenance and Stormwater Management Division will review and revise the ICP to meet the intent of each aspect of the revised procedural memorandum.