



# Fairfax County Internal Audit Office

**Commission for Women  
Financial Processes Audit  
Final Report**

**February 2006**

*"promoting efficient & effective local government"*

## Executive Summary

The Commission for Women was established by the Fairfax County Board of Supervisors (BOS) in 1971 to advise the BOS on ways to remove barriers to women and girls in the County. In recent years, the commission's focus has been on such issues as domestic violence, educational equality, and progress in the workplace. It has also established a lecture series to inform and educate the public. In this regard, the County supports these activities by making an annual financial contribution to the commission, as approved by the Board of Supervisors.

Our audit found that the commission did not have a set of bylaws to govern its operation, or any formally adopted policies or procedures for the financial management of the organization. The duties and responsibilities of the commissioners and the executive director were not clearly defined, and there was no documentation to indicate if the commission had agreed to the procedures implemented by the County's Office for Women staff, who provided financial and other administrative support to the commission. This general condition contributed to the following areas of weakness:

- Financial reporting to the commission did not include actual cash available
- Lack of a formally documented bank reconciliation and differences between check register and bank statement were not explained
- Lack of timely deposit of reimbursements received

It should be noted that through our review of accounting records, bank statements, budget schedules, available board minutes, and other supporting documentation, it appeared that the expenditures incurred for FY 2005 were reasonable and in accordance with the commission's budget request, as approved and appropriated by the Fairfax County Board of Supervisors.

Since the commission does not have annual independent audits performed, submitting copies of the monthly minutes with the annual budget submission would provide the Department of Management and Budget a more detailed view of the commission's financial issues, activities, and expenditures.

## Scope and Objectives

This audit was performed as part of our Fiscal Year 2006 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. The audit covered the period from July 2004 to June 2005. Our objective was to determine that the Commission for Women, in receiving public funds, was practicing adequate financial management over its activities and programs. This audit objective was addressed by:

- Determining that an adequate system of internal control was in place over the processing, recording, and reporting of financial activity

- Determining that the accounting records were sufficient and reasonably supported by bank statement activity, receipts, invoices, and financial information contained in the board's minutes
- Determining that the expenditures were for only purposes intended and allowed by the County

## Methodology

Our audit approach included interviewing the chairman of the Commission for Women; the director of the Office for Women, who also serves as the executive director of the commission; and the administrative staff person in the Office for Women who was responsible for providing financial and other administrative support to the commission. We used an internal control questionnaire to assess the controls over the processes of receipting, purchasing, disbursements, bank reconciliations, accounting records, and the financial reports. We also obtained budget schedules, bank statements, accounting records, and other supporting documentation in order to perform a cursory review of the commission's transactions. Our review of transactions did not rely on controls, as the administrative assistant had the responsibility for initiating, recording, reconciling, and reporting financial transactions. The potential impact of this circumstance on our findings was that some aspect of the financial information may have been erroneous and remained undetected.

The Fairfax County Internal Audit Office is free from organizational impairments to independence in our reporting as defined by generally accepted 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

### Financial Management Procedures

The Commission for Women did not have any bylaws or other formally adopted written policies or procedures regarding financial management. This resulted in the following:

1. Financial reporting to the commission did not include actual cash available.

The Office for Women prepared a monthly financial report for the commission's review which contained year-to-date expense balances, revenue balances, and current budget balances. However, the actual cash balances were not reported and the budget balances could not be reconciled with actual cash available.

2. Lack of formally documented bank reconciliations and differences between the check register and bank statement were not explained.

There was no evidence of a formal reconciliation between the check register and bank statements. The total cash balance per bank statements did not agree with the balance noted in the check register, and since there was no formal bank reconciliation performed, it could not be determined if the difference between balances was due to an error or to timing differences. However, there was evidence that the individual transactions listed in the check register were verified against the bank statement. Additionally, the Office for Women indicated that they inherited a cash difference and had not been able to locate the error.

During the course of the audit the Office for Women developed a formal bank reconciliation process. This process was discussed with and reviewed by Internal Audit.

### 3. Lack of timely deposit of reimbursements received.

There was a three week delay in depositing the check for the annual budget allocation from the County. As the deposit was made by former staff of the office, the current staff could offer no explanation for the delay. In addition, the timeliness of 14 deposits resulting from reimbursements from Commissioners could not be determined as deposits did not include check or receipt dates.

**Recommendation:** We recommend that the Commission for Women adopt and adhere to a set of bylaws pertaining to financial management. The bylaws should define the duties and responsibilities of the commissioners and those responsibilities delegated to County staff. The bylaws should require sound financial management practices to include:

- Procedures for receipting, purchasing, disbursements, bank reconciliations, accounting records, financial statements, and records retention. Should staffing size prevent a complete separation of duties, it is recommended that bank reconciliations be performed monthly by someone independent of the administrative assistant IV in order to independently verify the commission's bank balances and review the propriety of transactions.
- Level and type of approval required for financial transactions.
- Monthly reporting of available cash balances and budget balances to the commission.
- Secondary review and verification of the monthly financial report figures.
- Records retention policy.

A copy of the bylaws, along with meeting minutes, should be provided to the County's Boards, Associations & Committees (BAC) Coordinator and to the Department of Management and Budget with the annual budget submission.

**Management Response:** Policies and procedures will be developed and receive approval from the Fairfax County Commission for Women (CFW) with an expected completion date of June 30, 2006. In addition to the budget balances that have always been reported to the commission, as of January 2006, cash balances were added to the report and the CFW votes and approves each financial report. Beginning fiscal year 2007, copies of bylaws, procedures, and CFW meeting minutes will be provided to the BAC coordinator and DMB with the annual budget submission.