



Fairfax County Internal Audit Office

Department of Management and Budget
Procurement Card Audit
Final Report
March 2006

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Executive Summary

Our review of procurement cards revealed that internal controls were adequate. Internal control procedures were documented, a well designed separation of duties was in place, and the Department of Management and Budget appeared to be in compliance with internal controls outlined in the County Procedural Memorandum (PM) 12-02. However, the internal control procedures need to be updated in accordance with PM 12-02.

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 of October 2004 through October 2005, 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. Procurement Card Internal Control Policies and Procedures

While the Department of Management and Budget had developed internal control procedures the procedures did not fully comply with the following requirements of PM 12-02:

- Identifying the program manager by position
- Review of the weekly transaction report for unusual or unauthorized transactions
- Reconciliations to FAMIS

Per Procedural Memorandum No. 12-02, the agency procedures should clearly define all procurement card related responsibilities and assign them to employees by position/title. Failure to comply with PM 12-02 increases the risk of misuse of the procurement card. Failure to submit revisions of departmental procurement card procedures to the Department of Purchasing and Supply Management (DPSM) for approval increases the risk that procedures contain steps that are not in compliance to County policy.

Recommendation: The Department of Management and Budget should update the procedures in accordance with PM 12-02 and submit the procedures to DPSM for approval.

Management Response: The Department of Management and Budget has updated the Internal Control Procedures with all the recommendations from Internal Audit on March 8, 2006.