



# Fairfax County Internal Audit Office

**Health Department  
Procurement Card Audit  
Final Report**

**June 2006**

*"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 transactions appeared proper. In general, the Health Department appeared to be in compliance with the internal controls outlined in the County Procedural Memorandum (PM) 12-02 with the exception of vendor receipt documentation for four transactions in our sample.

## 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 July 2005 through February 2006, 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

## Original Vendor Receipt

We noted that an original vendor receipt was being retained for most procurement card transactions. However, based on our test sampling of 50 procurement card transactions we noted that four did not have the original receipt or other appropriate documentation if the original receipt was not available.

Procedural Memorandum No. 12-02 requires that the using agencies maintain all original receipts, invoices or credits for each transaction. Receipts should show all details pertinent to the transaction. If for any reason, an original or alternate receipt is unavailable, a photocopied receipt or a memorandum providing the purchase details and reason why a receipt is not available must be included with the monthly statement or weekly transaction report and be signed by the program manager. Without procurement card receipts or other adequate supporting documentation on file, the propriety of individual transactions cannot be determined.

**Recommendation:** The Health Department should ensure that sufficient receipt documentation, as specified by PM 12-02, is maintained in file for all procurement card transactions.

**Management Response:** The Internal Control Procedures for the Health Department's use of procurement cards has been rewritten emphasizing the need for receipts with amounts on them and stating that packing slips without the amount are no longer considered a proper receipt. We also updated the ICP that if a receipt could not be obtained, a note or memo must be attached to the credit card log stating what was ordered, who ordered it, vendor and the amount. This was completed as of June 6, 2006.