



# Fairfax County Internal Audit Office

Department of Public Works and Environmental Services  
Land Development Services Division  
Procurement Card Audit  
Final Report

July 2006

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## Executive Summary

Our review of procurement cards revealed that internal controls were adequate. Internal control procedures were documented and reconciliations appeared to be completed for all weeks of the audit period. The Land Development Services (LDS) division of the Department of Public Works and Environmental Services (DPWES) appeared to be in compliance with the county's Procedural Memorandum 12-02, *Use of the County Procurement Card* (PM 12-02), with the exception that we noted there was a lack of sufficient receipts or other supporting documentation for four transactions in our audit 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 January 1, 2005, through February 28, 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

Our 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 policies and procedures. We evaluated the processes for compliance with the county's PM 12-02. 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

## **Lack of Sufficient Receipts or other Supporting Documentation**

During our review of a sample of the LDS division's procurement card transactions, we noted that four of the 25 transactions selected were not supported by a receipt on file, and the division's standard form to explain the lack of receipts, as required by the division's internal control procedures (ICP) document, was also not included in the division's procurement card files. We also noted that one of the four transactions which lacked a receipt did not have a receiving report or any other documentation to indicate that the division had received the item purchased.

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:** We recommend the agency more strictly enforce the requirement that original receipts, as specified by PM 12-02, be maintained on file to support procurement card transactions.

**Management Response:** The department will review PM 12-02 with members of the Financial Management Branch to stress the importance of original receipts and receiving reports. The department will communicate with key personnel within each LDS activity about the importance of forwarding receiving reports that are initialed and dated. We will develop an automated tickler file so staff can follow-up with individuals who participated in training in order to secure a copy of certificate, if appropriate, or other documentation to confirm employee actually attended program. The anticipated completion date will be June 30, 2006.