



Fairfax County Internal Audit Office

Department of Finance
Gift Fund Audit
Final Report

May 2010

Executive Summary

We performed an audit of the county's Gift Funds administered through the Department of Finance (DOF) in accordance with procedures and controls included in Accounting Technical Bulletin (ATB) #40050 – Gifts and Donations. Overall, we noted that gift fund revenues (\$926,411) and expenditures (\$996,866) were relatively level in FY 2008 as one offset the other. We examined eleven agencies including twenty different gift funds in detail. Additionally, we determined that restricted and unrestricted gift funds were not comingled and verified that donated amounts were properly reported in FAMIS. We did not find any instances of improper use; however, we did find two agencies that were not in compliance with procedures established in the ATB, as they were not sending "donor acknowledgement forms" to donors.

Additionally, as discussed in the Other Observation section, several gift funds were expending only a small amount or had no expenditures.

Scope and Objectives

As of fiscal year-end June 30, 2009, the county had 82 gift funds for a total of \$3,442,503. (A schedule of gift funds is attached.) We reviewed a total of 11 different agencies including 20 different gift funds. Our objectives were to determine that:

- Departments are in compliance with policies and procedures as indicated in Accounting Technical Bulletin #40050 – Gifts and Donations
- Sufficient internal controls are in place to ensure that gifts are properly recorded in FAMIS

This audit was performed as part of our Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Methodology

Our audit approach included interviewing key personnel in the Department of Finance as well as agency personnel in charge of gift fund donations and expenditures. We performed an internal control evaluation, reviewing existing documentation and working with on-line Data Analysis Retrieval Tool (DART) reports. Additionally, we performed an analytical review of monthly gift fund donations and expenditures during the fiscal year to identify potential anomalies that warrant detailed examination. Our audit sample examined 20 of the 82 funds in detail and included more than 70% of the total gift fund dollars for June 30, 2009.

Our audit did not examine the system controls over purchasing and financial applications. Our transaction sample selection did rely on these controls; therefore, this was a scope limitation. However, the potential impact of this circumstance on our findings within the context of our audit objectives was mitigated by our examination of detailed supporting documentation for our sampled transactions. Therefore, this circumstance did not materially impact our results and conclusions.

Findings, Recommendations, and Management Response

Donor Acknowledgement Form

ATB #40050 – Gifts and Donations requires that agencies receiving donations send a donor acknowledgement form that acknowledges the donor's gift and serves as a receipt for tax purposes. The donor acknowledgement form plays a vital role between the agency receiving the gift and the donor. Donors may need to receive an acknowledgement form depending upon the circumstances and IRS requirements. It is generally a donor's responsibility to obtain a written acknowledgment; however, county departments can assist a donor by providing a timely written statement.

- a. We noted that the Sheriff's Office was not sending donor acknowledgement forms to donors upon receipt of gifts or donations.
- b. We noted that the Department of Community and Recreational Services (DCRS) was not sending donor acknowledgement forms to donors as required by ATB #40050 – Gifts and Donations. Instead, DCRS was using correspondence from the donor (that indicated the amount of donation) as evidence of their receipt of the donation.

Recommendation: The Sheriff's Office and DCRS should implement the requirement called for in ATB #40050 and send donor acknowledgement forms to all donors. This will better serve the donor community.

Management Responses: Effective immediately, the Sheriff's Office will again be sending donor acknowledgement letters to all donors. A copy of the letter, along with a copy of the donation receipt will be kept on file in the budget office. A quarterly review will be conducted by the Financial Services Branch to review adherence to ATB #40050.

DCRS will ensure that donor acknowledgement letters are sent out for every donation received.

Other Observation

During this audit we reviewed the levels of expenditures and revenues for the various gift funds. Attached is a spreadsheet which documents the amount of spending and amount brought in for each gift fund over the past three fiscal years. In addition, we

have included the ending balances as of June 30, 2009.

While the county does not have a policy which requires the expenditure of gift funds, we noted that several accounts had minimal or no expenditures during one or more of the past three years. County management should review individual accounts, as applicable, and determine whether some funds should be used to help provide needed services and programs, in line with the intent of the gift fund accounts.

Gift Fund Activity Report 2007-2009

Agency	Gift Fund Title	2007 Rev	2007 Exp	2008 Rev	2008 Exp	2009 Rev	2009 Exp	Balances as of 6/30/09
Fairfax County Public Library	Access Services	\$6,459.60	\$5,522.06	\$4,657.10	\$2,547.95	\$4,269.36	\$4,125.74	\$6,631.56
	Burke Center	\$0.00	\$0.00	\$0.00	\$0.00	\$866.97	\$850.00	\$1,054.16
	Library Cable-Restricted	\$1,600.94	\$0.00	\$1,262.05	\$20,298.00	\$85.59	\$8,117.90	\$1,273.12
	Center for the Book	\$35,959.94	\$35,175.15	\$59,786.62	\$49,082.20	\$22,642.60	\$26,515.43	\$67,798.28
	Centreville	\$2,128.35	\$2,908.41	\$1,973.75	\$908.90	\$5,115.29	\$5,698.30	\$8,227.10
	Chantilly	\$124.62	\$7,827.72	\$4,795.57	\$4,122.60	\$14,282.97	\$14,671.32	\$5,378.36
	Dolly Madison	\$3,223.08	\$1,000.00	\$2,702.87	\$2,350.00	\$4,162.76	\$2,125.00	\$8,964.37
	Fairfax City	\$1,252.39	\$0.00	\$4,306.65	\$6,799.53	\$1,765.65	\$2,775.00	\$1,182.01
	Great Falls	\$107.64	\$380.00	\$1,908.86	\$2,201.23	\$2,357.61	\$2,753.90	\$2,163.60
	George Mason	\$8,783.04	\$8,196.67	\$14,649.77	\$14,677.68	\$10,338.68	\$6,805.03	\$8,213.62
	Herndon	\$47.10	\$0.00	\$619.00	\$335.00	\$452.68	\$425.00	\$1,450.00
	INOVA	\$17,906.06	\$4,144.19	\$18,972.87	\$3,508.06	\$732.47	\$9,814.25	\$32,903.48
	John Marshall	\$864.13	\$1,464.44	\$3,106.94	\$2,948.45	\$4,048.94	\$3,884.50	\$2,972.71
	Kingstowne	\$759.80	\$0.00	\$653.57	\$125.00	\$2,480.72	\$2,341.00	\$4,399.90
	Kings Park	\$2,953.54	\$2,305.00	\$1,482.09	\$1,964.20	\$6,591.86	\$4,887.26	\$3,196.34
	Lorton	\$248.50	\$0.00	\$2,980.42	\$3,170.71	\$2,504.88	\$1,724.00	\$1,978.72
	Library Materials	\$17,846.40	\$64,513.62	\$73,860.84	\$11,255.35	\$76,070.89	\$92,522.26	\$207,807.77
	Martha Washington	\$291.51	\$475.00	\$1,877.99	\$1,219.76	\$41.20	\$535.99	\$430.29
	Oakton	\$0.00	\$0.00	\$25,621.48	\$2,751.53	\$11,143.46	\$18,360.23	\$15,950.09
	O'Shaunassey	\$248.50	\$1,470.00	\$140.54	\$2,480.00	\$2,816.61	\$475.00	\$1,420.65
Patrick Henry	\$1,837.32	\$0.00	\$5,094.05	\$8,215.56	\$15,055.95	\$15,446.38	\$2,882.14	
Pohick	\$1,743.98	\$4,996.94	\$17,843.41	\$15,409.02	\$13,242.44	\$15,567.99	\$10,349.77	
Richard Byrd	\$879.52	\$1,204.07	\$884.79	\$875.00	\$323.32	\$300.00	\$138.39	

Agency	Gift Fund Title	2007 Rev	2007 Exp	2008 Rev	2008 Exp	2009 Rev	2009 Exp	Balances as of 6/30/09
Fairfax County Public Library	Reston	\$35,217.40	\$37,814.05	\$11,325.50	\$19,446.43	\$7,348.31	\$15,658.15	\$3,731.76
	Sherwood	\$41.89	\$5,318.75	\$4,713.22	\$4,961.98	\$24,535.46	\$16,714.79	\$10,078.14
	Shelly Marshall	\$2,693.80	\$1,970.00	\$158.95	\$1,225.00	\$2,801.93	\$1,220.00	\$2,595.78
	Summer Reading Program	\$51,933.99	\$53,991.04	\$64,494.97	\$44,976.68	\$69,782.79	\$60,295.97	\$76,718.90
	System	\$123,823.13	\$52,300.10	\$104,376.44	\$70,469.83	\$109,965.90	\$80,502.59	\$371,354.86
	Thomas Jefferson	\$1,666.72	\$0.00	\$1,147.31	\$700.00	\$79.60	\$359.13	\$4,334.47
	Tysons-Pimmit	\$28,922.55	\$7,659.01	\$23,362.25	\$41,187.34	\$20,990.50	\$2,625.92	\$27,817.63
	Virginia Room	\$10,579.01	\$8,877.00	\$577.53	\$0.00	\$235.43	\$359.94	\$7,296.92
	Woodrow Wilson	\$271.48	\$0.00	\$6,055.78	\$6,375.41	(\$734.20)	\$2,392.88	\$4,805.01
Community & Recreation Services	Computer Learning Center-General	\$25,434.96	\$394.87	\$17,533.14	\$0.00	\$6,355.52	\$57,246.88	\$234,542.78
	Computer Learning Center-Cedar	\$0.00	\$0.00	(\$1.79)	\$700.00	\$1.79	(\$700.00)	\$0.00
	Computer Learning Center-Hybia Valley	\$0.00	\$0.00	\$0.00	\$0.00	\$1,180.76	\$0.00	\$90,368.37
	Computer Learning Center-Stonegate	\$265.00	\$0.00	\$0.68	\$0.00	\$799.54	\$0.00	\$61,065.22
	Computer Learning Center-Freddie Mac	\$0.00	\$0.00	\$0.00	\$0.00	\$119.15	\$0.00	\$9,119.15
	Computer Learning Center-Homework Inst.	\$0.00	\$0.00	\$0.00	\$0.00	\$70.94	\$0.00	\$5,428.94
Board of Supervisors	Braddock Look-Back	\$22,119.47	\$22,203.42	\$7,276.17	\$963.38	\$3,705.84	\$305.31	\$19,134.33
Office of Public Private Partnerships	Adopt a Family-Public Private Partnerships	\$1,370.73	\$1,100.00	\$4,843.17	\$2,451.17	\$51.47	\$4,835.21	\$21.09
	Allied Health Care-Office of Public Private Partnerships	\$2,154.46	\$0.00	\$1,877.76	\$500.15	\$939.89	\$5,176.08	\$17,275.25

Agency	Gift Fund Title	2007 Rev	2007 Exp	2008 Rev	2008 Exp	2009 Rev	2009 Exp	Balances as of 6/30/09
Office of Public Private Partnerships	Project Discovery-Office of Public Private Partnerships	\$12,076.92	\$12,085.90	\$37,818.72	\$10,889.55	\$15,978.86	\$28,262.55	\$36,115.37
	Project Discovery-Office of Public Private Partnerships	\$0.00	\$0.00	\$999.92	\$0.00	\$28,081.89	\$27,563.04	\$1,518.77
Department of Housing	Housing	\$1,330.28	\$0.00	\$1,065.14	\$0.00	\$483.04	\$0.00	\$25,074.17
Human Rights	Human Rights	\$3,482.94	\$1,448.00	\$260.32	\$1,651.43	\$43.93	\$297.04	\$2,279.96
McLean Community Center	McLean Community Center	\$3,974.85	\$0.00	\$3,471.11	\$0.00	\$2,610.46	\$0.00	\$73,805.89
	McLean Center/McDonald School	\$7,247.54	\$7,200.00	\$5,359.09	\$7,160.63	\$2,299.53	\$6,010.05	\$113,674.91
	McLean-Music Education-Restricted	\$14,364.87	\$24,042.39	\$10,206.99	\$21,761.44	\$4,186.28	\$29,865.29	\$200,991.07
Community & Recreation Services								
	Lincolnia Senior Center	\$2,482.50	\$1,500.00	\$1,921.79	\$0.00	\$865.13	\$1,500.00	\$43,734.28
	Esche Memorial	\$8,482.45	\$11,277.51	\$8,257.93	\$2,749.01	\$4,330.41	\$2,069.01	\$92,487.95
	Community Centers	\$20,123.42	\$0.00	\$18,307.61	\$37,404.42	\$12,748.68	\$5,544.83	\$140,877.19
	Teen Centers #1	\$2,155.23	\$0.00	\$1,189.44	\$0.00	\$1,347.88	\$159.92	\$28,648.81
	Gum Springs Senior Center	\$14,173.20	\$7,899.47	\$19,203.81	\$12,398.25	\$13,517.46	\$10,591.34	\$38,893.96
	Computer Clubhouses	\$3,268.09	\$15,166.70	\$26,821.99	\$18,217.77	\$5,558.41	\$12,480.77	\$21,020.57
	Community & Recreation Agency	\$1,426.14	\$0.00	\$882.25	\$0.00	\$377.91	\$0.00	\$19,616.99
	Senior Center	\$140.77	\$0.00	\$403.89	\$0.00	\$56.84	\$0.00	\$2,950.44
	Teen Centers #2	\$299.35	\$643.00	\$705.63	\$0.00	\$114.95	\$0.00	\$5,966.91
Kids Serve 2	\$10,000.00	\$0.00	\$316.79	\$7,671.00	\$4,616.03	\$4,009.00	\$3,252.82	

Agency	Gift Fund Title	2007 Rev	2007 Exp	2008 Rev	2008 Exp	2009 Rev	2009 Exp	Balances as of 6/30/09
Human Services	Joanne M. Tate Fund	\$284.33	\$1,000.00	\$192.25	\$538.25	\$76.70	\$538.25	\$3,499.55
	Family Services - Unrestricted	\$42,623.08	\$7,664.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Springfield Franconia Family Res. Ctr.	\$819.94	\$0.00	\$812.04	\$0.00	\$646.75	\$2,000.74	\$6,142.95
	Family Services - Restricted	\$0.00	\$0.00	\$37,795.67	\$14,809.44	\$66,747.80	\$33,022.90	\$236,945.19
	Health Access	\$0.00	\$0.00	\$0.00	\$0.00	\$64,394.02	\$348,950.00	\$0.00
	ASAP	\$11.50	\$0.00	\$9.19	\$0.00	\$4.18	\$0.00	\$216.63
System Mgmt. for Human Services	System Mgmt. for Human Services Gift Fund	\$0.00	\$0.00	\$0.00	\$0.00	\$6,007.83	\$5,352.40	\$655.43
Health Department	Affordable Health Care	\$325.73	\$0.00	\$260.79	\$0.00	\$1,119.41	\$0.00	\$7,140.61
	Health Depart.	\$40.02	\$0.00	\$32.84	\$0.00	\$14.90	\$0.00	\$773.12
Circuit Court	Circuit Court Jury Fee	\$44,700.14	\$32,651.00	\$38,699.90	\$37,656.66	\$41,049.50	\$35,013.00	\$163,143.28
	Gift Fund - Preserving Special Artifacts	\$29.14	\$0.00	\$23.36	\$0.00	\$0.00	\$0.00	\$0.00
	JDC	\$2,695.63	\$4,000.00	\$2,084.91	\$4,000.00	\$177.11	\$2,050.00	\$7,265.20
Police Depart.	Animal Control Trust Fund	\$61,172.30	\$37,047.29	\$65,720.77	\$34,920.86	\$34,704.27	\$32,395.70	\$489,337.83
	Traffic Safety	\$859.73	\$1,425.23	\$618.18	\$2,006.31	\$237.03	\$1,035.82	\$11,991.55
	Police - Restricted	\$10,343.86	\$10,638.41	\$2,363.55	\$3,519.81	\$12,684.85	\$5,123.31	\$14,917.94
	Police Depart.	\$68,638.41	\$63,421.96	\$49,106.00	\$46,242.73	\$52,683.27	\$31,057.94	\$139,700.40
Office of the Sheriff	Sheriff	\$343.23	\$0.00	\$7,027.42	\$6,779.02	\$208.26	\$0.00	\$3,158.60
	Sheriff - Restricted	\$3,107.49	\$0.00	\$15,658.18	\$11,323.36	\$700.32	\$23.98	\$9,121.62

Agency	Gift Fund Title	2007 Rev	2007 Exp	2008 Rev	2008 Exp	2009 Rev	2009 Exp	Balances as of 6/30/09
Fire & Rescue	Fire & Rescue Gift Fund	\$12,663.58	\$5,407.86	\$11,353.42	\$7,861.15	\$56,801.76	\$3,284.98	\$116,280.82
Public Safety Comm. Center	PSCC Gift Fund – Police	\$245.75	\$245.00	\$171.32	\$245.00	\$74.08	\$0.00	\$3,845.02
Office of Public Private Partnerships (Transferred to Family Services)	Medical Care for Children - Health Care	\$244,596.72	\$291,050.00	\$147,791.89	\$272,175.00	\$0.00	\$0.00	\$0.00
Office of Public Private Partnerships (Transferred to Family Services)	Medical Care for Children - Fund Dev. Activities	\$71,128.54	\$74,859.86	\$107,481.96	\$100,672.94	\$221.88	\$0.00	\$8,921.86
TOTALS		\$1,082,861.26	\$943,886.08	\$1,122,860.66	\$1,026,483.22	\$886,148.86	\$1,115,916.19	\$3,424,889.40