



Fairfax County Internal Audit Office

Office of the Clerk to the Board
Business Process Audit
Final Report

January 2012

"promoting efficient & effective local government"

Executive Summary

We performed a business process audit of the procurement cards, purchase orders (PO), small purchase orders (SO) and reconciliation areas within the Office of the Clerk to the Board. Our audit found that internal control procedures were well documented, proper separation of duties was in place, and the department generally appeared to be in compliance with internal controls outlined in county Procedural Memorandum (PM) 12-02 and Finance ATB10020. There was one reportable finding noted during our audit. While the monthly reconciliation was being performed, there was no written, approved reconciliation plan as required by ATB 10020.

We commend the Office of Clerk to the Board on having proper controls over procurement cards, purchase orders, small purchase orders and reconciliation.

Scope and Objectives

This audit was performed as part of our fiscal year 2012 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.

The audit population included transactions from procurement cards, purchase orders and small purchase orders that occurred during the period of October 1, 2010, through September 30, 2011. For that period, the department's purchases were \$34,077, and the PO and SO amount totaled \$10,868. Our audit objectives were to determine if the department was in compliance with county policy and had adequate controls for processing procurement card, purchase order, small purchase order and blanket purchase order transactions. We also reviewed the department's compliance with the county's requirements for monthly reconciliations.

Methodology

Audit methodology included a review of the department's procedures, procurement card expenditures, purchase expenditures and related accounting records of the department. Our audit approach included an examination of expenditures, records and statements; interviews with appropriate employees; and a review of internal manuals and procedures. We evaluated the processes for compliance with county policies and procedures. Information was extracted from various systems for sampling and verification to source documentation during the audit. Our audit did not examine the system controls over purchasing, financial, and payroll applications. Our transaction testing did rely on those controls; therefore, this was a scope limitation. The potential impact of this circumstance on our findings was that some portion of transaction data may have been erroneous.

Findings, Recommendations, and Management Response

Reconciliation Plan

While monthly reconciliations were being done for the Office of the Clerk to the Board, they did not have a written reconciliation plan that was approved by the Department of Finance.

Per ATB 10020, each agency must develop a written reconciliation plan that is approved by the Department of Finance, and adhere to internal control procedures, which govern financial transaction reconciliations. The Clerk to the Board had a special circumstance in which their monthly reconciliation was being performed by the management analyst in the County Executive's Office. Neither the Clerk to the Board of Supervisors nor the County Executive's Office had a reconciliation plan. Lack of an approved, written reconciliation plan could increase the risk of important steps being omitted due to employee turnover.

Recommendation: We recommend that the Clerk to the Board reconciler develop a reconciliation plan using the Department Guidelines, located in Appendix B of ATB 10020, and get it approved by the Department of Finance.

Management Response: The assigned management analyst II in the County Executive's Office will now prepare a reconciliation plan using the Department Guidelines, located in Appendix B of ATB 10020 and submit it for approval by the Department of Finance.