Fairfax County Internal Audit Office

Office of Public Private Partnerships
Business Process Audit
Final Report

June 2012

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Executive Summary

We performed a business process audit of the procurement cards, office supplies, small purchase orders and financial reconciliations areas within the Office of Public Private Partnerships.

Our review revealed that internal controls were adequate for procurement cards, office supplies and small purchase orders. In general, the Office of Public Private Partnerships appeared to be in compliance with internal controls outlined in the county policies. However, we noted the following exceptions where compliance and controls needed to be strengthened:

- Missing procurement card employee acknowledgement disclosure agreements
- No evidence of reconciliations or reconciliation procedures

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 in procurement cards, office supplies, and small purchase orders that occurred during the period of September 2010 through October 2011. For that period, the department's purchases totaled $56,465.61. Our audit objectives were to determine if the department was in compliance with county policy and had adequate controls for processing procurement card, office supply and small 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 with limited analysis of internal controls that were implemented. Our audit approach included an examination of expenditures, records and statements; interviews of 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. We relied on testwork performed by our external auditors for the system controls.

Findings, Recommendations, and Management Response

1. Procurement Card Employee Acknowledgement Disclosure Agreements

During our transaction testing, we noted several instances where the employee who used the procurement card did not have a signed employee acknowledgement disclosure agreement on file. The agency had these forms on file for all procurement card users for their FY 2009 procurement card audit. However, due to recent staff turn-over in the procurement card program manager position, these forms could not be located. Procedural Memorandum 12-02 requires that all first-time card users sign and date an employee acknowledgement disclosure agreement. The agreement acknowledges the employee's responsibilities regarding card use and sets forth consequences for misuse. The agency program manager is to maintain the signed agreements for at least two years following the employee's departure from the agency.

Recommendation: The Office of Public Private Partnerships should ensure that each employee acknowledgement disclosure agreement is retained as required by PM 12-02.

During the audit IAO verified that the agency had all employees with procurement card use privileges re-take the on-line procurement card exam and sign an employee acknowledgement disclosure agreement for their records. No management response or follow up action is needed for this finding.

2. Timely Reconcilement and Existence of a Reconciliation Plan

The agency did not perform regular, timely reconciliations of their purchasing functions with the exception of procurement card reconcilements which were performed timely by the agency. At the start of the audit, the Office of Public Private Partnerships brought it to our attention that they did not have a reconciliation plan and had not been reconciling all purchasing activities timely. Formerly, ATB 10020 stated that each agency must develop a written reconciliation plan, approved by DOF, and adhere to internal control procedures which govern financial transaction reconciliations. DOF replaced this ATB with ATB 020 in March 2012. Departments requiring direct assistance can contact the Financial Reporting Division within DOF.

Recommendation: We recommend that the Office of Public Private Partnerships department develop a reconciliation plan using DOF Guidelines. The implementation of this recommendation may be dependent upon guidance from DOF. Also, monthly reconcilements should be performed on a consistent and timely basis. During this audit, the agency wrote, submitted and gained approval for their reconciliation plan on June 13, 2012 from the Department of Finance.

Management Response: The Business Analyst III and the Administrative Assistant IV will conduct monthly reconciliations for all months of FY2012 during July and start on-time monthly reconciliations with July 2012 in August 2012.