Fairfax County
Internal Audit Office

Circuit Court and Records
Business Process Audit
Final Report

January 2013

"promoting efficient & effective local government"

Executive Summary

We performed a business process audit of the procurement cards, FOCUS marketplace, purchase orders, value line purchase orders and financial reconciliation areas within the Circuit Court and Records.

Our audit found that, in general, the Circuit Court and Records appeared to be in compliance with internal controls outlined in the county policies. However, we noted exceptions where compliance and controls need to be strengthened:

- The Circuit Court and Records could not produce documentation that verified reconciliation of purchase orders was being performed monthly.

- Twelve of the fifteen sample transactions did not have signed and dated packing slips maintained on file for the FOCUS marketplace purchases. Additionally, a receiving date was not recorded in the transaction log for seven of the fifteen sample transactions and an order amount was not recorded in the transaction log for four of the fifteen sample transactions.

Scope and Objectives

This audit was performed as part of our fiscal year 2013 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. Our audit objectives were to review the Circuit Court and Records' compliance with county policies for purchasing processes and financial reconciliation.

The audit population included transactions from procurement cards, FOCUS marketplace, purchase orders and value line purchase orders that occurred during the period of November 7, 2011, through August 31, 2012. For that period, the department's purchases were $107,681 for procurement cards, $47,706 for FOCUS marketplace, $1,285,709 for purchase orders and $25,199 for value line purchase orders.

Methodology

Audit methodology included a review of the department's procedures with 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 the FOCUS and PaymentNet systems for sampling and verification to source documentation during the audit.

Findings, Recommendations, and Management Response

1. Monthly Reconciliation (Purchase Orders)

The Circuit Court and Records was unable to provide evidence that purchase orders, FOCUS marketplace purchases or value line purchase orders were being reconciled to FOCUS from November 7, 2011, through August 31, 2012.

Lack of a documented reconciliation decreases the accountability that the process is being performed in a complete and timely manner. In addition, errors and omissions could go undetected.

Recommendation: The Circuit Court and Records should perform and document monthly reconcilements to FOCUS records. The person performing the reconciliation should sign and date the reconciliation to evidence a timely preparation and review process.

Management Response: An online spread sheet has been created and placed on the agency internal portal. Appropriate staff will be instructed as to the necessary requirements after January 1. The spread sheet will be reviewed and tested for 100% accuracy during the month of January 2013, and operational with monthly reconciliations to commence February 2013, as recommended by the Internal Audit Office.

2. FOCUS Marketplace Receiving and Logging

Twelve of fifteen sample transactions maintained on file did not have signed and dated packing slips for the FOCUS marketplace purchases. Additionally, the transaction log did not have a receiving date or an order amount recorded for seven and four transactions respectively.

Failure to adequately document the receipt of purchases prevents the assurance of an adequate separation of duties. It also increases the risk that erroneous or inappropriate charges to the procurement card could go undetected or not be corrected in a timely manner.

Recommendation: The Circuit Court and Records should ensure that all packing slips are consistently recorded on a receiving log, reviewed, initialed and dated by the receiving staff member. Receiving and logging of transactions should be reviewed weekly against the PaymentNet Hierarchy report and monthly when reconciling purchase orders to FOCUS.

Management Response: An online spread sheet has been created and placed on the agency internal portal. The requirement of completing the appropriate information will be relayed to staff in January. The process and the spread sheet

will be reviewed and tested for 100% accuracy during the month of January 2013, and operational with monthly reconciliations to commence February 2013, as recommended by the Internal Audit Office.