



**June 2016**

**Quarterly Report**

**FAIRFAX COUNTY BOARD OF SUPERVISORS  
AUDITOR OF THE BOARD  
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## W-2 QUARTERLY AND YEAR-END REVIEW

### DETAIL OBSERVATIONS AND ACTION PLAN

#### BACKGROUND

The purpose of this review was to evaluate how the Department of Human Resources (DHR) – Payroll Division manages the W-2 quarterly and year-end process. Staff worked with DHR – Payroll Division to assess if employees' W-2 reflected accurate and complete information. This included (but not limited to) gaining reasonable assurance that; employee social security numbers (SSNs) were correct, employees names and addresses were accurate, federal wages were accurate, state wages were correct, Medicare wages and Medicare withholdings were properly calculated, and social security (SS) wages and SS withholdings were properly calculated. This review was performed whereby staff utilized an unbiased sample of the full population of County employees.

#### SCOPE AND METHODOLOGY

The scope of this study was to assess if; payroll tax forms were prepared properly, W-2s were completed with accurate information, and payroll taxes were paid on time. This included assessing if the calculations for State, Local, Medicare and SS tax and withholdings were compiled accurately and recorded correctly. This study did not include assessing payroll reconciliations between the DHR – Payroll Division and other agencies / departments. Consideration may be given to revisiting this area in the future.

The Office of Financial and Program Audit (OFPA) staff endeavored to assess if W-2's were distributed timely.

Additionally, our assessment included liaising with DHR – Payroll Division staff to review Internal Revenue Service (IRS) regulations regarding quarterly reporting. We also reviewed:

- Departmental policies and procedures utilized to facilitate the compilation of complete and accurate employee year-end W-2s.
- DHR - Payroll Division's process for ensuring that required documentation was maintained and how data was generated to be included in a valid personnel file for withholding information.
- DHR – Payroll Division's audits of master file information to verify that all additions or deletions were reviewed and approved at the appropriate supervisory level.

Our assessment also included working with DHR- Payroll Division staff to gain an understanding of how (before year-end and after year-end) W-2 compilation processes were performed. To facilitate this part of the review, OFPA staff;

- Interviewed DHR – Payroll Division's staff/management and reviewed the DHR – Payroll Division's quarterly, year-end and year-begin check lists.
- Assessed before year-end W-2 compilation processes for the calendar year.
- Assessed after year-end W-2 compilation, but before the first payroll of the new calendar year processes.

OFPA tested the withholdings and other items detailed in the W-2's whereby we validated the accuracy of the compilation, the completeness of the entries, and the existence of supporting documentation. These tests were performed on a sample of the County's employees' information records. Please see the excel spreadsheet on [Appendix A](#) which details the sample and test attributes. We reviewed FOCUS Employee Self-Service (ESS) data, FOCUS Human Capital Management (HCM) data, Pay Advice statements and employees' W-2's to validate accuracy of each line item reflected in the W-2. OFPA manually calculated Federal, State, Medicare and SS wages to validate the accuracy of the W-2 line items. Additionally, we tested SS tax withholdings to equal 6.2% of the amount in box 3 of the W-2, and Medicare tax withholdings to equal 1.45% of the amount in Box 5 of the W-2. Reviews were also performed to gain assurance that high-income individuals were not taxed above the \$118,500 threshold for SS wages.

Further to this process, OFPA conducted side by side reviews with DHR – Payroll Division staff whereby we compared source documentation to information reflected in FOCUS modules to validate that; Deferred Compensation Plan types and withholdings were accurate, Group-Term Life Insurance adjustments were updated, Taxable Fringe Benefits for Final Paychecks were accurate, Earned Income Credit (EIC) was coded correctly, Contributions to Qualified (457) Plans were in compliance, Terminated Employees were coded accurately, and Imputed Income for Class I take-home vehicles were accurately reported. OFPA also reviewed the quarterly and year-end reconciliation process performed by DHR – Payroll Division, no reportable items were noted. DHR – Payroll Division’s Accountant III and HR Analyst IV performed the reconciliations and secondary sign-offs respectively for the documentation reviewed by OFPA.

Employers that withhold federal income tax or SS and Medicare taxes must file form 941 (Employer’s Quarterly Federal Tax Return) each quarter. Failure to make a timely deposit could result in employers being subject to a failure-to-deposit penalty of up to 15 percent of the liability incurred. OFPA reviewed a sample of payments made to the IRS, our review revealed that all items selected were remitted timely. No assessment of penalties were identified for these items.

The IRS may impose a penalty for each W-2 form with missing or incorrect SS numbers or employee names. The review revealed that the County had not been imposed a penalty for the review period in question. The DHR – Payroll Division requires employees to fill out a new W-4 form if updates are needed. Most of the personal information uploaded to the W-2 generates from employee submissions via ESS. As employees are subject to these withholdings, the information provided was personal information based on self-reporting. The fact that most, or all of this information is auto-driven, with minimal to no staff intervention, lends itself to a certain amount of accuracy. Lastly, all other tax information for reporting purposes were uploaded from FOCUS modules whereby there was minimal staff intervention. This process minimized input errors.

**OBJECTIVES AND RESULTS**

	Study Assessment
Employees’ W-2 Reflect Accurate and Complete Information	Satisfactory
Quarterly (Before Year-End and After Year-End W-2 Compilation)	Satisfactory
Employee Personal Data Upload From ESS	Satisfactory
Tax Liability Payments (Uploaded from FOCUS Modules)	Satisfactory
Timely Reconciliations and Audits for Tax Liability and Payments	Satisfactory

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Compensating and mitigating controls re: tax information for reporting purposes uploaded via FOCUS modules.</li> <li>• Preventative controls were employed to administer quarterly, before year-end and after year-end W-2 compilation processes.</li> <li>• DHR – Payroll Division provided guidance to County employees to update personal information via ESS.</li> <li>• DHR – Payroll Division consistently complied with IRS filing deadlines and</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

Control Summary	
Good Controls	Weak Controls
<p>remitted payments timely for the periods reviewed by OFPA.</p> <ul style="list-style-type: none"> <li>DHR – Payroll Division performs internal reviews and reconciliations to ensure accuracy of employees' W-2 data.</li> </ul>	

**OBSERVATIONS AND ACTION PLAN**

The following table details observation from this study.

**Fairfax County  
Office of Financial and Program Audit**

W-2 QUARTERLY and YEAR-END REVIEW CONCLUSION	
Risk Ranking	N/A
<p>OFPA conducted a data-driven risk assessment tailored to the County's operating environment related to the W-2 Quarterly and Year-End process. OFPA also reviewed the departmental checklist to ensure the process employed was holistic and compete. Lastly, OFPA verified the accuracy of employer and employee data used in processing quarterly tax reports and W-2s, attributes reflected in the year-end W-2 checklist provided by the DHR – Payroll Division, and the validity of any special procedures. No reportable items were noted as part of this study.</p>	

## OFFICE OF THE SHERIFF REVIEW

### DETAIL OBSERVATIONS AND ACTION PLAN

The purpose of this study was to assess the Office of the Sheriff's; billing and collection process (e.g. how customers / agencies and insurance companies were being billed for services rendered), cash handling and bank account reconciliation process. Staff also endeavored to assess if sufficient recovery efforts existed to ensure that the process over write-offs, approvals and provisioning were applied in a consistent manner. Additionally, staff assessed whether controls were adequate over non-payroll and non-benefit expenses. This review was limited to the various trust and other funds; cash controls, accounts payable (AP) processing and other disbursements (e.g. per diems, mileage, etc.).

### SCOPE AND METHODOLOGY

The scope of this study was to assess the fiscal and operational practices of the Office of the Sheriff, with the goal of identifying areas to improve the efficiency and effectiveness of how these processes were performed. Staff also endeavored to assess if the Office of the Sheriff was receiving all due revenue and if there were any opportunities to reduce operational expenses. Lastly, staff reviewed management's overview of contracts and other operational practices. This was performed while keeping in view any other areas of improvement. The period of this review included the timeframes of FY 2014 and FY 2016 Y-T-D.

To accomplish the review objectives, the OFPA conducted a data-driven risk assessment. Also included in the review was data reported in the Office of the Sheriff's Fund Statement. Further to this process, we liaised with the Office of the Sheriff's finance staff to review management's oversight of fiscal policies, such as; controls and disbursements from various funds, procedures over the application for and receiving external funding (e.g. local, state and federal grants), efforts to identify new opportunities, and improve on Accounts Receivable (AR) and AP reconciliations and processing. We also liaised with management regarding oversight of operational processes, such as; controls over procurement, and controls over fixed assets (specifically operational rolling stock and staff take-home vehicles). Our review process also included liaising with the Department of Purchasing and Supply Management (DPSM) and Department of Finance (DOF) to gain an understanding of how fixed assets are maintained by the Office of the Sheriff and any oversight DPSM and DOF provides. We were able to garner from these meetings that, the Office of the Sheriff, DOF and DPSM coordinate efforts to record **All** fixed assets (managed by the County) in the County's fixed asset register. In addition, as operational rolling stock and staff take-home vehicles are managed by the Department of Vehicle Services (DVS), these areas were excluded from this review. OFPA also met with the Department of Management and Budget (DMB) and DOF to understand the County's policy for recording grant revenue. Additionally, the Office of the Sheriff purported that billing for inmate room, board and medical copay is under their purview. The Boarding of Prisoners, State Shared Sheriff Expenses, State Shared Retirement, Criminal Alien Assistance Program, and Miscellaneous Revenue line-items are also managed by the Office of the Sheriff. All other Office of the Sheriff revenue streams are the managed by the DMB, DOF, and Fairfax County Courts. The revenue streams managed by the other agencies are included in those AR Aging Reports. To that end, the Office of the Sheriff should also consider recognizing the inmate room, board and medical copay receipts.

Another AR issue we discussed was, the aging report can be utilized to estimate bad debt through an allowance for doubtful accounts. While this accounting practice is employed for management of AP disbursements, it is not being employed by the Office of the Sheriff's finance staff for the management of AR receipts.

Our review also revealed that aged receivables were not reconciled on a consistent basis. The reconciliation process for the Office of the Sheriff's AR commenced on 12<sup>th</sup> April 2016. This process resulted in the receivables being misstated whereby waivers were not purged. ***This process was resolved during the timeframe of our review.*** Beneficial to the fiscal processes for the Office of the Sheriff is, the AP and AR modules are FOCUS applications which directly interface.

Lastly, OFPA met with the DOF to understand the impact on the Comprehensive Annual Financial Report (CAFR) of not recording all accountable equipment (fixed assets) in the fixed asset register. This meeting was driven by the fact that all of the Office of the Sheriff's fixed assets were not being recognized in either the County's or Office of the Sheriff's books. The importance of this impact is the Office of the Sheriff's financials roll up to the County's. No conclusion was reached on the overall impact on the County's books or the CAFR.

OFPA received two lists of accountable equipment from the Office of the Sheriff (one list whereby the fixed assets are managed by the County and another list whereby the fixed assets are managed by the Office of the Sheriff). The list of accountable equipment managed by the County is reflected in the County's fixed assets register which is uploaded into the County's general ledger (G/L). However, the list of accountable equipment managed by the Office of the Sheriff are not record in a fixed asset register and ***is not*** uploaded into the County's G/L. As per Procedural Memorandum (PM) No. 12-03, Fairfax County is required to report all fixed assets in its CAFR to comply with Generally Accepted Accounting Principles (GAAP) and as mandated by the Code of Virginia. The fixed assets list maintained in the County's fixed assets register was in compliance with PM No. 12-03. Please see the excel spreadsheet on [Appendix B](#) which details the sample and test attributes.

The fixed assets maintained by the Office of the Sheriff was managed outside established County policies. These fixed assets were not recorded in the Fixed Asset Register, not depreciated, the value of fixed assets not recorded in the County's books or the CAFR and there was no method to record additions and deletions in the county records. In addition, no method was utilized to track movement of the fixed assets as bar codes were not utilized. Please see the excel spreadsheet on [Appendix C](#) which details the sample and test attributes.

OFPA noted fixed assets (managed by the Office of the Sheriff) were originally identified by staff walking around and physically identifying the items. No accounting records were utilized to compile this list; e.g. purchasing documents, disbursement register, etc. This list represents only fixed assets to identify replacements as part of the budgeting process. Reported by the Office of the Sheriff's finance staff, as of mid-FY 2007 going forward staff has utilized the above mentioned financial records.

The Office of the Sheriff originally reported to OFPA a compilation of fixed assets totaling ~\$1.3M that were not included on the County's Accountable Equipment Inventory list. OFPA reviewed the compilation of this list with the Office of the Sheriff's finance staff and concluded the number of items and dollar amount of accountable equipment to be added to the County's fixed assets register. Of the 50 items totaling ~\$1.3M, the revised number of items and dollar amount are 37 and ~\$0.9M respectively. 13 items could be removed from the list; 9 of these items could be removed as they were fully depreciated, 1 items could be removed as it was recorded in DVS' cost center, and 3 items could be removed as the costs for these items were less than the ~\$5,000 threshold for fixed assets. However, for budget purposes these items will remain on Sheriff's the County's Accountable Equipment Inventory list.

While the Chief of Financial Reporting (DOF) requested that OFPA include the accumulated depreciation value for these assets to provide context regarding the ***current*** financial exposure, the data elements needed to compile this information for ***original*** or ***current*** financial exposure had not been recorded or developed.

## OBJECTIVES AND RESULTS

	Study Assessment
AR and AP Modules Directly Interface to FOCUS	Good Controls
Controls Over Disbursement for Travel / Conferences / Meetings / Training	Good Controls
Completeness of AR Aging Report	Needs Improvement
Monitoring / Reconciliation of AR Aging Report	Needs Improvement
Tracking / Reporting / Recording of Bad Debt and Accruals	Needs Improvement
Vendor Late Payments and Discounts	Needs Improvement
Billing and Collection Policies and Procedures	Needs Improvement
Controls over Fixed Assets (Office of the Sheriff)	Needs Improvement

Control Summary	
Good Controls	Weak Controls
<ul style="list-style-type: none"> <li>• Direct interface of the Office of the Sheriff's AR and AP Modules to FOCUS.</li> <li>• Controls over travel, conferences, off-sight meetings and training costs.</li> </ul>	<ul style="list-style-type: none"> <li>• AR Aging Report does not reflect all income streams.</li> <li>• Allowance for Bad Debt Account not utilized to track, monitor and record uncollectible amount for all receivables.</li> <li>• Not all receivables are billed, cash is recorded upon receipt but is not matched against the original bills/invoices.</li> <li>• Accruals not used to record earned revenue not received.</li> <li>• Late vendor payments and vendor discounts not taken.</li> <li>• Fixed assets managed by the Office of the Sheriff not recorded in the fixed asset register, not depreciated, additions / deletions not recorded, and no method to track movement of the assets as bar codes are not utilized.</li> </ul>

## OBSERVATIONS AND ACTION PLAN

The following table(s) detail observation(s) and recommendation(s) from this study along with management's action plan(s) to address these issue(s).

**Fairfax County  
Office of Financial and Program Audit**

COMPLETENESS OF THE ACCOUNTS RECEIVABLE AGING REPORT

**Risk Ranking**

**MEDIUM**

Our review revealed that 2 out of the 9 income/reimbursement items for which original invoices were sent to customers, were not included in the AR Aging Report. These items are (Inmate Room and Board & Inmate Medical Copay) receivables. The budgeted amount of these receipts totaled \$741,537 in the FY 2016 Adopted Budget. For these receipts cash is recorded when received. Any differences between the Original Bill-To-Amount and the Cash Receipts are not recorded. Also, these differences are not written-off in accordance with the Financial Policy Statement (FPS) 436 which provides guiding principles for this process. The Office of the Sheriff financial staff intimated that including the inmate room, board and medical copay receipts in the AR Aging Reports would require procuring new software to enhance the process. Staff has issued a Request for Information (RFI) to improve this process as the present Inmate Finance System software (Sleuth) was procured in FY 2009 (with a useful life of 3 years). This software has limited functionality with regards to running historic data, monitor receipts, and properly relieve, match, provision for and write-off uncollectable receivables.

**Recommendation**

We recommend that the Office of the Sheriff's finance staff continue to explore opportunities to enhance the AR process to better align with No. FPS 436. This would assist the office in complying with the guiding principle codified by that policy statement regarding the approval and write-off of uncollected receivables. If it is determined that these receivables should remain on the County's books in perpetuity, the Office of the Sheriff's financial staff should consider identifying methods of properly provisioning these receipts.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Ray Vanneman Blake Walker	The billing for this revenue will cease until a new JMS system is installed that can receive credit card payments. At that point the billing and accounting procedures will be reconsidered.	<a href="mailto:Ray.Vanneman@fairfaxcounty.gov">Ray.Vanneman@fairfaxcounty.gov</a> <a href="mailto:Blake.Walker@fairfaxcounty.gov">Blake.Walker@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

The billing of inmates for account balances due to the Sheriff upon their release was a budget initiative in FY 2016. It was expected to return \$100,000 annually. The entire concept was built on the condition that the income would have to be generated by existing staff and presumed that the billing system that was nearing completion would be functional and allow credit cards to be used for making payments. Billing was implemented summer of 2015, but the County, for security reasons, could no longer permit an interface between the billing system and the County. That made credit card and debit card billing impossible because the billing system did not have enough capacity to download the 80,000 files several times a day. Searches for new systems that could be used led to a single prospect with limited hope for success unless the system is part of a new Jail Management System (JMS). Most of the adequate billing systems available that can successfully process credit card payments are available as

part of JMS. The Sheriff's Office has been working with the Department of Information Technology (DIT) to develop a plan to replace the existing JMS.

Meanwhile, the billing continues without being able to accept credit card or debit payments. This means money orders must be used which takes a lot of effort on the part of the released inmate to make a payment. Year to-date (nine months) only \$6,400 has been received.

By automating the Inmate Finance services over the past several years, staffing of this unit has dropped from seven staff to three (including the supervisor). They continue to work at capacity. We have looked at options on how to include an AR report but there is no way to do it without adding another position. Once a new position has been added, most of the anticipated revenue would be obligated, and until credit card receipts can be received it would be a net cost to the County. This negates the entire reason for doing the billing in the first place.

Further, adding a staff position to administration is not a priority of the Sheriff's Office. The Staffing Plan was developed to solve significant operational issues that are of critical importance.

The billing for this revenue will cease until a new JMS system is installed that can receive credit card payments. At that point the billing and accounting procedures will be reconsidered.

**Fairfax County  
Office of Financial and Program Audit**

TRACKING / REPORTING / RECORDING OF BAD DEBT & ACCRUALS

**Risk Ranking**

**MEDIUM**

Interviews with the Office of the Sheriff's finance staff revealed that no Allowance for Doubtful Accounts (*contra account*) or accruals are utilized. The allowance for doubtful accounts represents management's best estimate of the amount of AR that will not be paid by customers. Utilizing this accounting tool can assist management in improving the accuracy of the agencies financial position whereby all receipts are monitored and properly relieved, matched, provisioned and written-off. An accrued receivable could be utilized to record receivables for which the agency has earned the revenue, but has not issued an invoice to the customer. These practices are utilized to more accurately reflect an agency's financial position.

**Recommendation**

We recommend that consideration is given to the Office of the Sheriff's finance staff liaising with the DOF to develop procedures to employ these practices.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Ray Vanneman Blake Walker	As soon as the FOCUS A/R Aging Report is accurate.	<a href="mailto:Ray.Vanneman@fairfaxcounty.gov">Ray.Vanneman@fairfaxcounty.gov</a> <a href="mailto:Blake.Walker@fairfaxcounty.gov">Blake.Walker@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

The allowance for bad debt should be added to our accounting processes. As long as Inmate Billing is not part of the A/R process, the amount should be negligible, likely under \$1,000 annually.

**Fairfax County  
Office of Financial and Program Audit**

ACCOUNTS PAYABLE PROCESS / DISCOUNTS AND LATE PAYMENTS

**Risk Ranking**

**MEDIUM**

PM No. 12-09 regulations provide that County agencies/departments take advantage of discounts offered when payments are remitted within a specified timeframe. Our review revealed that 55 payments were made to vendors whereby available discounts were not taken. This process resulted in the loss of discounts totaling \$3,098 between FY 2014 and FY 2016 Y-T-D. Additionally, we observed late payments were made for 16.8% of the total population tested (1,241 out of 7,394 invoices). DOF asserts that no penalties have been assessed for these payments.

**Recommendation**

We recommend that the Office of the Sheriff's finance staff take advantage of all payment discounts offered by the vendor in compliance with the AP guiding principles of PM No. 12-09. Additionally, staff should endeavor to make payments to vendors in a timely fashion.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Ray Vanneman		<a href="mailto:Ray.Vanneman@fairfaxcounty.gov">Ray.Vanneman@fairfaxcounty.gov</a>
Blake Walker		<a href="mailto:Blake.Walker@fairfaxcounty.gov">Blake.Walker@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

Discounts: The Sheriff's Office concurs that every effort will continue to be exercised to ensure discounts are not lost. We reviewed the complete three years of incidents in which a total of \$3,097 in discounts were lost and found that 84% of these were with three vendors due to cost disputes or partial deliveries. We are requiring immediately that in the case of disputed costs that a new invoice be issued for the agreed amount so that the discount will be based on the date of the bill after resolution has been reached. We will continue to explore to see if there is any mechanism that can be used to collect discounts on partial deliveries.

Late Payments: The Sheriff's Office concurs that every effort will continue to be exercised to ensure payments to vendors are timely. A scan of the late payments list showed that 30% of all late payments are with four vendors in which there were disputed costs or partial shipments. Unfortunately, there is little available information that will enable detailed reasons for a delayed payment. We are requiring immediately that in the case of disputed costs that a new invoice be issued for the agreed amount so that the discount will be based on the date of the bill after resolution has been reached. Also, we are immediately date stamping receipt of invoices so we can conduct some analysis on why payments are late. It is not unusual to receive invoices dated much earlier than actually received. We will continue to work with Department of Finance to see what other factors are generating late payments.

**Fairfax County  
Office of Financial and Program Audit**

**BILLING & COLLECTION PROCEDURES**

**Risk Ranking**

**LOW**

While The Office of the Sheriff has a billing and collection plan, it was last updated in 2004. The billing and collection plan does not reflect the procedures adopted in the present operating environment, such as references to; procedures related to FAMIS, and functions performed by staff which are no longer included in the organizational chart. Also, the internal procedures do not include guiding principles detailed in No. FPS 436 (e.g. write-off, reconciliation and collection efforts procedures).

In addition, the billing and collection plan was not submitted to The Department of Tax Administration (DTA) for approval. No. FPS 436 requires that agencies: “Develop a billing and collection plan for all non-tax receivables and submit it to the Non-Tax Collections Team in DTA for approval.” Failure to obtain approval of the billing and collection plan increases the risk of processing AR in a manner not prescribed by No. FPS 436.

**Recommendation**

We recommend that the Office of the Sheriff consider updating their Billing and Collection Procedures per No. FPS 436. This would align the Office of the Sheriff’s billing and collection procedures with the County’s processes. The Office of the Sheriff should then submit their updated billing and collection plan for all non-tax receivables to DTA for approval. A signed copy of the approval from DTA should be maintained on site.

**Action Plan**

<b>Point of Contact</b>	<b>Target Implementation Date</b>	<b>Email Address</b>
Ray Vanneman Blake Walker	As soon as the FOCUS A/R Aging Report is accurate.	<a href="mailto:Ray.Vanneman@fairfaxcounty.gov">Ray.Vanneman@fairfaxcounty.gov</a> <a href="mailto:Blake.Walker@fairfaxcounty.gov">Blake.Walker@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

The Sheriff’s Office concurs that the Finance SOP (SOP 011) needs to continue to be updated to reflect system changes, to include Accounts Receivable using FOCUS guidelines and reconciliation of the monthly A/R Aging report. It cannot be completed until the system problems with the automated report are rectified. The Sheriff’s Office shall continue to work with DOF to correct the A/R Aging Report so it will accurately reflect financial data. The A/R portion of SOP 011, once completed, will be sent to DTA for approval.

**Fairfax County  
Office of Financial and Program Audit**

FIXED ASSETS MANAGEMENT

**Risk Ranking**

**HIGH**

As a result of the study procedures and interviews conducted, it was determined that controls over fixed assets (managed by the County) generally met County policies and procedures. Although for 3 out of 20 (or 15%) of the sample tested, contracts were not provided. These assets appear to be properly maintained in the County’s fixed asset register. Additionally, controls appear to be adequate whereby the assets were; properly recorded, valued and reported. Further to this review, OFPA was provided a “Result of FY 2016 Accountable Equipment Site Visit” document which detailed the results of a physical inventory.

However, we noted that the procedures related to accountable equipment maintained by the Office of the Sheriff’s finance staff had process gaps. The accountable equipment was not recorded in the fixed asset register, not depreciated and the value of the fixed assets were not recorded in the county’s books or the CAFR. The Office of the Sheriff originally reported to OFPA a compilation of fixed assets totaling ~\$1.3M, which were not included on the County’s Accountable Equipment Inventory list. OFPA reviewed the compilation with the Office of the Sheriff’s finance staff and concluded the number of items and dollar amount of accountable equipment to be added to the County’s fixed assets register. Of the 50 items totaling ~\$1.3M, the revised number of items and dollar amount are 37 and ~\$0.9M respectively. Additionally, there was no method to track additions and deletions in the County’s records. Lastly, there was no method to track movement of the assets as bar codes were not utilized.

**Recommendation**

We recommend that DOF identify the missing contracts and populate the repository and/or register. We also recommend the Office of the Sheriff liaise with DPSM and DOF to transfer ALL fixed assets to the County’s fixed asset register. Additionally, the Office of the Sheriff should consistently follow PM No. 12-03 administrative procedures related to the acquisition, transfer, disposal and physical validation of all accountable equipment.

**Action Plan**

Point of Contact	Target Implementation Date	Email Address
Ray Vanneman		<a href="mailto:Ray.Vanneman@fairfaxcounty.gov">Ray.Vanneman@fairfaxcounty.gov</a>
Blake Walker		<a href="mailto:Blake.Walker@fairfaxcounty.gov">Blake.Walker@fairfaxcounty.gov</a>
Betty Barnuevo		<a href="mailto:Betty.Barnuevo@fairfaxcounty.gov">Betty.Barnuevo@fairfaxcounty.gov</a>

**MANAGEMENT RESPONSE:**

The Sheriff’s Office agrees that all of the Sheriff’s Office Assets should be recorded on the County’s fixed asset register. The Sheriff’s Office and the Department of Finance have been working on this and are nearing the implementation phase.

## STATUS REPORT ON PRIOR RECOMMENDATIONS

### DETAIL OBSERVATIONS AND ACTION PLAN

#### BACKGROUND

This quarters approved audit work plan included a status report of the implementation of prior study recommendations by the OFPA staff. As part of this study, we conducted a follow-up on all prior study recommendations that were in progress or not implemented. OFPA staff endeavored to assess why items remained open past the agreed upon implementation target date. Prior studies recommendations were reviewed from June 2011 to October 2015.

#### SCOPE AND METHODOLOGY

The purpose of this review was to provide informational updates on recommendations from prior studies. To facilitate this study, staff reviewed open recommendations from June 2011 quarterly to October 2015. Departments were contacted to provide updates on the implementation status of recommendations. Process Owners were sent an excel spreadsheet detailing the: status of recommendations (e.g. in progress, partially implemented or not implemented). As part of this process, OFPA staff assessed the compliance with the implementations/target start dates and documentation to support the status and/or implementation of the recommendations. Lastly, when/if items remained open past the agreed upon target dates of implementations, we liaised with management to understand any contributing factors and obtain a new target date.

#### SUMMARY OF CONCLUSION

Department managers and process owners are continually working towards implementing recommendations by OFPA. Based on the informational updates dates; 10 out of 27 (or 37%) are in progress, 1 out of 27 (or 4%) are partially implemented and 15 out of 27 (or 55%) are fully implemented and closed, and 1 out of 27 (or 4%) is listed as non-applicable as the program has been suspended. OFPA staff will continue to provide status updates for all ongoing recommendations that are not implemented.

### Status of Prior Recommendations

#### Recommendations – In Progress (Completing a Plan to Address Recommendation)

Year	Month	Study Topic	Status	Recommendation Synopsis	Departments Response (See appendix D for dept. response memos)
2015	October	Cash Application Review	In Progress	To improve monitoring, oversight and transparency, the County should explore cost effective options to create a centralized repository of critical financial data maintained in the various external systems, or explore cost effective options to establish system interfaces between FOCUS and the external systems.	DOF has been working to update both Financial Policy Statement (FPS) 436, Billing and Collection Procedures (Non-Tax Accounts), and ATB 40070 (which will be retitled as FPS 470, Processing Monetary Receipts). We have met with and reviewed draft updates with stakeholder agency personnel, and should have both polices issued by July 2016. Due to a staff retirement and unexpected staff outages within our Policy Administration group, this timeframe has been pushed back from its original target date.
2015	October	Cash Application Review	In Progress	The County should implement policies and procedures for tracking cash payments related to accounts receivable that have been written off.	
2015	October	Non-Tax Accounts Receivable	In Progress	DTA and FBSG should explore options using existing resources to develop system generated accounts receivable aging reports.	Currently working with Community Services Board and SACC to generate accounts receivable aging reports.

<b>2015</b>	October	Records Management	In Progress	A formal compliance review program should be implemented, with the "Conducting Compliance Reviews (Audits)" section of the Virginia Public Records Management Manual.	Archives has drafted a process to be considered upon completion of the transition to the Department of Information Technology in July, 2016.
<b>2015</b>	July	Tax Recovery and Collection	In Progress	Tax auditors could review the FIPS code being used when conducting audits to ensure taxpayers are reporting the code for Fairfax County.	"Tax auditors could review the FIPS code being used when conducting audits to ensure taxpayers are reporting the code for Fairfax County" is in progress. 1) A flyer is included with all retailers' renewal forms. 2) Letters are being sent to all accounts missing a sales tax account number or FIPS code to request the information. 3) BTS staff will review FIPS code for all of their assigned areas. See appendix D.
<b>2015</b>	May	Police and Fire Overtime	In Progress	Departments/ agencies should be given guidance to manage their budget appropriations to the bottom line. The Police and Fire Department should consider reviewing areas of consistent budget overruns to better align budgeted expenditures with actuals.	In concurrence with direction provided by DMB, and consistent with the discussion at the May 2015 Audit Committee meeting, the Police and the Fire and Rescue Department (FRD) manage annual personnel service appropriations to the bottom line. This methodology ensures departments maintain a structurally balanced budget while providing controlled flexibility for budgets that have significant fluctuations in overtime and regular salaries driven by position vacancies and events (weather and otherwise) in order to meet minimum staffing requirements. See appendix D.
<b>2015</b>	May	Library Departmental Gift Fund	In Progress	A procedure for review of adoption of "On-going Book Sale" funds should be implemented. Consideration should be given to updating to all relevant electronic documents to ensure correct information is available to the constituents and the Friends Organization.	FCPL will schedule an action item for the LBOT to approve the new agreement and will update all applicable documentation by September 1, 2016.
<b>2015</b>	May	Library Departmental Gift Fund	In Progress	The agreed upon 50% revenue sharing for On-going Book Sales should be reviewed and approved by the appropriate authorities prior to any agreements.	With the implementation of the automated receipts collection, FCPL will investigate if this is still occurring. If so, a procedure will be prepared and presented to the LBOT for approval and shared with Friends of Library organizations.
<b>2014</b>	June	Housing Cash Proffers (Remaining Balance)	In Progress	Coordinate with the Department of Finance to develop written procedures that specifically address accounting practices related to housing cash proffers.	HCD is in consultation with stakeholder agencies including the Department of Finance, Office of the County Attorney, Department of Public Works and Environmental Services and the Department of Planning and Zoning, and in the process of revising and documenting the Housing Cash Proffer policy and procedures to ensure compliance with Virginia Code. The Office of the County Attorney and Office of the County Executive have convened a multi-department task force to broadly review and revise the County cash proofer process.
<b>2014</b>	June	Housing Cash Proffers (Remaining Balance)	In Progress	Continue efforts to identify and reconcile the unresolved reporting variance between the fund balances reported in the Adopted Budget and the Comprehensive Annual Financial Report (CAFR) for the Housing Trust Fund.	An extensive analysis was undertaken to identify the variance between the fund balance as reported in the Comprehensive Annual Financial Reports (CAFR) Combining Statement of Revenue, Expenditures and Changes in Fund Balance and the Budgetary Comparison Schedule. It should be noted that each schedule is subject to a different basis and measurement focus of accounting.

Thus, there are inherent differences. The Proffer Task Force will be working with each agency impacted by cash proffers to reconcile historical data.

**Recommendation – Partially Implemented (Implemented / Addressing Revision)**

Year	Month	Study Topic	Status	Recommendation Synopsis	Departments Response (See appendix D for dept. response memos)
2015	July	Tax Recovery and Collection	Partially Implemented	Continued efforts should be made to review all filers over a 36 month period, within the statute of limitations for collections.	<b>“Continued efforts should be made to review all filers over a 36 month period, within the statute of limitations for collections”</b> is partially implemented. 1) Fields have been added to renewal business forms to include sales tax accounts, locality name and code. 2) Staff enters FIPS code and sales tax account numbers into the BPOL system. 3) Letters are sent to business owners requesting FIPS code information. 4) BTS Area indicator was added to the BPOL Tax System.

**Recommendations – Implemented**

Year	Month	Study Topic	Status	Recommendation Synopsis	Departments Response (See appendix D for dept. response memos)
2015	October	Contract Renewal Process	Implemented	Internal Procedural Memorandum No. 12-222 should be posted on the County's website for accessibility to all County employees.	DPSM has fully implemented all recommendations from the October 2015 Contract Renewal Process Study. The procedure referenced in the study was rescinded and re-issued as a Countywide policy (Procurement Technical Bulletin 12-1002).
2015	October	Contract Renewal Process	Implemented	Performance measure should be compiled and documented in the Internal Procedural Memorandum No. 12-222 to assist departments/agencies to assist in monitoring supplier's performance throughout contract terms. Consideration should be given to have contract specialist work with agencies/departments to ensure information is completed and forwarded to DPSM for contract file maintenance.	
2015	October	Contract Renewal Process	Implemented	Contract Specialist should endeavor to comply with documented procedures to ensure the interest of the County is protected.	
2015	October	Fuel Pump Controls	Implemented	Continued efforts should be made to develop and implement formal policies and procedures regarding the use of miscellaneous fuel codes.	
2015	October	Fuel Pump Controls	Implemented	Efforts should be made to improve the monitoring and oversight of miscellaneous fuel codes.	

2015	July	Housing Choice Voucher Compliance and Collections	Implemented	Consideration should be given to developing a reporting mechanism for HCV program landlords to communicate late/non-payments of tenant's portion of rent.	As stated in the original Management Response, a three way relationship is established in the HCV program between the tenant, landlord, and housing authority. An immediate mechanism for communication is established via phone calls and e-mails. Open lines of communication is vital to the successful administration of the HCV program, including the inspection protocol. The original Management response detailed the documentation routinely utilized that identifies the responsibilities of each party. In addition, as indicated in the Action Plan, the landlord briefings were re-initiated and one was held in December, 2015. A PowerPoint presentation that was provided at that briefing. We also have another briefing scheduled for June. Landlord information packets are distributed to any landlord who expresses an interest in participating in the program. Both documents contain information related to HQS inspections and are designed to ensure the landlord is knowledgeable about the program and his/her communication responsibilities. See appendix D.
2015	July	Budget to Actual Trends – General Funds	Implemented	Consideration should be given to reviewing the budget allocations for line-item operating expenditures to ensure they are more closely aligned with actual expenditures.	DMB has undertaken a review of agencies that have had large variances between budget and actuals for individual commitment items. As a result of this review, after working in coordination with agency staff, net-zero reallocations totaling approximately \$24 million were included in the FY 2017 budget to address those commitment items that have experienced the largest variances in the General Fund, primarily impacting large agencies. Specific commitment items that are anticipated to have significantly lower variances in FY 2017 include Office Supplies, Postage, and multiple commitment items specific to budgeting for foster care and other services in the Department of Family Services. Budget analysts will continue to work with agencies to better align line item budgets to actual experience in future budget development processes, and a central review of overall General Fund variances will continue on an annual basis to ensure that line item budgets are updated to reflect trends in actual spending patterns.
2015	July	Vacant Positions Informational Study	Implemented	DMB and DHR should continue to monitor vacant positions to identify potential cost savings.	DMB reviewed long term position vacancies with agencies to determine both short term and long term requirements. As a result of this review, the elimination of 15 positions that were not going to be needed by agencies in the near term were included in the FY 2017 Budget. As discussed at the July 2015 Audit Committee, there is no savings as a result of these eliminations as they were being held vacant as a result of budget reductions in previous years. Staff will revisit this review at least annually to determine if additional position eliminations are possible in future years.

<b>2015</b>	May	School-Age Child Care Fees	Implemented	OFC should codify their SACC Rate Setting policies and methodology and make them available on the Department's website to add consistency and transparency. We also recommend that staff consider including debt service in the SACC fee-setting methodology.	OFC has updated the SACC rate policies and methodology. See appendix D.
<b>2014</b>	September	Central Warehouse Status Review (Six Month Follow-up)	Implemented	Take steps to address longstanding security weaknesses identified in previous and current security assessments of the County's side of the Central Warehouse. Provide a memo to the Board of Supervisors regarding the status of recommendations.	FMD has finalized all connections between the computer and phone equipment and the County IT systems.
<b>2014</b>	March	Central Warehouse Internal Controls Review	Implemented	Take steps to address longstanding security weaknesses identified in previous and current security assessments of the County's side of the Central Warehouse.	FMD has finalized all connections between the computer and phone equipment and the County IT systems.
<b>2013</b>	September	Space Utilization Survey - Government Center	Implemented	Review and analyze the vacant workstations identified in the July 2013 space survey and determine whether there are potential opportunities to move administrative functions that are currently in leased space into the Government Center Complex, as appropriate. Look for opportunities to take a more strategic approach to space planning.	DFS has relocated a call center from the Heritage II facility to the space previously occupied by the World Police and Fire Games.
<b>2012</b>	February	Out of County Athletic Fees	Implemented	Documentation process for permit application reviews. DNCS documents the steps it takes to review applicant submissions. Although the steps taken are relatively straight forward and, based on our analysis, seem to have been consistently applied, documenting the process would further ensure that all applications have been treated consistently.	A step-by-step process has been written regarding the review of applications.
<b>2012</b>	February	Out of County Athletic Fees	Implemented	Denial of future permits for non-payment. DNCS has the authority to deny permits for upcoming seasons until the payments for current seasons have been made. With respect to the organization with the \$11,000 delinquency, we recommend that DNCS put it on notice that future permits will be denied unless payment for the summer 2011 season is received.	The referenced team was put on notice that future permits would be denied unless payment for the summer 2011 season was received. (payment received March 1, 2012)
<b>2011</b>	June	Fire and Rescue Absenteeism	Implemented	FRD to review callback procedures for consistency with County policy. OFPA recommends that the Fire and Rescue Department review procedures for reporting backfill on scheduled days off that is arranged in advance. Currently, the term "call back" is a broadly used term in the department and is applied to the majority of backfill hours worked on a scheduled day off. County policy on call back time specifically excludes work done on off-duty days that is arranged with advance notice. Consistency with county policy could be improved with additional department procedures that apply to backfill work performed on off-duty days that is scheduled in advance. While this recommendation has the potential of reducing the number of hours coded to call back time for scheduled absences/backfill, it may not reduce	Staffing processes were reviewed. The Fire and Rescue Department (FRD) is required to adhere strictly to minimum staffing requirements. Therefore scheduled leave of all types is carefully monitored in order to proactively schedule adequate daily staffing and whenever possible coverage for known vacancies is arranged in advance. Strictly interpreted, time worked for these hours might be determined to be overtime. However, given the unique requirements of the 24-hour shift schedule and the critical need to guarantee all necessary positions will be staffed, these hours were historically treated as call back hours. With the latest update of FRD's Standard Operating Procedures, and the Time and Attendance Manual FRD requested county leadership to review FRD's interpretation of the call back provision. In March, 2015 County Executive, Edward L Long Jr.; Deputy County Executive,

2011				overtime use, in general as backfill will continue to be necessary to meet the minimum staffing requirement.	David M. Rohrer; Susan Woodruff, Department of Human Resources Director; and Fire Chief Bowers concurred with the call back interpretation. The memo, signed by all parties, is included with this response.
	June	Fire and Rescue Absenteeism	Implemented	FRD should explore automated report options. OFPA recommends pursuance of automated system capabilities should be explored to reduce manual report generation and ensure proper controls on call back policy usage. In particular, OFPA recommends that Fire and Rescue Department staff engage the FOCUS Project on the following: a) A timeline for integration of the Telestaff system in future phases, and b) Confirmation of integration costs and identification of funding to integrate Telestaff as soon as possible. Estimates for the initial investment required for integration are less than 1% of the total annual expenses for overtime in the department. Schedule efficiencies realized with integration of the systems may result in savings greater than the initial investment.	Since this audit was published there has not been a major upgrade to the FOCUS system affording the opportunity to re-visit integration with FOCUS. The FOCUS Business Support Group is aware of FRD's desire to integrate staffing functions into FOCUS when possible.

Recommendation – Not Implemented

Year	Month	Study Topic	Status	Recommendation Synopsis	Departments Response (See appendix D for dept. response memos)
2012	February	Reston Glen Transaction Review	Not Implemented	HCD should develop a SWAP policy before entering into such future agreements. Key components of this policy should be: Definition of the goals and objectives of the program, identify permitted transactions, identify authorizations and responsibility for analysis and recommendations, impose constraints and limitations to limit risk exposure and ensure risks are understood and documented, identify oversight and reporting responsibilities.	At this point, the FCRHA does not intend to enter into any such SWAP agreements. Should that change, the FCRHA may consider a Total Return SWAP Policy after weighing in the risks involved with such financing instruments.

APPENDIX A

Employees Names	Employee Number	Pay Period 26 / 2014	Includes Accurate & In Correct Format	Social Security (SS) Numbers	Employee Data is Accurate	Federal Wages are Accurate	State Wages are Accurate	Medicare Wages are Accurate	Medicare withholdings are properly Calculated	Testing Attributes		Deferred Compensation Plan Type is Accurate	Group-Term Life Insurance Adjustments are Updated	Taxable Fringe Benefits for Final Paycheck are Accurate	Earned Income Credit (EIC) is Correctly	Excess contributions to qualified plans (dollar)	Check the "Purge" Coding of Terminated Employees	Imputed Income for Personal Vehicle
										Social Security Wages are properly Calculated	Social Security withholdings are properly Calculated							
Employee 1	306936		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 2	302684		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 3	301192		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 4	337851		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 5	306240		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 6	304959		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 7	312488		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 8	333334		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 9	336495		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 10	336495		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 11	336495		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 12	311404		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 13	317609		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 14	333684		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 15	305164		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 16	314566		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 17	319049		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 18	313625		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 19	308591		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 20	307486		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 21	309427		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 22	309312		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 23	319196		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 24	312090		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 25	326319		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 26	318162		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 27	335587		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 28	337104		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 29	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 30	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 31	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 32	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 33	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 34	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 35	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 36	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 37	308728		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 38	311877		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 39	306573		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 40	308746		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 41	317660		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 42	337659		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 43	306100		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 44	330133		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 45	313482		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 46	304616		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 47	300381		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 48	318945		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 49	304376		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 50	309171		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 51	341040		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 52	318598		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 53	313848		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 54	308976		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 55	338257		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 56	335165		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 57	337236		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 58	302427		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 59	316662		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A
Employee 60	313932		V	V	V	V	V	V	V	V	V	V	V	N/A	V	V	V	N-A

Trademark Legend: N/A denotes active employees whereby fringe benefit withholdings were not applicable.  
 N - A denotes no applicable imputed income.  
 V denotes purported amount ties to compilation by OPFA staff and/or entry supported by documentation reviewed by OPFA staff.



APPENDIX C

Testing Attributes																
Asset	Asset Number	Serial Number	Manufacturer	Model	Asset Value	Capital Date	Location Description	Valuation & Allocation (1)	Valuation & Allocation (2)	Valuation & Allocation (3) Straight line	Valuation & Allocation (4) Useful life	Valuation & Allocation (5) Dep Amount	Existence (1)	Existence (2) PO or Contract	Procured w/ General Fund Monies	Reimbursed w/ the General Fund
fork lift	N/R	N/R	N/R	N/R	\$ 23,500	2005	Admin/FS	N/R	N/R	N/R	15	N/R	N/R	N/R	N/R	N/R
Oran CMQD 7500 Generator	N/R	N/R	N/R	N/R	\$ 10,000	2006	Admin/IT	N/R	N/R	N/R	7	N/R	N/R	N/R	N/R	N/R
Furcom Repeater 1	N/R	N/R	N/R	N/R	\$ 20,000	2006	Admin/IT	N/R	N/R	N/R	7	N/R	N/R	N/R	N/R	N/R
CN Radi o Patch	N/R	N/R	N/R	N/R	\$ 15,000	2006	Admin/IT	N/R	N/R	N/R	7	N/R	N/R	N/R	N/R	N/R
Satellite Internet Dish - Motorola	N/R	N/R	N/R	N/R	\$ 20,000	2006	Admin/IT	N/R	N/R	N/R	7	N/R	N/R	N/R	N/R	N/R
Communications Trailer	N/R	N/R	N/R	N/R	\$ 215,000	2006	Admin/IT	N/R	N/R	N/R	12	N/R	N/R	N/R	N/R	N/R
Receivers	N/R	N/R	N/R	N/R	\$ 42,000	2015	Admin/Prof Services	N/R	N/R	N/R	8	N/R	N/R	N/R	N/R	N/R
Mobile Firearms Simulator	N/R	N/R	N/R	N/R	\$ 39,000	2008	Admin/Training	N/R	N/R	N/R	8	N/R	N/R	N/R	N/R	N/R
Bulk Distribution of Magazines:	N/R	N/R	N/R	N/R	\$ 110,000	2014	Confinement/Squads	N/R	N/R	N/R	10	N/R	N/R	N/R	N/R	N/R
5 Vacuum Property Sealers	N/R	N/R	N/R	N/R	\$ 15,376	2011	Confinement/Property	N/R	N/R	N/R	8	N/R	N/R	N/R	N/R	N/R
Fully jacketed Kettle 80gal	N/R	N/R	N/R	N/R	\$ 19,500	2015	Sprt Services/ Svcs	N/R	N/R	N/R	15	N/R	N/R	N/R	N/R	N/R
Clothes Dryer 5	N/R	N/R	N/R	N/R	\$ 11,000	2007	Sprt Services/ Svcs	N/R	N/R	N/R	10	N/R	N/R	N/R	N/R	N/R
Clothes Washer 1	N/R	N/R	N/R	N/R	\$ 35,000	1999	Sprt Services/ Svcs	N/R	N/R	N/R	15	N/R	N/R	N/R	N/R	N/R
Elmer Zero Turn 1 (60inch)	N/R	N/R	N/R	N/R	\$ 7,700	2015	Sprt Services/ C/E	N/R	N/R	N/R	5	N/R	N/R	N/R	N/R	N/R
Kubota Tractor	N/R	N/R	N/R	N/R	\$ 22,920	2016	Sprt Services/ C/E	N/R	N/R	N/R	10	N/R	N/R	N/R	N/R	N/R
Clothes Dryer 6	N/R	N/R	N/R	N/R	\$ 11,000	2007	Sprt Services/ Svcs	N/R	N/R	N/R	10	N/R	N/R	N/R	N/R	N/R
SCBA Air Cylinder replacement (120)	N/R	N/R	N/R	N/R	\$ 130,000	2016	Sprt Services/ Svcs	N/R	N/R	N/R	15	N/R	N/R	N/R	N/R	N/R
Telephones	N/R	N/R	N/R	N/R	\$ 15,000	2014	Admin/IT	N/R	N/R	N/R	3	N/R	N/R	N/R	N/R	N/R
Deil PowerVault MD3400	N/R	N/R	N/R	N/R	\$ 19,120	2015	Admin/IT	N/R	N/R	N/R	3	N/R	N/R	N/R	N/R	N/R
KIA	N/R	N/R	N/R	N/R	\$ 19,500	2014	Admin/IT	N/R	N/R	N/R	7	N/R	N/R	N/R	N/R	N/R

T:mark legend: Valuation & Allocation (1) = Reconcile the property, plant and equipment subsidiary ledger with the general ledger- to determine that the accounting for property, plant and equipment transactions was consistent.  
 Valuation & Allocation (2) = Recalculate the accounting for retirements of fixed assets.  
 Valuation & Allocation (3) = Review depreciation methods- for consistency with prior periods.  
 Valuation & Allocation (4) = Review useful lives- for appropriateness and consistency with prior periods.  
 Valuation & Allocation (5) = Recalculate depreciation computations.  
 Existence (1) = Vouch from the property, plant and equipment subsidiary ledger to the fixed assets- to determine that the assets actually exist.

## Virginia Sales Tax Information

The Department of Tax Administration (DTA) reviews all local sales tax accounts for retail businesses located in Fairfax County.

If you are collecting sales tax from your customers and report it on a Virginia Sales and Use Tax Return (ST-9 or ST-9B / ST-9R), it is important that you include your **Sales Tax Account Number**, **Locality Name** and **Locality Code** in the spaces provided on the enclosed 2016 Renewal Application for Business, Professional and Occupational License (BPOL). Missing or questionable information on the form may result in an audit.

For questions, please call DTA at 703-222-8234, TTY: 703-222-7594



[www.fairfaxcounty.gov/dta](http://www.fairfaxcounty.gov/dta)

A Publication of Fairfax County, Va. To request this information in an alternate format, call 703-324-3187, (TTY 711).

December 2015

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## County of Fairfax, Virginia

### MEMORANDUM

**DATE:** March 17, 2015

**TO:** Edward L. Long Jr.  
County Executive

**THROUGH:** David M. Rohrer *DMR*  
Deputy County Executive

**THROUGH:** Susan Woodruff, Director  
Department of Human Resources

**FROM:** Fire Chief Richard Bowers  
Fire and Rescue Department *Richard Bowers*

**SUBJECT:** Callback Policy Exception

*Agreement*  
*Edward L. Long Jr.*  
*4/1/2015*

The Personnel Regulations define callback time as "situations wherein an employee is off duty and is called to return to work after departing from the workplace." Procedural Memorandums No. 13, 14A, and 14B further clarify that callback time does not apply when an employee is scheduled in advance to work overtime. In a recent update of our Standard Operating Procedures, an issue was raised internally with the Fire and Rescue Department's interpretation of the callback provision.

The department requires a certain number of personnel at specific ranks assigned to apparatus (i.e., engine, truck, medic unit). Our shifts start at 7 a.m. and 80 percent of our workforce lives outside of the county, many in different states. Often, we must contact personnel at least four days in advance to schedule them to work extra shifts due to vacancies or leave taken. Historically when this occurs, the employees have coded callback on their online time.

A strict interpretation of callback provisions might result in a determination that these hours should be coded instead as overtime given the amount of advance notice the employee is provided. However, given the distances many of our employees travel, the nature of the 24-hour shift schedule, and the likelihood that an individual has personal or other obligations on their break, these hours have historically been treated as callback hours. The use of callback hours provides a strong incentive for the employees who are called as they receive the 1.5 times their hourly rate in the pay period in which it is worked. With our ongoing vacancy challenges, the use of callback is an important tool in ensuring minimum staffing.

Proudly Protecting and  
Serving Our Community

Fire and Rescue Department  
4100 Chain Bridge Road  
Fairfax, VA 22030  
703-246-2125  
[www.fairfaxcounty.gov/fire](http://www.fairfaxcounty.gov/fire)



Edward L. Long, Jr.  
March 17, 2015  
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In the interest of audit accountability, I am requesting your support for the Fire and Rescue Department's ongoing interpretation of the county's callback provisions, specifically to allow our personnel to continue receiving callback time, when scheduled in advance (four days or less) to work additional time.

Please let me know if you have any questions or need further information.

cc: Assistant Chief John Burke, Business Services Bureau  
Assistant Chief John J. Caussin, Jr., Operations Bureau  
Assistant Chief Garrett L. Dyer, Personnel Services Bureau  
Toni E. Garcia, Human Resources Analyst IV, Human Resources Section



# Housing Choice Voucher Landlord Briefing

**Are you interested in becoming a Housing  
Choice Voucher landlord?**

**The Fairfax County Department of  
Housing and Community Development  
will be providing a briefing to landlords  
on participation in our Housing Choice  
Voucher program on:**

**Tuesday, June 28, 2016  
1 p.m.**

**South County Government Center  
Suite 527  
8350 Richmond Highway  
Alexandria, 22309**

**Space is limited. If interested in attending,  
please RSVP to: John Lopez at  
[Johnny.Lopez@fairfaxcounty.gov](mailto:Johnny.Lopez@fairfaxcounty.gov)**



Fairfax County is committed to a policy of nondiscrimination in all County programs, services and activities and will provide reasonable accommodations upon request. Please call 703.246.5260 or TTY 703.385.3578. Please allow 48 hours in advance of the event in order to make arrangements.



# County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

## Owner/Landlord/Realtor Fact Sheet for the Housing Choice Voucher Program

### The Choice Voucher Program...What is it?

The Choice Voucher Programs are federally funded rental assistance programs which allow income eligible families to go out into the private rental market to find housing. The families pay approximately 30% to 40% of their income for rent at initial lease-up. The Fairfax County Department of Housing and Community Development (HCD) pays a portion of the rent based on the program rules and the family's income.

The program is basically administered as follows:

- HCD selects eligible families from its waiting list.
- Families have the freedom to choose any unit that meets the program requirements.
- Owners apply their own tenant selection criteria.
- HCD performs initial and annual Housing Quality Standards Inspections.
- Owners charge the full security deposit to the family. Owners may charge up to a maximum of two months' contract rent. When the tenant moves out of the dwelling unit, the owner, subject to state or local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid rent payable by the tenant, damages to the unit, or for other amounts the tenant owes under the lease.
- HCD and the owner sign a Housing Assistance Payment (HAP) Contract, which guarantees a rental portion payment to the owner on behalf of the tenant.
- Owners retain the housing assistance for the month in which an unauthorized vacancy occurs. HCD makes no further payments.

### Fair Market Rents (FMR)

The FMR is established by the U.S. Department of Housing and Urban Development (HUD) each year based on a market survey throughout the United States. The figures include rent and utilities. The contract rent that is requested for the unit and the utility allowance credit cannot exceed the FMR at initial lease-up, unless the client is willing to pay up to 40% of their income for units that exceed the FMR.

### Utility Allowance

If the family is responsible to pay the utilities, there is a utility allowance chart that is provided to the family so they can calculate the utility allowance credit that will be given to them. The utility allowance credit is based on the type of unit and the number of bedrooms in the unit. If the tenant is responsible for paying utilities under the lease, and if the unit fails Housing Quality Standards (HQS) due to the tenant not paying these bills, the tenant will be terminated from the Choice Voucher program.

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Department of Housing and Community Development  
3700 Pender Drive, Suite 100  
Fairfax, Virginia 22030-7442  
Tel. 703-246-5061 • Fax 703-653-1382 • TTY 703-385-3578  
[www.fairfaxcounty.gov/rha](http://www.fairfaxcounty.gov/rha)

#### Advertising your unit:

You may advertise your unit by calling (703) 246-5280. You may also visit the following website (<http://www.fairfaxcounty.gov/rha/rentalhousingprograms/unitavailabilitylisting.pdf>) to complete a PDF form and fax to (703) 273-2363 or mail to: FCDHCD, Choice Voucher Program, 3700 Pender Drive, Suite 100, Fairfax, VA 22030.

#### Screening a Tenant

The landlord is responsible for screening the tenant. HCD will offer the landlord the tenant's current and previous landlord's name and address, if known.

An owner may screen their prospective and current tenant for criminal activity through the court system, the local and state police, or their local FBI office. There may be a charge to the tenant.

#### Renting to Relatives

Effective June 17, 1998, Owners/Landlords (including a principal or other interested party) are not permitted to rent units to family members under the Choice Voucher program. Family members include parents, children, grandparents, grandchildren, sisters, or brothers of a Choice Voucher holder and the holder's household members. The only exceptions would be in cases where approving the unit would provide reasonable accommodation for a family member who meets the HUD definition of disabled. However, relative owners and tenants may never rent a shared housing unit.

#### Unit Inspection

HCD is required to certify a unit as being safe, sanitary, and decent in accordance with the Housing Quality Standards (HQS) as set by HUD. The HAP contract cannot begin until the unit passes inspection.

#### Rent Increases

Owners must provide HCD, in writing, a 60-day notice of rent increase and provide three comparable rents (for similar unit types in the area) to document rent reasonability.

#### Denying a Lease from an Owner

HCD may deny a lease from an owner for any or all of the following reasons:

- a. Violation of HAP obligations.
- b. Committing fraud, bribery, or any other corrupt or criminal act in connection with any federal housing program.
- c. Engaging in drug-trafficking.
- d. Has a history or practice of non-compliance with Housing Quality Standards (HQS)
- e. Has not paid state or local real estate taxes or assessments.
- f. Entering into a lease that does not contain certain provisions of the Landlord Tenant Act and HUD's required Lease Addendum clauses. If you are not familiar with the Virginia Landlord Tenant Act, please consult your local library, attorney, or real estate agent for guidance.

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Department of Housing and Community Development  
3700 Pender Drive, Suite 100  
Fairfax, Virginia 22030-7442  
Tel. 703-246-5061 • Fax 703-653-1382 • TTY 703-385-3578  
[www.fairfaxcounty.gov/rha](http://www.fairfaxcounty.gov/rha)

## Housing Assistance Payment Termination

The following are reasons why the HAP contract can be terminated:

- a. The tenant is absent from the unit for more than 180 days.
- b. Serious or repeated lease violations by the tenant.
- c. The unit fails inspection. A reasonable deadline will be given to correct the failed items before the contract is terminated.
- d. Tenant violation of Family Obligations under the Choice Voucher Program.

What do I do if I suspect my tenant is involved in drugs or violent criminal activity?

An owner should call the Fairfax County Police Criminal Investigation Bureau Narcotics Enforcement Team if they suspect their tenant is dealing or using drugs. The number to call is (703) 246-7800 and can be called during the day or night.

If the owner suspects that their tenant is involved in a crime not related to drugs, they should contact their local police to file a report. They can also contact the Crime Solver 24-hour hotline at (703) 691-8888. The owner can request to remain anonymous.

What should I do if I suspect fraud or Choice Voucher program abuse?

Fraud or program abuse can range from the tenant not reporting all sources of income or family composition (i.e., who is actually living in the unit) to not complying with the terms of the lease. If you are aware of fraud or program abuse, please notify the Program Compliance Specialist at HCD immediately with your suspicions, by calling (703) 246-5280.

What do I do if the tenant fails to pay the rent on time?

When a tenant fails to pay the rent on time – usually on the first of the month, sometimes later if the lease grants a grace period – before proceeding with any eviction action, a landlord must send the tenant a letter demanding payment within five days.

The law requires that the notice contain the following information:

- a. The precise amount of rent or other charges claimed to be due.
- b. A demand that the tenant pay the rent within five days of receiving the notice, or that the tenant leaves the premises.
- c. An explanation that if the tenant fails to "pay or quit" within five days the landlord will consider the lease terminated.

**WARNING.** The following activities are not permitted:

1. Receiving rental payments from tenants in excess of the family's share of the rent as stipulated in the lease, lease addendum, and HAP Contract.
2. Collecting rental assistance payments for units not occupied by Choice Voucher participants.
3. Inducing HCD employees to certify substandard units as standard.

Although we feel that owners/landlords/managers participating in the Choice Voucher program administered by HCD are in compliance with the program requirements, we are

required to remind you that violations of the HUD rules may result in serious legal consequences.

#### **How to Lease to a Choice Voucher Recipient**

**Step 1:** Landlord/Owner and prospective tenant will complete the "Request for Tenancy Approval" (RTA). Please complete the form in detail, making sure it is signed by both parties. Complete and sign the "W-9 Taxpayer Identification Number" form. If you make a mistake on the W-9 form, you can not cross out or white out the information and continue writing. You must start over on a new form. Sign the "Addendum to the Request for Tenancy Approval". Submit the three completed forms to HCD.

HCD will confirm ownership of the unit and verify that the proposed rent is reasonable. HCD will also verify that contract rent and utility allowance credit do not exceed the FMR. If exceeded, HCD will allow program clients to pay up to 40% of their income towards the difference.

**Step 2:** Inspection. The dwelling must be inspected and must meet Choice Voucher Housing Quality Standards. During the inspection, we are mainly looking for basic health and safety hazards, and compliance with Fairfax County Zoning requirements.

**Step 3:** The owner provides the dwelling lease, or the model lease may be used. An extra copy of the Lease must be submitted to HCD. The lease must be for a period of at least two months and have an automatic renewal clause. If the lease starts after the first of the month, it must run through the end of month in the following year.

**Step 4:** Sign the HAP Contract and Lease Addendum. We will prepare a HAP Contract and a Lease Addendum for the landlord to sign, outlining the program provisions.

**Step 5:** Payments. Before a check can be issued, HCD must have executed copies of the following: Dwelling Lease, Lease Addendum (or the Model Lease), and the HAP Contract. Once these documents have been received, it can take up to ten working days to receive the first check from HCD. Normally, the landlord will receive part of the rent each month from the tenant and part will be paid directly to the landlord by HCD. After the first check, you should receive your checks from HCD on or before the first of each month. If the signed contracts are not received by HCD within 60 days, the contracts will be voided, and no payments will be made to the owner/landlord.

You may call (703) 246-5280, Choice Voucher Branch, for further explanation or assistance.

*Fairfax County is committed to nondiscrimination on the basis of disability in all County programs, services and activities. Special accommodations will be provided upon request. For information call 703-246-5101 or TTY 703-385-3578.*

## SACC Rate Setting Policies and Methodology

### Fee setting policies

- SACC fees are reviewed, and adjustments proposed, based on the cost of operating the program.
- Upon adoption of the budget by the Board of Supervisors (April), fee schedules are finalized to include the full-fee rate and sliding fee scale adjustments for income eligible families.
- Other steps following adoption of the budget:
  - Coordinate with Accounts Receivable staff
  - SACC Financial forms updated
  - SACC enrollment and accounts receivable system (SEMS) updated to reflect fees
  - SACC web page updated to reflect fees
  - Inform SACC Parent Advisory Council of new fees

### FY 2016 fees: Operating costs and methodology

#### Compensation

1. Compensation for the After School program is calculated using the average actual rates for a Day Care Center Supervisor (S-20) and Day Care Center Teacher II (S-18). This is applied to the regular and overtime hours anticipated to be worked by the employees. Fringe Benefits are then calculated using the current fringe benefit planning factors.
2. Regular Hours:  
After school employees work 25 hours a week, 42 weeks a year with the current fringe benefits planning factor for Merit employees.
3. Overtime Hours:  
On average, an employee works 40 hours of overtime each school year with a fringe benefits planning factor of the current FICA rate.
4. Compensation for the Day Care Center Supervisor totals (regular and overtime) and for the Day Care Center Teacher II totals (regular and overtime) are combined for the total compensation cost per year.

#### Operating Expenses

2015

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Office for Children/School Age Child Care  
Department of Family Services  
12011 Government Center Parkway, 9<sup>th</sup> Floor  
Fairfax, Virginia 22035  
703-449-1414 TTY: 711 Fax: 703-324-8298  
[www.fairfaxcounty.gov/ofc](http://www.fairfaxcounty.gov/ofc)



Fairfax County Department of  
Family Services

Operating Expenses for a SACC classroom is determined based on a breakdown of the categories and associated costs below.

Category
Office Supplies, Printing and Misc. Expenses
Phone
Certifications and Training
Field Trips/Transportation
On/Off Site Special Events
Shelter in Place Supplies
Food
Program Supplies – per child
Furniture and Equipment Replacement/Repair
Travel Reimbursement, average 30 miles

The SACC program provides services for children Before and After School. Operating Expenses should be apportioned accordingly.

#### **Monthly Cost per Child for Compensation and Operating Expenses**

The monthly cost is calculated by adding the Total Compensation and the Total Operating Expenses for the year and dividing it by the number of monthly payments and the average number of children per classroom. Payment for the After School SACC program is made in 10 monthly payments.

#### Administrative Costs

Administrative Costs are based on the current federally approved indirect cost rate. It should be applied to the Monthly Cost per Child.

#### SACC Payment for School Use

SACC Payment for School Use is the County's annual contribution to offset school operating and overhead costs associated with SACC. It is calculated based on the payment made by the County to FCPS and the average number of children in SACC per day. Costs should then be spread across the number of After School (AS) monthly payments.

#### **Total Monthly Cost for After School**

The Administrative Costs and SACC Payment for School Use are then added to the Monthly Cost per Child; this is the total monthly cost for the After School program.

2015

Office for Children/School Age Child Care  
Department of Family Services  
12011 Government Center Parkway, 9<sup>th</sup> Floor  
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Fairfax County Department of  
**Family Services**

## List of ACRONYMS

AP	Accounts Payable
AR	Accounts Receivable
ATB	Accounting Technical Bulletin
BPOL	Business Professional Occupational Licenses
BTS	Business Tax Specialist
CAFR	Comprehensive Annual Financial Report
DFS	Department of Family Services
DHR	Department of Human Resources
DIT	Department of Information Technology
DMB	Department of Management and Budget
DNCS	Department of Neighborhood and Community Services
DOF	Department of Finance
DPSM	Department of Supply and Management
DTA	Department of Tax Administration
DVS	Department of Vehicle Services
EIC	Earned Income Credit
ESS	Employee Self Service
FBSG	FOCUS Business Support Group
FCHRA	Fairfax County Redevelopment and Housing Authority
FCPL	Fairfax County Public Library
FIPS	Federal Information Processing Standard
FMD	Facilities Management Division
FOCUS	Enterprise Resource Planning System
FPS	Financial Policy Statement
FRD	Fire and Rescue Department
FY	Fiscal Year
G/L	General Ledger
HCD	Housing Community Development
HCM	Human Capital Management
HCV	Housing Choice Voucher
HQS	Housing Quality Standards
JMS	Jail Management System
OFC	Office for Children
OFPA	Office of Financial and Program Audit
PM	Procedural Memorandum
RFI	Request for Information
SACC	School Aged Child Care
SSNs	Social Security Numbers
SSNs	Social Security
SWAP	Synthetic Variable