



# Fairfax County Internal Audit Office

Office of Strategy Management for Health and Human  
Services  
Business Process Audit  
Final Report

May 2021

*"promoting efficient & effective local government"*

# Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Office of Strategy Management (OSM) for Health and Human Services. The audit included review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, monthly reconciliations and verifying compliance with Personnel/Payroll Administration Policies and Procedures (PPAPP). The areas covered in PPAPP included time/attendance system and controls, attendance/absence reporting, employee clearance record processing, credit check requirements for positions of trust, and procedures for completing criminal background investigations for employment in sensitive positions.

Overall, we found that the department had effective procedures and internal controls in place for the handling of purchasing and human resources functions, and transactions had adequate evidence of compliance with county policy. However, we noted the following areas where controls will be strengthened as a result of this audit:

- Office of Strategy Management's P-Card Internal Control Procedures (ICP) were not approved by Department of Procurement and Material Management (DPMM). Additionally, the most recent Department Reconciliation Plan (DRP) was not approved by the Department of Finance (DOF). The P-Card Internal Control Procedures and the Reconciliation Plan have been submitted to DPMM and DOF respectively, for approval.
- The procurement card was used by seven employees without a signed Employee Acknowledgment Disclosure Form (EAD) and/or P-Card Certification test on file. OSM will verify that the employee(s) passed the p-card certification test and will then issue a new EAD form to be in compliance with County policy before using the p-card.
- One of the two Employee Clearance Record Checklists reviewed was partially completed (i.e., required checkboxes were left blank). OSM will provide training to all OSM staff regarding departure procedures and send an email message to all staff reminding them of this procedure.

## Scope and Objectives

This audit was performed as part of our fiscal year 2021 Annual Audit Plan and was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). 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 Office of Strategy Management for Health and Human Services compliance with county policies and procedures for purchasing processes, personnel/payroll administration, and financial reconciliation. We performed audit tests to determine internal controls were working as intended and transactions were reasonable

and did not appear to be fraudulent.

The audit population included procurement card, FOCUS marketplace, purchase order, open-ended purchase order, and non-purchase order transactions that occurred during the period of December 1, 2019, through November 30, 2020. For that period, the department's purchases were \$26,621 for procurement cards, \$2,806 for FOCUS marketplace, \$715,429 for purchase orders, and \$1,232 for non-purchase order payments.

## Methodology

Audit methodology included a review of the department's business process procedures with analysis of related internal controls. 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. Required Procedures and Plan Approvals

Office of Strategy Management's P-Card Internal Control Procedures (ICP) were not approved by Department of Procurement and Material Management (DPMM). Additionally, the most recent Department Reconciliation Plan (DRP) was not approved by the Department of Finance (DOF).

Procurement Technical Bulletin (PTB) 12-1009, Use of the County Procurement Card, requires that all using agencies establish procurement card internal control procedures that govern card security, use, and accounting specific to their operations. These procedures are to be submitted to the DPMM program administrator for approval. Furthermore, Accounting Technical Bulletin 020, Financial Transactions Reconciliation, states that each agency must develop a written reconciliation plan and obtain approval by the Department Director and DOF.

Failure to obtain approval for the department's P-Card ICP and DRP increases the risk that operating procedures may not be in compliance with county policy and contain significant internal controls weaknesses.

**Recommendation:** We recommend that OSM submit their ICP to DPMM for approval and have their current DRP approved by the Departmental Director and DOF.

**Management Response:** The Procurement Card Internal Control Procedures

have been submitted to DPMM for review and approval and the Reconciliation Plan has been submitted to DOF for approval. Management indicated this action was completed on April 29, 2021.

**Note:** IAO verified that OSM submitted and received approval of the Procurement Card Internal Control Procedures by DPMM. Furthermore, IAO verified that OSM submitted the Department Reconciliation Plan to the Department of Finance for review and approval, therefore, no follow-up will be performed for this item.

## 2. Employee Acknowledgement Disclosure Forms

We noted the following exceptions when reviewing Employee Acknowledgement Disclosure Forms:

- a) Two users who used the p-card during the audit period did not have a completed Employee Acknowledgment Disclosure Form (EAD) and P-Card Certification Test on file.
- b) Two p-card users had completed EAD forms on file but did not have a completed P-Card Certification Test on file.
- c) Two additional p-card users had a completed P-Card Certification Test on file, but did not have a completed EAD form.
- d) One user that used the p-card during the audit period had an EAD form on file, but it was not signed by the p-card program manager. Additionally, the user did not have a completed P-Card Certification Test on file.

Procurement Technical Bulletin (PTB) 12-1009, Use of the County Procurement Card, requires that all first-time card users sign and date an EAD Form. A p-card user who signed an EAD form prior to implementation of the on-line p-card training program in 2007 is exempt from the p-card training. However, DPMM highly recommends it as it ensures awareness of p-card user requirements. The form acknowledges the employee's responsibilities regarding card use and sets forth consequences for misuse. The agency program manager is to maintain the signed forms for at least two years following the employee's departure from the agency.

When a p-card user transfers to a new agency, they are considered a new p-card user for that agency and the agency should verify that they passed the p-card certification test and complete a new EAD form specific to the new agency. When staff do not properly complete EAD forms and training, it increases the risk of misuse of the agency procurement cards.

**Recommendation:** The Office of Strategy Management for Health and Human Services should ensure that each employee using a procurement card sign and date an EAD form, complete the training, and retain the forms on file.

**Management Response:** The Office of Strategy Management will verify that the employee(s) passed the p-card certification test and will then issue a new EAD form to be in compliance with County policy before using the p-card. Management anticipates completing this action by May 31, 2021.

### 3. Employee Clearance Record Checklists

One of the two Employee Clearance Record Checklists reviewed had some of the required checkboxes left blank.

Per *Personnel/Payroll Administration Policies and Procedures (PPAPP)* Memorandum No. 33, *Employee Clearance Record*: “Departments are required to complete an Employee Clearance Record Checklist with each employee transferring from one department to another or leaving County service for any reason, employees receive a copy of the Employee Clearance Record Checklist and sign verifying receipt, and responsibility for completing Employee Clearance Record Checklists must be included in the job description(s) for staff assigned to this function.”

Leaving checkboxes blank on the Employee Clearance Checklists increases the risk of uncertainty over verified checklist items which may result in County property not being returned; terminated employees having access to County systems; and disputes between the County and prior employees, should an issue arise later.

**Recommendation:** The Office of Strategy Management for Health and Human Services should fully complete and retain an Employee Clearance Record Checklist for employees transferring from one department to another or leaving the County service.

**Management Response:** OSM will provide training to all OSM staff regarding departure procedures and send an email message to all staff reminding them of this procedure. We would suggest that the policy be modified to clearly state that N/A must be noted if it does not apply. It is not clear in the policy that is required by staff. Management anticipates completing this action by May 31, 2021.

**Note:** IAO verified that OSM fully completed the *Employee Clearance Record Checklist* for an employee who recently transferred to another agency, therefore, no follow-up will be performed for this item.