



# Fairfax County Internal Audit Office

**Sheriff's Office  
Business Process Audit  
Final Report**

**October 2021**

*"promoting efficient & effective local government"*

## Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Sheriff's Office. The audit included review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, open-ended purchase order payments, monthly reconciliations, limited review of accounts receivable and revenue collections, 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.

We noted the following areas where controls will be strengthened as a result of this audit:

- The Sheriff's Office internal controls over processing monetary receipts were not compliant with FPS 470 (*Processing Monetary Receipts*) – the agency did not have a Billing and Collections Plan, the Department Operating Procedures Form (Form 470-1) was completed *after* the audit start date, and checks were not endorsed immediately upon receipt. Sheriff's Office has updated their Billing and Collections Plan and submitted to DTA for approval. Checks will be endorsed immediately upon receipt.
- P-card transaction logs were either not present or were missing required information for 13 of 60 transactions tested. Sheriff's Office emailed staff reminding them of the p-card transaction log policy and will review logs monthly for compliance.
- Packing slips were not signed or initialed by the employee receiving the document for 4 out of 25 FOCUS Marketplace transactions. Sheriff's Office reminded staff of the policy for packing slips and will review them monthly for compliance.
- The Sheriff's Office did not have an updated Positions of Trust list on file. Additionally, one employee on the Positions of Trust list had not had a credit check performed within the last 4 years. Sheriff's Office has submitted an updated Positions of Trust list to DHR along with requests for credit checks.
- We noted control weaknesses in the time entry and approval process. For 44 time entry approvers and a total of 495 instances, time entries were both created and approved by the same employee. None of these entries were for staff entering their own time. Sheriff's Office will remind supervisors of separation of duties requirements in biweekly payroll emails and will review time entry reports periodically.

## 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 Sheriff's Office 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 April 1, 2020, through March 31, 2021. For that period, the department's purchases were \$462,794 for procurement cards, \$100,633 for FOCUS marketplace, \$7,558,983 for purchase orders, and \$291,877 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. Processing Monetary Receipts

We noted the following when reviewing how the Sheriff's Office processes monetary receipts:

- The Sheriff's Office did not have a Billing and Collections Plan that was approved by DTA Non-Tax Collections.
- The Department Operating Procedures Form required by FPS 470 *Processing Monetary Receipts*, was completed *after* the audit start date.
- Checks were not endorsed immediately upon receipt.

Per Financial Policy Statement (FPS) 436, *Billing and Collection Procedures (Non-Tax Accounts)*: “County departments that generate billable revenues are responsible for developing, implementing and updating a plan of action to support the county’s policy and achieve timely collection of all revenues.” The plan for all non-tax receivables should be submitted to the Non-Tax Collections Team in DTA for approval.

FPS 470 states, “At a minimum, all departments are required to complete the Department Operating Procedures Form (Attachment 1).” In addition, per the statement, to document adherence to FPS 470, the form must be completed and retained on file for the Department of Finance (DOF) and audit review. Any exceptions to the requirements listed on the form must be approved by the DOF Director, using the Waiver Request Form.

Not following established policy, including not having a Billing and Collections Plan, a lack of a completed Department Operating Procedures Form, and not endorsing receipts as required, increases the risk for fraud or error to occur, and inadequate safeguarding and handling of monetary receipts.

**Recommendation:** The Sheriff’s Office should create a written Billing and Collections Plan and submit it DTA Non-Tax Collections for approval. The Sheriff’s Office should also update processes so that they comply with FPS 470, including the Department Operating Procedures Form, and endorsement of checks.

**Management Response:** A Billing and Collections plan will be submitted to DTA for approval by September 30, 2021. A Billing and Collections Plan was initially submitted to DTA in June of 2016, but there was no record of a reply. Sheriff’s Office will update the plan to comply with FPS 436. Effective September 1, 2021, the Sheriff’s Office is using Dunbar Services to make daily deposits, thus requiring immediate endorsement and deposits of checks.

**Note:** *Management has provided a copy of the Billing and Collections Plan which was submitted to DTA for approval. No follow-up will be required for this item.*

## 2. Procurement Card Transaction Logs

The procurement card transaction log was not a complete and accurate reflection of the department’s procurement card spending. We noted that 3 of 60 transactions tested were not included on the p-card transaction logs. Additionally, for 10 of 60 transactions, information such as the card user’s name or p-card sign-in dates were missing from the transaction log. The “Card User” column had either weekly date ranges or division names such as “Finance”, “Maintenance”, or “Human Resources” recorded as card user.

This was partially a repeat finding from the audit completed in FY2017.

Procurement Technical Bulletin (PTB) 12-1009, Use of the County Procurement Card, states: “the department shall maintain a log that records purchases as they occur and tracks who is in possession of p-cards. Departments may use a manual or electronic log to record both debit and credit transactions. Entries must be contemporaneous so that they provide up-to-date information on funds expended and should identify the p-card user.”

If transactions are not accurately tracked, the risk of not identifying fraudulent transactions in a timely manner is increased. Additionally, accountability is reduced in the event a card is lost or inappropriate charges are placed on the card when it is checked out.

**Recommendation:** We recommend the Sheriff’s Office ensure that p-card transactions are logged on the department’s logs for all p-cards as transactions occur. Additionally, management should ensure that all fields on the p-card log include the required information and are accurately filled out.

**Management Response:** An email was sent to all purchase card holders on September 22, 2021, reminding them to update the transaction log every time the purchase card is used with all required information (individual name, date, etc.). Information will be reviewed monthly to ensure compliance.

*Note: Management has communicated that our recommendations have been implemented as of September 28, 2021. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*

### 3. Receipt Documentation

For 4 out of 25 FOCUS Marketplace transactions tested, packing slips were not signed or initialed by the employee receiving the shipment.

Procedural Memorandum (PM) 12-16, *On-Line Procurement of Office Supplies*, requires that agencies verify goods received against the packing list and the original order. The packing list should then be signed and dated to document proper receipt of goods.

Failure to document the receipt of purchases prevents the assurance of an adequate separation of duties and increases the risk of paying for items that were not received.

**Recommendation:** We recommend for the Sheriff’s Office to ensure that employees receiving shipments appropriately sign and date packing slips when items are received.

**Management Response:** Personnel responsible for receiving goods will be directed to sign and date to ensure the proper receipt of goods. An email was sent to the agency on September 21, 2021, regarding this policy. The Sheriff’s Office will review goods receipts monthly to ensure compliance.

**Note:** Management has communicated that our recommendations have been implemented as of September 28, 2021. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.

#### 4. Positions of Trust and Credit Checks

At the time of our audit, the Sheriff's Office Positions of Trust list was not up to date and included several employees who were no longer with the department. Consequently, we could not determine if all the required credit checks were up to date. Additionally, one employee on the Positions of Trust list had not had a credit check performed within the last 4 years.

According to the *Personnel/Payroll Administration Policies and Procedures (PPAPP)* Memorandum No. 56, Credit Check Requirements for Positions of Trust, "Employees who occupy positions of trust are subject to a credit check. Credit checks will be completed upon initial hire and for promotions, transfers, or demotions to a position of trust and every four years thereafter. Positions of trust include all Director, Deputy/Assistant Director and Division Director Positions as well as positions identified by the department director as having significant fiscal or information security responsibility." Additionally, PPAPP requires that the department director or designee complete the Positions of Trust Delineation Form (Attachment A) to delineate the positions in the department designated as positions of trust subject to the credit check requirements and retain it in the department files. Lack of an updated Positions of Trust list document increases the risk that the department will not perform required credit checks on employees who occupy positions of trust. Failure to perform credit checks in a timely manner increases the potential for abuse or fraud by staff who make financial decisions or have access to sensitive/confidential information.

**Recommendation:** The Sheriff's Office should update their Positions of Trust list and ensure that credit checks are being performed every four years on employees who occupy positions of trust.

**Management Response:** The Positions of Trust list has been updated as of September 22, 2021. A request was sent to Tausha Pearson in the Employment Division on September 22 requesting to have the credit checks performed. The credit checks are currently in process.

**Note:** Management has provided a copy of the Positions of Trust list and the request for credit checks that was provided to DHR. No follow-up will be required for this item.

#### 5. Time Entry & Approval Segregation of Duties

Our audit noted a control weakness in the Sheriff's Office's time entry and approval process. The audit population included approximately 187,000 time entries for the period April 1, 2020 through March 31, 2021. Of those entries, there were 495 instances where time entries were initiated and approved by the same individual.

These instances involved 44 different approvers. None of these entries were for staff entering their own time.

An adequate separation of duties in time entry and approval is important in preventing erroneous or fraudulent time reporting.

**Recommendation:** The Sheriff's Office should implement adequate internal controls to ensure that time is not initiated and approved by the same individual.

**Management Response:** Major Tammy Gold sent out a memo on September 2, 2021, to the Command Group (top management in the agency) regarding proper FOCUS time entry and attached PPAPP No. 8 to the message. Moving forward, the Sheriff's Office will send out a biweekly message on payroll reminders telling supervisors that they cannot both enter and approve time. In addition, the Sheriff's Office will run periodic reports to see if there are any instances where a supervisor both entered and approved an employee's time to address such instances. The Sheriff's Office expects to implement these changes by October 1, 2021.