



Fairfax County Internal Audit Office

**Reston Community Center
Business Process Audit
Final Report**

December 2021

"promoting efficient & effective local government"

Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Reston Community Center (RCC). The audit included review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, 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 the applicable time/attendance system and controls, employee clearance record processing, and credit check requirements for positions of trust.

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.

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

- The department's Billing and Collection Plan was not approved by the Department of Tax Administration (DTA). RCC submitted the plan to DTA and received approval.
- Two transactions made with a procurement card were not supported by proper receipt documentation. RCC reiterated the p-card requirements to all employees with the ability to use p-cards, and the agency will take additional care to review submissions prior to posting them.

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 RCC's 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, and non-purchase order transactions that occurred during the period of May 1, 2020, through April 30, 2021. For that period, the department's purchases were \$104,944 for procurement cards, \$7,526 for FOCUS marketplace, \$886,540 for purchase orders that were received, and \$219,972 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. Billing and Collection Plan

While RCC did have a written Billing and Collection Plan, there was no documented approval of the plan from DTA.

Financial Policy Statement (FPS) 436, *Billing and Collection Procedures (Non-Tax Accounts)*, states: "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 DTA for approval.

Recommendation: RCC should update its Billing and Collection Plan and submit it to DTA for approval. Once approval is received, RCC should maintain documentation of the approval.

Note: *RCC explained that they had previously initiated the approval process for the Billing and Collection Plan with DTA, however, it was not finalized as of our audit date. During the audit, IAO verified that RCC received approval from DTA. RCC was prompt in responding to and completing this action. No follow-up will be performed for this item.*

2. Receipt Documentation

In our review of procurement card transactions, we noted 2 out of 30 purchases that were not properly supported by a signed and dated invoice/packing slip or other evidence indicating who confirmed the receipt of goods/services and when it was confirmed.

Failure to adequately 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: RCC should ensure that receipt of all ordered goods and services is adequately documented in a timely manner. If a packing slip is not included with the shipment, receipt of the ordered goods should be documented on the invoice or a separate receiving report with the receiver's initials and date. All receiving documentation should be maintained on file with the supporting documentation for the transaction.

Management Response: RCC will reiterate the p-card requirements via email to all employees with the ability to use the p-cards and take additional care to review submissions prior to posting them. Staff who fail to appropriately document their p-card purchases will be considered for progressive discipline and may lose their privilege to use a p-card for purchasing for repeated failures.

Note: *Management has stated that they have completed these actions as of November 12, 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.*