



# Fairfax County Internal Audit Office

**DPWES Solid Waste Management Program  
Business Process Audit  
Final Report**

**January 2022**

*"promoting efficient & effective local government"*

# Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Department of Public Works and Environmental Services (DPWES) Solid Waste Management Program (SWMP). 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 found that the department had effective procedures and internal controls in place for the handling of p-card, FOCUS marketplace, purchase order, and non-purchase order transactions, and that transactions had adequate evidence of compliance with county policy.

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

- Employee Clearance Record Checklists were not completed or were incomplete for 7 of 8 employees terminated during the audit period. SWMP management will ensure that their HR Team audits checklists and follows up on incomplete forms.
- In a sample of four employees, we noted a total of 9 instances in which an employee did not accurately record, or account for a statutory holiday when working a compressed schedule. Errors uncovered as a result of the audit have been corrected. SWMP will educate employees, supervisors, and SWMP HR payroll contacts regarding county policy for statutory holiday reporting.

## 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 DPWES SWMP'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, open-ended 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 \$697,712 for procurement cards, \$31,440 for FOCUS marketplace, \$34,168,278 for purchase orders, and \$814,072 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. Employee Clearance Record Checklists

For 7 of 8 employee terminations tested, Employee Clearance Record Checklists were either not completed or not filled out completely.

In 6 instances, checklists were not completed when employees were terminated due to circumstances which did not allow the department to perform an exit interview.

In 1 instance, boxes on the checklist were not checked or marked as N/A.

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."

If an employee leaves with no notice, preventing the department from completing the Checklist as outlined in section 4B of PPAPP 33, the department shall document this in their records and complete pertinent security control tasks listed in the document.

Failure to maintain adequate controls over the process for completing Employee Clearance Record Checklists increases the risk of 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:** SWMP should ensure that Employee Clearance Record Checklists are appropriately filled out per the instructions on the checklist (i.e., a check or N/A must be placed in each block) for all terminated employees. If an employee leaves with no notice or is terminated for unsatisfactory performance while on administrative leave, a checklist should still be filled out to ensure that security control tasks are completed.

**Management Response:** SWMP will re-educate supervisors regarding PPAPP 33, their roles, and the purpose of the Employee Clearance Checklist. Management will ensure that the HR Team audits checklists and follows up on incomplete forms. SWMP expects to have this item implemented by January 31, 2022.

## 2. Statutory Holiday Time Reporting

In a sample of four employees, we noted a total of 9 instances in which an employee did not accurately record, or account for a statutory holiday when working a compressed schedule.

Employees who work a compressed schedule (with 9 or 10 hour days), must account for the extra hour(s) on statutory holiday leave reporting. When a holiday falls on the day that an employee is scheduled to work more than 8 hours, the employee is eligible for 8 hours of paid holiday leave. To account for the employee's total work hours for that day, either annual leave or compensatory leave must be taken. If an employee adjusts their schedule for the week of a holiday, it should be documented in FOCUS or email.

PPAPP 13, Attendance/Absence Reporting for All Employees Except 24-Hour Shift Fire Protection and Law Enforcement Personnel, requires agencies to comply with Personnel Regulations and with the Fair Labor Standards Act (FLSA) as it applies to local government. The policy states: "If an employee's scheduled hours for a day on which a holiday falls are greater than the maximum number of holiday hours that the employee may be granted, the employee must take annual or compensatory leave to receive a full day's pay. This applies to employees who elect to work a compressed workweek or flex schedule." Furthermore, PPAPP 45, Flextime/Compressed Work Schedules, states: "Work schedules associated with positions and individual employees are recorded in FOCUS and must be kept current to ensure proper payroll processing."

Failure to accurately record statutory holiday leave allows an employee to be paid for hours for which they did not work due to overstated leave balances.

**Recommendation:** We recommend SWMP require employees working a compressed schedule to comply with the County policy for statutory holiday leave reporting. In addition, the overstated employee leave balances should be corrected, as applicable.

**Management Response:** Errors uncovered as a result of the audit have been corrected. SWMP will educate employees, supervisors, and SWMP HR payroll contacts regarding county policy for statutory holiday reporting. SWMP has implemented this recommendation as of December 17, 2021.

**Note:** *We will follow up on this item once sufficient time has passed to ensure that recommendations have been implemented.*