



Fairfax County Internal Audit Office

Facilities Management Department
Business Process Audit
Final Report

October 2022

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Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Facilities Management Department (FMD). 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 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, and credit check requirements for positions of trust.

We found that the department had overall effective procedures and internal controls in place for the handling of purchasing and human resource functions. However, we noted the following exceptions where compliance and controls will be strengthened:

- In our review of Marketplace transactions, we noted that nine of the 15 weekly transaction reports selected for testing for our audit period, were not formally reviewed. Additionally, four of the 15 weekly transaction reports were not signed and dated upon review. *IAO has verified that FMD is now performing weekly reviews of Marketplace transactions in a timely manner and that backup reviewers have been identified.*
- Six of 21 monthly reconciliations reviewed during our audit period were not completed in a timely manner. *IAO has verified that monthly reconciliations are now being performed in a timely manner and that backup preparers and reviewers have been identified.*

Scope and Objectives

This audit was performed as part of our fiscal year 2022 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 FMD'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 April 2021, through March 2022. For that period, the department's purchases were \$1,880,915 for procurement cards, \$7,466 for FOCUS marketplace, \$15,167,071 for purchase orders, and \$15,465,070 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. Weekly Transaction Reviews

In our review of Marketplace transactions, we noted that nine of the 15 weekly transaction reports selected for testing, were not formally reviewed, and four were not signed and dated upon review. Per staff, all the transactions were evaluated prior to the approval of the purchase and were recorded in a transaction log. However, due to staffing vacancy and additional COVID-related purchasing requirements, the weekly transaction reports were not reviewed. FMD did not have backup reviewers in place to complete the reviews during the staffing vacancy.

PTB 12-1009, *Use of the County Procurement Card*, requires that all agencies review weekly transaction reports for unusual or unauthorized transactions. The reviewer should then sign and date the transaction report to verify that the review was performed in a timely manner.

Failure to review the weekly transaction reports increases the risk that inappropriate purchases will not be identified.

Recommendation: FMD should perform a formal and timely review of the Marketplace weekly transaction report. In addition, the reviewer should sign and date the Marketplace transaction report to document the completion of a timely review. Additionally, FMD should identify backup reviewers of weekly transaction reports to ensure that the reviews are performed when the primary reviewers are unavailable or there is a staffing vacancy.

Note: During the audit, IAO verified that weekly reviews of Marketplace transaction reports were being performed in a timely manner and that backups had been identified, therefore, no follow-up will be performed for this item.

2. Monthly Reconciliations

None of the three Marketplace reconciliations were completed in a timely manner. Also, three of 15 Purchase Order and Non-Purchase Order reconciliations were not completed in a timely manner. FMD management stated that the reconciliations were not performed in a timely manner due to a staffing vacancy.

Accounting Technical Bulletin 020 (ATB 020), *Reconciliation of Financial Transactions*, provides a Reconciliation Certification Form that is to be signed by the director or designee indicating that reconciliation was completed for a specific period for the financial transactions. This is to verify that the department's transactions have been reconciled and authorizer/approver verified. ATB 020 also requires monthly reconciliations to be completed by the end of the following month.

Failure to timely perform and document monthly reconciliation of all revenue and expenditure documentation to data in FOCUS increases the risk that erroneous or inappropriate entries go undetected.

Recommendation: FMD should perform the reconciliations in a timely manner. The reconciler should also sign and date the Reconciliation Certification Form to evidence a timely preparation and review process. FMD should also identify backup preparers and reviewers of reconciliations so that reconciliations are performed when the primary performers are unavailable or there is a staffing vacancy.

Note: During the audit, IAO verified that monthly reconciliations were being performed in a timely manner and that backup preparers and reviewers had been identified, therefore, no follow-up will be performed for this item.