



Fairfax County Internal Audit Office

Department of Public Safety Communications
Business Process Audit
Final Report

December 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 Safety Communications. 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:

- Monthly Procurement Card Reconciliation was not performed in a timely manner for one of the months selected. This reconciliation was performed two months late. Going forward, staff will complete reconciliations monthly.
- In our review of procurement card transactions, we noted 11 out of 35 purchases in which the transaction log was not fully completed, one person signed out the card on another person's behalf, or the card was signed in by a different person than the one signing out. DPSC will begin requiring users to sign out and sign in purchasing cards as they are used.
- Of the 25 purchase orders tested, we noted that 2 purchase orders were created and approved *after* the corresponding order was placed with the vendor. Management will continue to educate staff on proper purchasing procedures.
- We noted two instances where technical review items were purchased using procurement cards, without documented evidence of technical review prior to the purchase of the items. Management will follow technical review requirements for all required items and will maintain approval documentation on file.
- Of the 35 P-card transactions tested, we noted that 6 transactions did not have sufficient receipts, and no additional description was provided on a separate and accompanying documentation. Management will provide written documentation for all transactions, including those for which no printed receipt is available.
- In our review of procurement card transactions, we noted that 4 out of 35 purchases 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. Management will provide signed, dated packing slips or other appropriate receiving documentation for all shipments.

- While DPSC had developed written internal control procedures for p-cards, the procedures were not approved by the Department of Procurement and Material Management (DPMM). Management will create and submit new internal control procedures to DPMM as required.
- DPSC did not have a signed Using Agency Director's Statement of Responsibility for p-card use on file. This issue was corrected during the audit process.
- The Voyager Credit Card administrator did not perform a reconciliation of purchase receipts. This issue has since been corrected.
- Of the 35 procurement card transactions reviewed, one transaction did not have a documented business purpose for the purchase. DPSC will obtain documentation as to the business purpose of these transactions and maintain it on file.
- Of the 10 non-purchase order transactions tested, we noted 3 instances of travel transactions where there was not an original vendor receipt, invoice, mileage printout, or credit slip in file to support the transactions, or the receipt provided did not provide sufficient information to identify and support the expense. In addition, there was no evidence of sufficient alternate receipt documentation. Management will require documentation for all travel-related expenses and maintain it on file.
- Our audit noted that in 8 of the 10 non-purchase order payments for travel reimbursement selected for testing, Travel Authorization Forms were completed and approved *after* the travel return date. Management will develop travel related forms compliant with county policy and require submission of appropriate supporting documentation.
- One person on the department's Positions of Trust list did not have a credit check performed in a timely manner, and DPSC did not have a schedule for performing credit checks every four years after hire as required by the County policy. These issues were corrected during the audit process.
- Our testing of Employee Offboarding Checklists for 22 employees revealed that 2 were not completed, 6 were not completed timely, and 6 were only partially completed. Additionally, DPSC used a custom checklist which did not contain all the elements from the template provided in PPAPP 33. Management has developed a new offboarding process to ensure that these issues are corrected.
- In our review of time approval, we noted 121 instances where time entries were initiated and approved by the same individual. Management has developed a new time-approval process and procedures to rectify the issue.

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 Department of Public Safety Communications' 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 2021 through April 2022. For that period, the department's purchases were \$121,528 for procurement cards, \$7,355 for FOCUS marketplace, \$6,214,012 for purchase orders, and \$5,418 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. Monthly Reconciliations

For the month of January 2022, one of the purchasing cards was not reconciled during the monthly reconciliation process. This reconciliation remained outstanding through at least April 2022. Procedural Memorandum (PM) 12-09, *Use of the County Procurement Card*, requires that all agencies review receipts and charge slips to the weekly transaction report for weekly or monthly reconciliation in a timely manner. In addition, these reports are to be reconciled to amounts posted as expenditures in FOCUS. Once completed, the reconciler is required to sign and date the documents settled.

Failure to adequately document the completion of reconciliations performed weakens the ability to evidence that an effective separation of duties is in place. It also increases the risk that erroneous or inappropriate charges to the procurement card could go undetected or not be corrected in a timely manner. The reconciliation also provides a means of ensuring that all charges and credits are cleared to the proper expenditure account at least monthly.

Recommendation: Reconciliations should be performed on a monthly or weekly basis. Documentation supporting the reconciliation should be maintained and the reconciler should sign, and date documents settled to evidence that the reconciliations are being performed in a timely manner by someone independent of card purchases.

Management Response: With respect to the procurement card that was not reconciled following January 2022, DPSC staff was attempting to locate missing supporting documentation to finalize the reconciliation. Going forward, DPSC will complete monthly reconciliations by the end of the month following each month's transactions and will provide alternative supporting documentation (i.e., explanatory memos) when necessary. Management anticipates completing these actions by December 1, 2022.

2. Procurement Card Transaction Log

In our review of procurement card transactions, we noted 11 out of 35 purchases in which the transaction log was not fully completed, one person signed out the card on another person's behalf, or the card was signed in by a different person than the one signing out.

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."

If possession of the procurement card is not accurately tracked, the risk of fraudulent transactions is increased. Additionally, accountability is reduced in the event a card is lost or inappropriate charges are placed on the card.

Recommendation: DPSC staff should record names of p-card users accurately on the transaction log to ensure that card use is properly documented and monitored. In addition, each user should sign out the card individually when it is to be used.

Management Response: Common practice for DPSC had been for procurement card holders to sign out and sign in procurement cards on behalf of procurement card users. Going forward, DPSC procurement card holders will require procurement card users to physically sign out and sign in procurement cards. The procurement card transaction logs will be fully completed for all transactions. Management anticipates completing these actions by December 1, 2022.

3. Purchase Order Created *After* Receipt of Invoice

Of the 25 purchase orders tested, we noted 2 purchase orders were created and approved *after* the corresponding order was placed with the vendor. The first one was a PO for \$81K to partially pay an invoice for phone services and had an invoice date of 3/19/21 but a shopping cart date of 8/6/21. The second PO was for training fee for \$1.5K and had an invoice date of 3/15/22 but a shopping cart date of 3/22/22.

Agencies are required to create and approve a purchase order in FOCUS prior to placing an order with a vendor. Failure to do so circumvents the approval process, may create contractual liabilities, promises payment to a vendor for funds that have not yet been encumbered for that purpose, and prevents an adequate separation of duties.

Recommendation: We recommend the department submit procurement requests through FOCUS and have it approved prior to placing an order with a vendor.

Management Response: DPSC staff normally requires that the procurement process is properly followed (i.e., purchase approval, budget verification, PO creation) before any orders are made. The \$81K purchase was a result of a dispute between the Department of Information Technology (DIT) and DPSC as to which agency was obligated to pay the invoice. DPSC still maintains that DIT should have paid the invoice on time, but DPSC eventually paid the invoice to avoid disruption to critical services. The cause of the \$1.5K purchase not following the proper process is unknown, but DPSC will continue to educate and communicate proper procurement procedures to staff. Management anticipates completing these actions by December 1, 2022.

4. Technical Review

Hardware programming services, and Adobe software, were purchased using procurement cards without going through the proper technical review from the Department of Information Technology (DIT). These items should have been purchased using either the FOCUS marketplace or a FOCUS purchase order. By using either of these purchasing methods, DIT could review the hardware and software being purchased and approve its use with county computers.

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, states that: "Unless formally exempted by the responsible technical review agency, no agency may purchase an item or service requiring technical review without first completing the review process. For this reason items and service requiring technical review may not be purchased using a procurement card."

If computer equipment is purchased without proper review by DIT, a couple of issues may arise. The equipment purchased may have significant security vulnerabilities or not be compatible with the current network or computing equipment. Additionally, DIT may not have the capability or availability to support or troubleshoot issues with the device. Finally, the device may be known for having significant technical issues and should not be used.

Recommendation: We recommend all computer applications, equipment, and services be purchased through the FOCUS Marketplace or FOCUS purchase order system to allow the proper technical review to take place.

Management Response: DPSC will make a stricter verification of technical review items part of its procurement process and documentation. DPSC's understanding of the technical review program is that procurement cards can be used for technical review items. As stated in PTB 12-1010, "For this reason, items and services requiring technical review may not be purchased using a procurement card or any other non-FOCUS purchasing process *without documentation of approval from the responsible technical review department.*" DPSC will maintain documentation from the responsible technical review department with all applicable purchases, but the agency will purchase applicable items through FOCUS whenever practical. Management anticipates completion of these steps by December 1, 2022.

5. Supporting Documentation for Purchases

In our review of 35 P-card transactions, we noted that 6 transactions did not have sufficient receipts, and no additional description was provided on a separate and accompanying documentation.

PTB 12-1009, *Use of the County Procurement Card*, requires that receipts provide all details pertinent to the transaction, including date of purchase, vendor name and location, item(s) purchased with corresponding description(s) and price(s), and total amount paid. Any alternate receipt must contain the same level of detail required for an original receipt. Without appropriate description of goods or services purchased, the propriety transactions cannot be properly validated.

Recommendation: DPSC should ensure that sufficient receipt documentation is maintained on file for all purchase transactions. If a procurement card purchase is not supported by a receipt or invoice, the program manager should confirm and document the legitimacy of the purchase with a signed memorandum that includes the reason the receipt/invoice was not maintained.

Management Response: DPSC will document with a memo from the program manager the legitimacy of any purchase where there is insufficient receipts or other supporting documentation. Management anticipates completing this action by December 1, 2022.

6. Receiving Documentation for Purchases

In our review of procurement card transactions, we noted 4 out of 35 sample transactions that were not properly supported by a signed and dated packing slip. Procurement Technical Bulletin (PTB) 12-1008 – *Online Procurement using FOCUS Marketplace*, 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. Similarly, PTB 12-1009 – *Use of County Procurement Card*, requires that all receipt documentation be filed with the appropriate bank record (monthly statement or weekly transaction detail report) and retained by the department.

Failure to adequately document the receipt of purchases prevents the assurance of an adequate separation of duties. It also increases the risk that erroneous or inappropriate charges to the procurement card could go undetected or not be corrected in a timely manner.

Recommendation: DPSC 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: DPSC will require receivers of all goods and services to document affirmatively with their name, date, and status of receipt of items. Alternative detailed supporting documentation will be maintained in the event the vendor does not supply packing slips, etc. Management anticipates completing these actions by December 1, 2022.

7. Agency Internal Control Procedures (ICP)

While DPSC had developed written internal control procedures for p-cards, the procedures were not approved by the Department of Procurement and Material Management (DPMM). 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.

Failure to obtain approval for updated departmental internal control procedures increases the risk that operating procurement card procedures might not be in compliance with County policy.

Recommendation: We recommend DPSC submit updated internal control procedures to DPMM for approval and maintain the approval documentation on file.

Management Response: Based on consultation with the Department of Procurement and Material Management (DPMM), DPSC will review its current procurement card internal control procedures (ICP) and submit a revised ICP following the DPMM's revision of PTB 12-1009, *Use of the County Procurement Card*, (estimated completion January 2023). Management anticipates completion of these activities by February 28, 2023.

8. Using Agency Director's Statement of Responsibility

DPSC did not have a signed Using Agency Director's Statement of Responsibility for p-card use on file.

PTB 12-1009 requires each department director to sign the Using Agency Director's Statement of Responsibility. If the director leaves the department, the procurement card Program Manager shall ensure that the new director complete a Director's Statement of Responsibility form and forward the original to the DPMM Administrator.

Failure to have a signed Using Agency Director's Statement of Responsibility on file decreases accountability and increases the risk of operating the procurement card program outside of County guidelines.

Recommendation: DPSC should complete the Using Agency Director's Statement of Responsibility and forward it to DPMM. DPSC should also retain a copy of the Using Agency Director's Statement of Responsibility on file.

Note: *IAO verified that DPSC has since completed a Using Agency Director's Statement of Responsibility and submitted it to DPMM. No follow up will be performed for this item.*

9. Voyager Credit Card

The Voyager Credit Card administrator did not perform a reconciliation of purchase receipts.

Procedural Memorandum 10-05, "*Control and Use of Fuel Cards*," states, "The User Agency's credit card coordinator must ensure that individual employees receiving credit cards sign an acknowledgement of receipt of the card as well as a statement of their responsibilities and instructions for credit card use as provided by DVS." It further states that "The User Agency's credit card coordinator has the responsibility to...reconcile purchase receipts against DVS charges."

Proper internal controls in use of the fuel cards reduces fraud risk and the possibility that the cards will be subject to improper use.

Recommendation: DPSC should reconcile purchase receipts on a regular basis.

Note: IAO verified that this item has been implemented and DPSC was able to provide evidence of reconciliation of receipts. No follow up will be performed for this item.

10. Business Purpose for Purchase

Of the 35 procurement card transactions reviewed, one transaction did not have a documented business purpose for the purchase. This instance had a higher risk for personal use and consisted of purchases of water.

Lack of a documented business purpose for transactions increases the risk that inappropriate charges to the procurement card will not be detected.

Recommendation: We recommend DPSC document and maintain the approval and business purpose for all items that are not evident to the division's functions so that the business purpose of transaction is clearly transparent.

Management Response: The transaction that did not have a documented business purpose was for drinking water for staff at DPSC's Alternate Public Safety Communication Center (APSCC) at Pine Ridge. The pipes are original construction dating to the 1960s and contain lead. Water in the taps must be run for more than three minutes in order to reduce the lead levels to Federal EPA safe drinking water limits. Documentation for similar recurring purchases will be pursued and maintained once obtained. Management anticipates completing these activities by January 1, 2023.

11. Non-Purchase Order Supporting Documentation

Of the 10 non-purchase order transactions tested, we noted 3 instances where there was not an original vendor receipt, invoice, mileage printout, or credit slip in file to support procurement card transactions, or the receipt provided did not provide sufficient information to identify and support the expense. In addition, there was no evidence of sufficient alternate receipt documentation. All instances were travel reimbursements. Per Procedural Memorandum (PM) 06-03, *Fairfax County Travel Policies and Procedures*, employees must "Obtain all required receipts, including credit card sales slips, and keep an accurate record for each expense to be claimed."

Without receipts or other adequate supporting documentation on file, the propriety of individual transactions cannot be determined.

Recommendation: DPSC should ensure that sufficient receipt and supporting documentation is maintained on file for all non-purchase order transactions.

Management Response: DPSC believes that its most significant improvement related to this finding will be with travel processing. DPSC will ensure that proper documentation for mileage reimbursement calculations is maintained. Supporting documentation for other travel-related transactions will be better communicated with travelers. Management anticipates completing these actions by December 1, 2022.

12. Travel

Our audit tested 10 non-purchase order payments for travel reimbursement. Deficiencies were noted in the timing of completion of Travel Authorization Forms for 8 of the sample transactions. While there was evidence that the trip was pre-approved and supervisors were aware of the travel, the Travel Authorization Forms were completed and approved *after* the travel return date. Additionally, for one of these instances, the traveler stayed in a hotel room that exceeded the US GSA allowable rate by 197% and did not have County CFO's prior approval to do so.

Procedural Memorandum (PM) 06-03, *Fairfax County Travel Policies and Procedures*, states: "A completed Travel Authorization Form is required for all non-local and overnight travel including trips where the procurement card is used for any or all expenses." Additional guidance provided in the Travel Tips and Reminders document on the Department of Finance (DOF) website states: "Before you purchase any tickets or pay for registration you **MUST** complete a Travel Authorization Form and have department approval. Items purchased without prior approval may not be reimbursed." PM 06-03 also states that "Travelers are required to receive advance authorization to exceed the federal lodging per diem limits. The department head may provide such authorizations for amounts up to 150 percent of the federal rate limit." Furthermore, the policy states that "All other exceptions require authorization by the county's Chief Financial Officer (CFO) or his or her designee."

Failure to complete a travel authorization form or obtain approval for lodging in excess of the GSA rate prior to incurring expenses for non-local or overnight travel increases the risk of inappropriate or unauthorized travel expenses and incurring expenses that may not be reimbursed.

Recommendation: The department should ensure a Travel Authorization Form is completed and approved *before* any non-local or overnight travel arrangements are made. If lodging in excess of the GSA rate is necessary, documentation of prior approval by the department head (for expenses up to 150% of the GSA rate) or by the county CFO (if the rate exceeds 150% of the GSA rate) must be kept on file with the supporting documentation for the transaction.

Management Response: DPSC will take steps to improve its travel processing procedures: develop an internal processing procedural document compliant with county travel policies (especially with respect to the Travel Authorization Form), prepare memo templates to address GSA rate overage requests, create a traveler information sheet, and ensure that proper documentation for mileage reimbursement calculations is maintained. Management anticipates completing these steps by February 28, 2023.

13. Credit Checks for Positions of Trust

One person on the department's Positions of Trust list did not have a credit check performed in a timely manner, and DPSC did not have a schedule for performing credit checks every four years after hire as required by policy.

PPAPP 56, *Credit Check Requirements for Positions of Trust*, states, "Employees who occupy positions of trust are subject to a credit check. 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." PPAPP 56 also states, "Credit checks will be conducted after a conditional offer of employment has been extended and accepted, and every four years thereafter while in that position of trust. The department director or designee should complete Attachment A to delineate the positions in the department designated as positions of trust subject to the credit check requirement and retain in the department files."

Obtaining credit checks for those in Positions of Trust decreases the risk of potential for abuse or fraud.

Recommendation: DPSC should ensure credit checks are performed for all staff on the Positions of Trust list upon hire and at least once every four years thereafter.

Note: *IAO verified that DPSC has since performed a credit check for the employee. No follow up will be performed for this item.*

14. Employee Offboarding Checklist

Our testing of Employee Offboarding Checklists for 22 employees revealed the following:

- a) 2 checklists were not completed.
- b) 6 checklists were not completed in a timely manner.
- c) 6 checklists were only partially completed.
- d) DPSC used a custom Employee Offboarding Checklist which did not contain all the elements from the template provided in PPAPP 33.

Per *Personnel/Payroll Administration Policies and Procedures (PPAPP) Memorandum No. 33, Procedures and Information for Employees Terminating from or transferring within Fairfax County*, "Departments are required to complete an employee offboarding interview with each employee leaving County service for any reason."

Failure to maintain adequate controls over the process for completing Employee Offboarding 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 at a later date. Failure to

include all required elements from the checklist template provided in PPAPP 33 increases the risk of not maintaining adequate controls over the offboarding process.

Recommendation: DPSC should properly complete and retain an Employee Offboarding Checklist for employees transferring from one department to another or leaving the County service. Additionally, DPSC should update its checklist to include all the elements from the template provided in PPAPP 33.

Management Response: Management has identified the following steps to correct the issues noted:

- a) Update the Employee Clearance Record Checklist to reflect the current PPAPP 33.
- b) Schedule exit interviews with outgoing employees at notice of resignation/retirement or separation. Supervisor and Manager to be included on the email for awareness.
- c) Read receipts on email to verify receipt of email.
- d) Create an exit form for employee to submit to HR prior to final exit interview, as such they will have each section (IT, Finance, HR, etc.) to be signed off on as a part of their exit process for turning in agency equipment, accesses and forms.
- e) If exiting employee does not respond to or report for scheduled exit, notate on employee clearance record with copy of the initial email requesting for an exit interview and if read receipt is received a copy of the return email stating email was read by exiting employee.

Management anticipates completing these actions by January 31, 2023.

15. Time Entry & Approval Separation of Duties

Our audit noted a control weakness in the DPSC's time entry and approval process. Over a twelve-month period, we noted 121 instances where time entries were initiated and approved by the same individual. None of these entries were for staff entering their own time. These instances involved 16 different approvers. In addition, in instances in which time was approved by someone other than the employee's supervisor, DPSC was unable to provide emails or other documentation to support the delegation of authority.

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

Recommendation: DPSC should implement adequate internal controls to prevent employees from initiating and approving time entries by the same individual. In addition, DPSC should implement internal controls requiring documentary evidence of the delegation of time approval authority.

Management Response: Management is developing new policies and procedures to correct the issues found in the audit:

- a) Have delegation rights in FOCUS updated for Squad supervisors to only have rights to their section (direct reports) in their squad.
- b) When supervisor enters and approves time, payroll contact will send notice to Supervisor, Manager, HR Manager and Assistant Director requesting explanation of time entry and approval to keep for audit documentation.
- c) Supervisor responds to email (reply all) with explanation for why they submitted the time entry and approved time they entered.
- d) Managers will follow up with supervisor on time entries and approvals when notified by the Payroll Contact or HR Section of entries that were entered and approved by same supervisor.
- e) Payroll Contact will keep running audit of each entry that violates time entry process. When more than 3 entries have occurred Payroll contact will notify HR Manager and Generalist II.
- f) When more than three (3) entries and approval in a calendar year are submitted by supervisor, they will be notified by HR Manager/Generalist that they are required to retrain on the FOCUS Manager Self Service (MSS) (ONL-C006-FOCUS152) in the Employee U application.

Management anticipates completing these steps by January 30, 2023.