



Fairfax County Internal Audit Office

**Department of Procurement and Material Management
Pandemic Emergency Procurement Audit
Final Report**

June 2023

"promoting efficient & effective local government"

Background

Internal Audit performed a review of County emergency procurement during the first two years of the COVID 19 Pandemic which included an analytic review for emergency spending to identify potential emergency purchases and higher risk transactions, and a review of internal controls over the emergency spending process.

The Department of Procurement and Material Management (DPMM) provides oversight for County emergency procurement through *Procurement Technical Bulletin (PTB) 12-1005, Emergency Procurement*. The policy provided guidance for emergency procurements due to a breakdown in machinery, a threatened termination of essential services, a dangerous condition, or any unforeseen circumstances. In addition, DPMM had their own internal Standard Operating Procedures (SOPs) for the Fairfax County Logistics Center's operations during the pandemic including *Fairfax County Logistics Center Operating Procedure- COVID-19 Receive/Stage/Store/Deliver* and the *Fairfax County Logistics Center Essential Support Function (ESF)-7, Operating Procedure – COVID-19 WebEOC, Identify, Record, Execute*.

The COVID-19 pandemic created a supply chain crisis and purchasing situations which had not been previously encountered and were not sufficiently covered in *PTB 12-1005, Emergency Procurement*. The Board of Supervisors consented to the declaration of a local emergency by the Director of Emergency Management on March 17, 2020, which officially ended on March 1, 2023. Soon after, DPMM provided contact information and regular guidance to the County's Senior Management Team (SMT) to assist agencies in making emergency purchases. DPMM streamlined emergency purchases by implementing an Emergency Procurement Request form and activating the Single Point Ordering (SPO) process. These processes were instrumental in expediting emergency purchases such as Personal Protective Equipment (PPE) by eliminating steps such as obtaining quotes, establishing a contract, and/or finding vendors.

Executive Summary

Overall, our testing which leveraged an analytical review of emergency purchases during the COVID-19 Pandemic found no fraudulent transactions, but there were emergency procurement processes that needed to be strengthened.

Throughout the pandemic, DPMM commendably communicated updated requirements with agencies via multiple emails on a timely basis. DPMM was under pressure to perform their duties under difficult circumstances and had to be prompt and flexible when dealing with emergency purchases to meet pandemic needs. Consequently, formal policies and procedures were not always updated as they changed in real time to meet current needs. This may have been a factor in instances of non-compliance with DPMM's current procurement guidance across various agencies.

Now that the COVID 19 pandemic emergency has mostly passed, we found the following opportunities to strengthen internal control effectiveness to be better prepared for the next emergency:

- DPMM will update *PTB 12-1005, Emergency Procurement*, the SharePoint site, and related Standard Operating Procedures (SOPs) to ensure policy, procedures, and forms are reflective of practice and lessons learned during the pandemic. DPMM will provide more specific guidance in areas such as roles and responsibilities, approvals, definitions, required forms, and key exemptions. Additionally, DPMM will implement a process to review and update governance documents as needed.
- DPMM will properly communicate DPMM's *PTB 12-1005, Emergency Procurement, PTB 12-1009, Use of the County Procurement Card, PTB 12-1012, Delegated Procurement Authority for Purchases Less than \$200,000* to supervisors and staff through formal training.
- DPMM will work with FBSG to determine if emergency purchases that bypass normal purchasing requirements can be identified in FOCUS so that emergency purchase reports can be run and reviewed for propriety. In addition, DPMM will consider other options to retain pre-authorization for emergency purchases.
- CSB will remind supervisors and staff of the requirement for an executed Purchase of Service Contract to set terms and conditions requiring the vendor to abide by HIPAA and *Fairfax County Purchasing Resolution Article 3. Contract Terms and Conditions* for all contracts.

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. Those standards require that we plan and perform the audit to obtain sufficient and 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. The objectives of the audit were to:

- Obtain an understanding of the Emergency Procurement process,
- Determine the population of emergency purchases for our audit period,
- Determine if emergency purchases were properly made for an essential service in the public interest that could not be procured through normal supply channels,
- Ensure proper controls were in place to maintain compliance to Emergency Procurement requirements,
- Determine if emergency procurements were appropriate, properly documented, and approved.

The audit population included procurement card transactions that occurred during the period March 15, 2020, through April 22, 2022. In addition, it included purchase order, and non-purchase order transactions that occurred during the period March 1, 2020, through June 30, 2021. Information was extracted from FOCUS and the PaymentNet system for sampling and to obtain source documentation.

Methodology

Our audit methodology included a review of DPMMs' *Procurement Technical Bulletin (PTB) 12-1005, Emergency Procurement*; DPMM's Standard Operating Procedures (SOPs); and the Resource Management and Logistics SOP. Our audit approach included examining and performing an analytic review of expenditures and records; interviews of appropriate employees; a review of internal processes; and participation in a demo of the system used in the SPO process (i.e., Fairfax County WebEOC software system).

The County lacked a formal definition of emergency purchases and a formal process for tracking emergency purchases across all the different purchasing methods. Consequently, there was no accurate and complete population of emergency purchases that IAO was able to use for this audit.

To obtain our emergency procurement population, IAO obtained an initial population based on parameters obtained from discussions with DPMM. Per our discussions, an emergency procurement was a purchase \geq \$10,000 that normally would require competition but, due to an emergency, a DPMM *Emergency Procurement Request* form was completed in lieu of having to satisfy DPMM's competitive requirements.

Then, IAO judgmentally selected emergency transactions \geq \$10,000 over each purchasing method with a focus on the higher amounts and those likely not involving a contract. More specifically:

- For P-Cards, IAO identified transactions from the p-cards that DPMM marked COVID Emergency. For all the other cards, we performed an analysis to identify and then sample transactions related to existing p-cards with a spending increase over time, new p-cards, and new vendors.
- For Purchase Orders and Non-Purchase Orders, we analyzed the data to identify potential emergency purchases while excluding those that DMB, Department of Emergency Management and Security (DEMS) and/or FEMA may have reviewed for reimbursement. Then, we performed a sample to have coverage over various order, cost center, and commitment item descriptions, and various agencies and vendors.

Findings, Recommendations, and Management Response

1. Outdated Emergency Procurement Policy and Informal *Emergency Procurement Request Form*

While DPMM's *Procurement Technical Bulletin (PTB) 12-1005, Emergency Procurement*, covered parts of the emergency procurement process, the policy lacked a sufficient definition for emergency procurement, key requirements, and exemptions. Additionally, it had outdated references and acronyms; and was inconsistent with current practices. Also, *PTB 12-1005* was not uploaded to DPMM's SharePoint site, *Emergency Operations*. In respect to the *Emergency Procurement Request Form*, the different versions of the form were missing effective dates and a field for the Purchasing Agent to date their approval.

a. Key emergency procurement process areas in the *PTB 12-1005* where guidance should be strengthened were as follows:

- **Definition of Emergency Procurement:** While there was a definition for emergency situations in the PTB, there was not a clear definition of emergency procurement. Per DPMM, emergency procurement involved purchases \geq \$10K that were allowed to by-pass DPMM’s competitive requirements, but this was not clarified in the PTB.
- **Emergency Form Requirements and Exemptions:** The *Emergency Procurement Request* form, *COVID-19 Personal Protective Equipment (PPE) Request* form, and *Request for Assistance (RFA)* were additional documents created during the pandemic that could replace *PTB 12-1005*’s required memo in certain circumstances. Additionally, in certain situations, an agency may be exempted from using the *Emergency Procurement Request Form* and did not necessarily have to complete the form prior to purchase. However, the PTB did not describe the forms (or include them as attachments) and did not provide guidance on when an agency must complete the forms; when an agency was exempt from using the *Emergency Procurement Request* form and the necessary approval and documentation for that exemption; how many days after a purchase an agency may complete the *Emergency Procurement Request Form* and the other documentation needed prior to the purchase (e.g., email, etc); and how agencies should retain the completed forms and exemption approvals.

b. *PTB 12-1005, Emergency Operations*, had a reference to an obsolete policy, referenced incorrect sections of the *Fairfax County Purchasing Resolution*, and included an incorrect acronym. The following table displays the outdated and expected references:

Out-of-Date References	Expected References
<i>Internal Procedural Memorandum (IPM) 12-205, Review and Approval Authority</i>	<i>PTB 12-1013 and PTB 12-1014</i> (which replaced the IPM in 2018)
<i>Fairfax County Purchasing Resolution, Article 2, section 2 Methods of Procurement, sub-section C. Cooperative</i>	<i>Fairfax County Purchasing Resolution, Article 2, section 2 Methods of Procurement, D. Emergency</i>
DPSM	DPMM

c. *PTB 12-1005* indicated that the department head must document the procurement in a memo (which per discussion with DPMM was replaced by the *Emergency Procurement Request* form); however, DPMM allowed the Department Head (requesting the purchase) to assign a Designee to sign the form as the *Emergency Procurement Request form*’s signature line indicated that the Department Head or a Designee may sign.

- d. We noted DPMM communicated the policy to the Senior Management Team and administrative assistants in two different emails on March 1, 2020, and included the policy on the DPMM SharePoint site under the Procurement Manual. However, the DPMM SharePoint site for Emergency Operations displayed the older policy, *Emergency Procurement*, IPM 12-201 dated March 3, 2010, rather than the latest policy governing emergency procurement, PTB 12-1005, *Emergency Procurement*, effective December 4, 2015.
- e. In respect to the two versions of the DPMM *Emergency Procurement Request form*, they were missing effective dates, 3/31/20 and 9/29/20. Also, while both versions included a *Signature/Date* line for the requesting Department Head or Designee, the *Signature* line for the Purchasing Agent excluded a date. IAO noted 10 instances in which the Purchasing Agent did not date the form.

Formal and effective policy defines key terms, properly references related policies, and provides guidance on current requirements and exemptions that are consistent with practice. In addition, the policy should be made available via all the relevant channels of communication. Also, purchasing approval forms should include effective dates and require approvers to date their approval.

Failure to communicate an up-to-date policy through all the relevant modes of communication increases the likelihood of errors/fraud; management's business objectives not being met; and inability to hold agencies accountable if the process is not executed as intended. Also, not having effective dates on the Purchasing Approval form may lead to the use of outdated forms, which may not include the necessary information. And not requiring approval dates on the Purchasing Approval forms decreases the accountability for providing supporting documentation in a timely manner.

The COVID-19 pandemic created emergency procurement situations that were outside the scope of *PTB 12-1005*. DPMM had to quickly pivot to address the County's purchasing needs and time was limited during COVID-19 to make formal updates to the policy. Additionally, when there are changes to the *Fairfax County Purchasing Resolution* or purchasing policies, DPMM does not have a formal process to review all County purchasing policies to identify inaccurate references or ensure updates are made to all DPMMs purchasing webpages.

Recommendation: DPMM management should update *PTB12-1005, Emergency Procurement*, to include a definition of emergency procurement; the proper agency roles (e.g., Director or Designee) that may request an emergency purchase; required forms (and similar to other DPMM policy, perhaps add the forms as an attachment); key requirements and exemptions; and proper references and acronyms.

Additionally, DPMM should update DPMM's SharePoint site, *Emergency Operations*, to include the latest PTB12-1005 and remove any outdated policies. A formal process should be created to update DPMM policies and webpage references whenever a new DPMM policy is created or there is a significant update to the *Fairfax County Purchasing Resolution*. For the DPMM *Emergency Procurement Request form*, DPMM management should add effective dates and, to the latest version, include a *Signature/Date* line for the Purchasing Agent.

Lastly, DPMM management should train/debrief supervisors and staff on the new guidance and notify the County agencies of the updated policy.

Management Response: DPMM Management is currently updating a number of policies, to include the Emergency Procurement policy. Policies are being reviewed for accuracy (reference documents), relevancy, and best practices. DPMM will update PTB12-1005; notify supervisors and staff of new or updated policies; email updated policy to SMT; update SharePoint site, Emergency Operations, with new policy and remove outdated policy. The anticipated completion date is August 2023.

Moving forward, DPMM will review referenced policies and webpage references as needed (e.g., identify a needed change from a new/modified law, regulation, audit finding, etc).

2. Informal DPMM Standard Operating Procedures (SOP)

Some DPMM Standard Operating Procedures (SOPs) lacked guidance, effective dates, and approvals.

The *Fairfax County Logistics Center Operating Procedure- COVID-19 Receive/Stage/Store/Deliver* and the *Fairfax County Logistics Center Essential Support Function (ESF)-7, Operating Procedure – COVID-19 WebEOC, Identify, Record, Execute* lacked detail describing how to perform certain activities such as verifying correct delivery location, logistic team members, and WebEOC accessibility; the roles and responsibilities (e.g., general supervisor/staff, or specific title) of who should perform which activities; and why typical control activities were omitted such as not asking agencies for signatures when delivering items. In addition, the SOPs were missing effective dates and a signature evidencing approval of the procedures.

Formal and effective Standard Operating Procedures (SOP) provide guidance for completing activities; and include effective dates and approvals. During the pandemic DPMM dealt with a lot of procurement challenges that took priority over documenting policy. However, now that some of those challenges have subsided, DPMM should update the policies to prepare the County.

Having incomplete formalized SOPs that provide sufficient guidance increases the likelihood of errors; inefficiencies; DPMM's management's business objectives not being met; and an inability to hold agencies accountable if the process is not executed as intended.

Recommendation: For the SOPs, DPMM management should update the *LC Receive/Stage/Store/Deliver SOP* and *ESF-7 SOP* to provide guidance on how to complete the SOP activities and who should complete those activities. If DPMM waived standard control activities in the SOP (e.g., not asking agencies for signatures when delivering items), the SOP should include a business justification along with detailed information on when one may circumvent the control. In addition, DPMM should consider leveraging County IT to determine if a remote work solution could be

utilized for obtaining signatures to confirm receipt of deliveries. Lastly, management should document an effective date and approval of the SOPs, and train/debrief supervisors and staff on the new guidance.

Management Response: In accordance with guidance from the Department of Emergency Management (DEMS), the purpose of an ESF-7 is to provide high level guidance that describes the responsible parties and their roles when the ESF-7 is activated. Details that speak to how identified tasks are performed or systems used to perform those tasks were specifically excluded in DPMM's recent review of the document, which was facilitated by DEMS. DPMM will review and update the Receive/Stage/Store/Deliver SOP to ensure that the document is reflective of best practices and identify steps to document approved exceptions to the policy. DPMM will review and update the Receive/Stage/Store/Deliver SOP and notify supervisors and staff. The anticipated completion date is August 2023.

3. Informal Resource Management and Logistics Standard Operating Procedure (SOP)

The *Resource Management and Logistics Standard Operating Procedure (SOP)*, which describes how the county conducts resource management and logistics operations in Fairfax County when the Emergency Operations Center (EOC) is activated under Single Point Ordering (SPO) was not formalized. The SOP included certain activities that the Internal Audit Office (IAO) identified as not occurring as expected; and did not provide guidance on when requestors may circumvent the SPO process. More specifically:

- a. There were, at least, two activities specified in the SOP that IAO identified as not occurring as expected. Those two activities were the following:
 - i. The SOP indicated that the DPMM Warehouse Manager updated the *Online Baseline Tracking Form*, but per discussion with DPMM Management, DPMM did not update this form.
 - ii. The SOP indicated the EOC Command approved requests >\$10K (which an agency submitted by completing a *Request for Assistance (RFA)* in the WebEOC), but, per discussion with EOC staff, an amount would have to be significantly over \$10K to receive approval. And that amount of "significance" was not defined. Note: The EOC Command approval is separate from DPMM's approval to purchase an item. The EOC Command approval allowed a RFA to pass-through the WebEOC. Then, the total RFAs across all agencies were leveraged by DPMM to purchase the item.
- b. During IAO transaction testing, we noted three instances in which the SPO was in effect and the item was on the SPO list, but the agency/department did not use the SPO process. Per discussion with DPMM, these agencies were allowed to circumvent the SPO process for these items. However, IAO noted there was no guidance documented for when an agency may circumvent the SPO process, what approval is necessary for exemption, and how agencies should retain that approval.

Standard Operating Procedures (SOP) should reflect the operational activities that are in practice. Also, the SOP should be communicated with and approved by all the parties involved.

Not having formalized SOPs involving multiple departments that describe operational activities increases the likelihood of misunderstandings of the process; errors; inefficiencies; management's business objectives not being met; and an inability to hold agencies accountable if the process is not executed as intended.

The pandemic limited management's availability to formalize changes to the SOPs and created novel situations that management had not dealt with in the past.

Recommendation: DPMM and DEMS management should formalize the *Resource Management and Logistics Standard Operating Procedure* by modifying activities not reflective of practice; including key exemptions; and both departments should formally sign and date their approval on the final SOP. In addition, management should train/debrief supervisors and staff on the new guidance.

Management Response: DEMS Logistics Section Staff will work with DPMM to update the Fairfax County Resource Management and Logistics Section SOP. The current document is focused on Single Point Ordering (SPO). The SPO process will be moved to an annex and we will outline standard procedures for how the logistic section will operate in any event, not just COVID. The anticipated completed date is December 15, 2023. DPMM will cooperate with DEMS to update the SOP document to be more reflective of operational flexibility required during long term emergencies and identify exception policies and document requirements for exceptions. DPMM /DEMS will work with DEMS to update the Fairfax County Resource Management and Logistics Section SOP. The current document is focused on Single Point Ordering (SPO). The SPO process will be moved to an annex, and we will outline standard procedures for how the logistics section will operate in any event, not just COVID. Then, supervisors and staff will be notified. The anticipated completion date is December 2023.

4. Insufficient Supporting Documentation for Purchases

While performing our data analytics to identify potential emergency purchases, IAO found purchases without an *Emergency Procurement Request* form that did not meet the County's competitive bidding requirements.

The following Exhibit A displays the agencies/departments that had instances of not having sufficient supporting documentation for purchases.

EXHIBIT A: County Agency/Departments not properly supporting purchases.

Agency/ Department	Missing Evidence of Competitive Requirements
Department of Procurement and Material Management (DPMM)	2
Animal Shelter (DAS)	1
Department of Vehicle Services (DVS)	1
Fairfax-Falls Church Community Services Board (CSB)	3
Department of Public Works and Environmental Services (DPWES) - Solid Waste Management	1

Source: Internal Audit Office's analysis of P-Card, Purchase Order, and Non-Purchase Order transactions.

Purchases without adequate evidence that they were authorized as an emergency purchase must comply with standard County purchasing requirements which include documented competitive bidding.

Not obtaining the County required documentation to satisfy purchasing requirements results in non-compliance with the County Purchasing Policy; and increases the likelihood of obtaining unfair and unreasonable prices and of reflecting an appearance of vendor favoritism as proper bidding is not sought.

Note: For each agency mentioned in Exhibit A, IAO sent an email to the agency communicating the relevant part of the finding. In addition, IAO made a recommendation on how to manage similar transactions in the future. As the recommendation below addresses the overall finding and communicated with each agency individually, specific recommendations for each agency were not mentioned below.

Recommendation: Management should reinforce DPMM's county-wide purchasing policies (PTB 12-1005 and PTB 12-1012) and DPMM's requirement for when to complete an *Emergency Procurement Request* form (shared in an email with the Senior Management) with supervisors and staff.

In addition, if DPMM waives the requirements, CSB should document any available evidence to support the exemption such as a DPMM email waiving the requirement or a CSB email to DPMM confirming the exemption.

Management Response (DPMM): The unique challenges of sourcing specific items during the pandemic emergency, the need to act immediately to make a purchase or lose product availability, the onslaught of competing demands for health and safety products and reduced staff availability are contributing factors to insufficient documentation being maintained for a small percentage of the emergency purchases made during the response to the COVID-19 emergency. There is no policy

requirement that an emergency request form be filled out. A form was created amidst the emergency to simplify the justification process for customer agencies and is no longer in use. DPMM will reinforce PTB compliance within team and 'all hands' meetings. The anticipated completion date is August 2023.

Management Response (CSB): At the onset of Covid-19, CSB was initially instructed by DPMM there was no need for the completion of an Emergency Procurement Request Form. Evidence of this communication could not be substantiated by current CSB Staff. The primary reason we could not provide concrete proof of this communication was that several individuals who initially worked on this acquisition, including the CSB procurement manager and DPMM's director, were retired from Fairfax County when the audit was conducted. If future instances arise, the Fairfax-Falls Church CSB Financial Management Procurement Staff and Programs Staff will be insistent upon the use of an Emergency Procurement Form. If advised by DPMM the circumstances do not warrant the completion of the form then CSB staff will document the communication, store it in a central file in the shared drive, and inform all pertinent staff of that location. Therefore, providing our best effort to eliminate any lost evidence due to job transitions or retirements as well as ensuring compliance with the county-wide purchasing policies. The anticipated completion date is April 5, 2023.

Management Response (Department of Animal Shelter): Re-training of administrative team staff on purchasing procedures, including the competitive requirements for different purchase values, and documentation required. In addition, the department will hire for vacant Administrative Services Coordinator to oversee purchasing and ensure compliance.

Note: IAO verified that the department implemented the recommendations. No follow-up is needed for this item.

Management Response (Department of Vehicle Services): The Department of Vehicle Services (DVS) reinforced DPMM's county-wide purchasing policies in an email to all supervisors with purchasing authority. In addition, DVS discussed DPMM's requirement to complete an Emergency Procurement Request form at a staff meeting. DVS understands the importance of complying with County Purchasing Policy and will ensure every effort is made to do so.

Note: IAO verified that the recommendations have been implemented. No follow-up is needed for this item.

Management Response (DPWES- Solid Waste Management Program): SWMP Management is communicating and reinforcing DPMM's county-wide purchasing policies (PTB 12-1005 and PTB 12-1012) and DPMM's requirement for when to complete an Emergency Procurement Request form with the affected supervisors and staff continuously via leadership meeting and email. In addition, SWMP Management has provided trainings to both Accounting and program staff to ensure all team members including new hired team members are well educated about the policies and know how to incorporate them into SWMP internal policies and apply them properly.

Finally, SWMP Management addresses any changes in the policies to the team members and provides additional training on the latest changes once receiving the revised versions from DPMM. The anticipated completion date is September 2023.

5. Emergency Procurement Request Form Incomplete or Not Completed Timely

DPMM *Emergency Procurement Request* (EPR) forms were not completed in a timely manner. IAO noted two types of instances across p-cards, purchase-orders, and non-purchase orders:

- a) Agency purchased an item prior to obtaining a completed *Emergency Procurement Request* form
- b) *Emergency Procurement Request* form was either not signed and/or dated by the purchasing agency and/or DPMM.

The following Exhibit displays the agencies/departments that had instances by each type of instance.

EXHIBIT B: County Agencies/Departments not properly supporting emergency purchases.

Agency/ Department	Untimely Completion of the EPR Form	Incomplete EPR Form
Department Housing and Community Development (DHCD)/Office to Prevent and End Homelessness (OPEH)	1	1 ^(a)
Facilities Management Department (FMD)	2	0
Department of Procurement and Material Management (DPMM)	1	11 ^(a)

^(a) For 1 DHCD/OPEH transaction, DHCD/OPEH did not date the form. For 11 transactions across various agencies including DPMM, DPMM did not sign 1 form and did not date 10.

Source: Internal Audit Office's analysis of P-Card, Purchase Order, and Non-Purchase Order transactions.

Per DPMM *Procurement Technical Bulletin (PTB) 12-1005, Emergency Procurement*, "A department may procure materials, equipment, or supplies above its delegated authority, but must fully document the procurement in a memo from the department head." In addition, as DPMM shared via email with the Senior Management Team and administrative assistants, agencies were required to use the *Emergency Procurement Request* forms to expedite emergency purchases. Also, per DPMM *Procurement Technical Bulletin (PTB) 12-1012, Delegated Procurement Authority for Purchases Less than \$200,000* the PTB indicates, "For emergency purchases valued at \$10,000 and more, departments must follow procedures outlined in PTB 12-1005. A written record of the basis for the emergency and the selection of a particular contractor shall be documented and included with the purchase order."

Not obtaining the County required documentation to satisfy emergency purchasing requirements results increases the risk of fraud; and increases the likelihood of obtaining unfair and unreasonable prices and of reflecting an appearance of vendor favoritism as proper bidding is not sought.

Note: For each agency mentioned in Exhibit B, IAO sent an email to the agency communicating the relevant part of the finding. In addition, IAO made a recommendation on how to manage similar transactions in the future. As the recommendation addresses the overall finding and was communicated with each agency individually, specific recommendations for each agency were not mentioned below.

Recommendation: Management should reinforce DPMM's county-wide policy PTB12-1005, *Emergency Procurement*, and DPMM's additional emergency purchase guidance provided via email to the Senior Management Team. In addition, for situations in which DPMM approves the *Emergency Procurement Request* form after the transaction date, we recommend, prior to the purchase, management to document DPMM's assurance that they will sign the form.

In addition, if the Purchasing Agent waives the requirement or provides assurance that they will eventually sign the *Emergency Procurement Request* form, the requesting agency should document any available evidence to support the exemption or assurance prior to the purchase, such as a DPMM email or the requesting agencies' email to DPMM confirming the exemption or DPMM's assurance.

For emergency purchases using a PO, DPMM should work with the FOCUS Business Support Group (FBSG) to create the proper workflow in FOCUS for approving emergency purchases, identifying emergency purchase transactions, and creating emergency purchase transaction reports, which one may generate to properly monitor the activity.

For emergency purchases via p-card and Non-PO, DPMM should consider requiring agencies use DocuSign or another automated workflow to complete the *Emergency Procurement Request* form and retain a copy of the completed form. DPMM should work with FBSG to determine if there is a way to identify these purchases in FOCUS so one may monitor emergency purchase activity through FOCUS reports/inquiries.

Management Response (DPMM): DPMM prioritized the procurement of the needed commodities for first responders and essential workers during the pandemic emergency. DPMM understands the need to document process and decision timely, and documented as soon as administratively practicable, sometimes after the fact. A unique workflow should not be necessary for emergency purchases, as the appropriate documentation should be validated by the staff approving purchase orders in standard workflow. DPMM will consult with FBSG to discuss the possibility of creating an emergency purchase transaction form or other methods to identify emergency purchases. DPMM will email an updated policy to the SMT. The anticipated completion date is August 2023.

For POs, DPMM will discuss with FBSG if there is an efficient way to identify emergency purchases in FOCUS for monitoring those purchases through FOCUS reports/queries. The anticipated completion date is June 2023.

For P-card and Non-PO, DPMM will consider the options (DocuSign etc) to document and retain pre-authorization for an emergency purchase. The anticipated completion date is June 2023.

DPMM will review the Emergency PTB. The anticipated completion date is August 2023.

Management Response (OPEH): OPEH division concurs with the recommendation and has advised employees to submit and date requests prior to purchasing on June 30, 2022.

Note: IAO reviewed OPEH's support and verified that the department implemented the recommendations. No follow-up is needed for this item.

Management Response (FMD): FMD will communicate DPMM's requirements to all purchasing staff and require an EPR Form as required with emergency related requests. FMD will document evidence to support any exemption.

Note: IAO reviewed FMD's support and verified that the department implemented the recommendations. No follow-up is needed for this item.

6. Missing Supporting Documentation (No Itemized Receipt and Executed Contract)

Of the six procurement card (p-card) and five Non-Purchase Order (Non-PO) transactions tested, we noted one p-card purchase where the vendor receipt did not contain an appropriate description of the goods, and one Non-PO where there was no signed Purchase of Services contract.

The p-card purchase of \$18,609 was for renting tents to screen CSB clients during the COVID-19 pandemic. CSB provided an online payment receipt indicating "*CE Rental – Special event rentals for weddings, social and corporate events*", but the receipt did not indicate tents were rented.

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.

The Non-PO of \$36,480 was used to room and board an individual, but there was no executed Purchase of Services Contract. CSB provided an unsigned Purchase of Service Contract pertaining to a period prior to the transaction.

Per discussion with DPMM, the *Fairfax County Purchasing Resolution, Article 2. Procurement Policies, Section 3. Exceptions to the Requirement for Competitive Procurement, E. Public Assistance Programs* exclude procurement of goods or personal services used by a recipient of County administered public assistance or

social services programs from competition. However, mandatory terms and conditions as defined in *Article 3. Contract Terms and Conditions* are required for all contracts. In addition, per DPMM, an executed Purchase of Service Contract is needed to set terms and conditions requiring the vendor to abide by HIPAA.

Without an appropriate description of goods or services purchased, the propriety of the transactions cannot be properly validated. In addition, not obtaining required contracts increases the risk for legal disputes and decreases accountability for terms and conditions of the arrangement and potentially getting the best value.

Recommendation: CSB should remind staff of their requirement to maintain on file the complete documentation for each procurement card transaction including an explanation of the business purpose of the transaction if not clearly provided by the vendor receipt. In addition, CSB management should develop controls to reinforce the County's requirement to obtain a Purchase of Service contract for procurement of goods or personal services for direct use by a recipient of County administered public assistance or social services program. Then, CSB management should debrief/train supervisors and staff on that practice.

Management Response (CSB): At the onset of Covid-19, and amongst the ever-evolving guidance related to the unprecedented health crisis, the CSB rented tents from a vendor to provide screenings of individuals outside of the buildings where services are provided. The intent of utilizing tents was to minimize the risk of exposure to the virus and to maintain adequate social distancing practices in an environment that could be more efficiently controlled. The vendor, on the invoices submitted, didn't indicate that the items were tents. The nondescript invoices caused uncertainty as to what was truly rented. If future instances arise the CSB Financial Management & Procurement Staff and Programs Staff will ensure that any vendor's invoice accurately reflects the items procured to avoid confusion regarding what was purchased. Additionally, an explanation of business purpose will be included as part of the transaction documentation if not provided by the vendor receipt.

The \$36,480 charge was an inpatient hospitalization (LIPOS) of a client utilizing State Funds earmarked for this specific use. In certain circumstances Emergency Services staff may not be able to access a bed at a local hospital that has a LIPOS contract with our region (Region 2) or Emergency services staff may be notified that a client will be placed in an out of region hospital following a TDO and commitment facilitated by an out of region CSB for whom LIPOS funds will be requested. The Regional Projects Office (Region 2) has been working under the presumption that an out-of-area LIPOS admission form, accepted by the receiving hospital, serves as an agreement for service and payment. The CSB Financial Management & Procurement Staff and Programs Staff will corroborate the use of this form with DPMM and verify that it negates the need for an MPOS to be on file, in specific instances like this. Moving forward, we will make sure to follow DPMM's guidance if the use of an out-of-area LIPOS admission form is deemed insufficient. Additionally, CSB management will train supervisors and staff on the practice of obtaining a Purchase of Service contract to procure goods or services. The anticipated completion date is April 5, 2023.

The Policy, Planning & Administration (PP&A) Fiscal Management Services team will be the responsible personnel. The anticipated completion date is Spring 2023.