



# Fairfax County Internal Audit Office

**Department of Transportation  
Business Process Audit  
Final Report**

**February 2023**

***"promoting efficient & effective local government"***

## Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Department of Transportation (DOT). 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 compliance and controls will be strengthened as a result of this audit:

- FOCUS monthly reconciliations were not completed in a timely manner for the months reviewed. DOT will review roles and responsibilities related to monthly reconciliations and train additional personnel in reconciliation tasks.
- DOT's most recent version of their Departmental Reconciliation Plan (DRP) was not approved by the Department of Finance (DOF). DOT submitted a draft reconciliation plan to DOF for review in December 2022.
- For 2 out of 15 FOCUS Marketplace transactions reviewed, the weekly PaymentNet reports were not reviewed in a timely manner. DOT will review the weekly PaymentNet report when available in PaymentNet and will reconcile Marketplace orders within 5 business days.

## 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 DOT'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 February 28, 2021, through March 31, 2022. For that period, the department's purchases were \$94,934 for procurement cards, \$10,782 for FOCUS marketplace, \$98,813,859 for purchase orders, and \$145,819,143 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. FOCUS Reconciliations

The monthly FOCUS reconciliations for the selected period reviewed were not completed in a timely manner. For instance, the December 2021 reconciliation was completed in April of 2022.

Accounting Technical Bulletin (ATB) 020, *Reconciliation of Financial Transactions*, requires all departments and agencies to perform monthly reconciliations on a timely basis (no later than the last day of the following month) at the transaction level. These reconciliations are to be carried out in accordance with the department's reconciliation plan that has been approved by the Department of Finance (DOF).

Failure to perform and document a monthly reconciliation of all expenditure documentation to data in FOCUS increases the risk that erroneous or inappropriate charges going undetected. Additionally, the reconciliation provides a means of ensuring that all charges and credits are cleared to the proper expenditure account at least monthly.

**Recommendation:** We recommend that DOT complete their monthly FOCUS reconciliations no later than the last day of the following month.

**Management Response:** DOT is reviewing roles and responsibilities related to monthly reconciliations, implementing additional checks and balances to ensure external data sources for transaction-level tracking are accurate and complete, and training additional personnel in reconciliation tasks. DOT expects to implement these changes by March 31, 2023.

### 2. Departmental Reconciliation Plan

DOT's most recent version of their Departmental Reconciliation Plan (DRP) was not approved by the Department of Finance (DOF). An FY2018 version of the plan was drafted but not submitted to DOF. An FY2015 version of the plan was approved by DOF but contained the names of several key employees who were no longer with the department as of the date of this audit.

ATB 020 requires that agencies: "Develop a reconciliation plan and department desk procedures outlining steps specific to your department's reconciliation process that are not stated in this ATB and submit them to DOF for approval."

Failure to obtain approval of reconciliation procedures increases the risk of performing reconciliations inaccurately or incompletely, leading to an increased risk that erroneous or inappropriate charges go undetected. It also increases the risk that reconciliation procedures are not in compliance with county policy.

**Recommendation:** DOT should make the appropriate revisions to their FY2018 DRP and submit it to DOF for approval.

**Management Response:** DOT submitted a draft reconciliation plan to the Department of Finance for review on December 16, 2022. DOT expects that the plan will be in place by July 31, 2023, or one month after DOF provides comments.

### 3. Weekly Transaction Reviews – Marketplace

For 2 out of 15 FOCUS Marketplace transactions reviewed, the weekly PaymentNet reports were not reconciled within 5 business days. These two reports were reconciled between 3 and 4 weeks late.

PTB 12-1009 requires that all agencies review weekly transaction reports for unusual or unauthorized transactions. The reviewer should then sign and date the transaction report to document that the review was performed in a timely manner.

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

**Recommendation:** We recommend that DOT perform weekly reviews of marketplace transaction reports which contain all items posted to the bank for the prior week. Once the review is performed, the reviewer should sign and date the weekly transaction report to properly document the completion of a timely review.

**Management Response:** DOT will review the weekly PaymentNet report when available in PaymentNet and will reconcile Marketplace orders within 5 business days. It should be noted that reconciling items may require more than 5 business days to resolve. DOT expects to complete this item by March 6, 2023.