



# Fairfax County Internal Audit Office

Department of Management and Budget  
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 Management & Budget. The audit included review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, open-ended purchase order payments, monthly reconciliations, 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 purchasing functions, and transactions had adequate evidence of compliance with county policy. Reconciliations were independently performed and were completed in a timely manner.

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

- PaymentNet reports were reviewed late for 7 of 20 procurement card transactions and 3 of 10 marketplace transactions tested. DMB has identified a backup person to perform reconciliations in the event of absence of the primary individual responsible.
- We noted 2 instances in which a delegate approver approved compensatory time earned without maintaining documented evidence of supervisor approval on file. DMB has reviewed the delegate approval policy with management to ensure they properly document the supervisors' approval when performing delegate time approvals of overtime/compensatory time.

## Scope and Objectives

This audit was performed as part of our fiscal year 2023 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 Management and Budget'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 September 2021 through August 2022. For that period, the department's purchases were \$17,731 for procurement cards, \$2,177 for FOCUS marketplace, \$560,288 for purchase orders, and \$908,071 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 FOCUS Transaction Report Review

Of the 20 procurement card transactions tested, 7 PaymentNet reports were reviewed late (signed and dated up to 5 weeks late). In addition, of the 10 Marketplace PaymentNet reports tested, 3 reports were reviewed late.

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, requires that all agencies review weekly transaction reports for unusual or unauthorized transactions.

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

**Recommendation:** We recommend DMB perform and document weekly reviews of Marketplace and procurement card transaction reports which contain all items posted to the bank for the prior week.

**Management Response:** The timely review of the weekly marketplace and procurement card transaction reports has been addressed with management and employees involved with completing this action. The employee responsible for completing the review was out for a period of time during the scope of this audit. DMB has resolved this issue and is continuing to ensure the weekly report is reviewed/reconciled in a timely manner. A backup person will be identified to ensure there is coverage if the primary responsible personnel is unavailable. Management anticipates completing these actions by January 31, 2023.

## 2. Approval of Compensatory Time/Overtime Earned

In our review of approvals of compensatory time/overtime earned, for a sample of 10 entries, we noted two instances across two approvers in which a delegate approved time in FOCUS and there was no documented evidence of supervisor approval.

PPAPP Memorandum No. 8, *Time and Attendance System and Controls*, states: "Managers are responsible for approving in advance (verbally or in writing) all employee requests to work overtime (hours above the regular schedule), and for documenting that approval in a manner that can be audited by internal and external auditors. Approval of the employee's timesheet via MSS is adequate documentation that advanced approval for overtime was granted." In addition, Memorandum No. 8 states: "When advance approval of overtime is not possible, supervisory approval should be obtained and documented, to the extent possible, within one business day of the employee's overtime."

Failure to document the supervisor's time approval increases the risk of inaccurate time being approved and waste or loss of County funds. Failure to document the supervisor's time approval increases the risk of inaccurate time being approved and waste or loss of County funds.

**Recommendation:** We recommend DMB maintain documentation evidencing supervising approval in situations where a delegate approves compensatory time earned in FOCUS.

**Management Response:** DMB has reviewed the delegate approval policy with management to ensure they properly document the supervisors' approval when performing delegate time approvals of overtime/compensatory time.

**Note:** *Management has stated that they have completed these actions as of this audit report. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*