



# Fairfax County Internal Audit Office

Office of Human Rights and Equity Programs  
Business Process Audit  
Final Report

April 2023

*"promoting efficient & effective local government"*

## Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Office of Human Rights and Equity Programs. 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 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.

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

- Of the 3 Employee Offboarding Checklists tested, 2 were partially completed and 1 was completed late. Additionally, the responsibility for completing the Employee Offboarding Checklists did not appear in the job description of staff assigned to this task. OHREP will appoint a POC and include this responsibility in their position description. OHREP will also review and remind senior managers of their responsibilities when completing the checklist.
- Of the 30 P-Card and Marketplace purchases tested, 4 did not have a signed and dated invoice/packing slip or other evidence indicating who confirmed the receipt of goods/services and when it was confirmed. OHREP Receiving staff will be instructed that if no packing slip is provided, to make a note on the invoice receipt, sign, and date going forward.
- The P-card transaction log did not reflect the timeframe that the card was in the possession of the card user, as the users were signing across both the sign-out and sign-in section at the same time to indicate usage. OHREP staff have been instructed to sign both lines going forward.

## 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 Office of Human Rights and Equity Programs' 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 December 2021 through November 2022. For that period, the department's purchases were \$60,863 for procurement cards, \$2,955 for FOCUS marketplace, \$33,873 for purchase orders, \$33,873 for open-ended purchase orders, and \$4,049 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. Employee Offboarding Checklist

Of the 3 employees tested, 2 checklists were only partially completed - the checklists were either missing the OHREP staff's signature or the appropriate boxes were not checked. In addition, 1 checklist was completed late. As such, a complete, signed copy of the checklist was not provided to the employee upon departure from the County. Finally, responsibilities for completing Employee Offboarding checklists were not included in the job/position description(s) for staff assigned to this function.

Per Personnel/Payroll Administration Policies and Procedures (PPAPP) No. 33, *Procedures and Information for Employees Terminating from or transferring within Fairfax County*, "Departments are required to complete an Employee Clearance Record Checklist with each employee transferring from one department to another or leaving County service for any reason." Additionally, responsibility for completion of offboarding interviews and checklists must be included in the position description(s) of the POC responsible for the completion of the offboarding interview and checklist.

Failure to maintain adequate controls over the process for completing Employee Clearance 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.

**Recommendation:** OHREP should complete and retain an Employee Offboarding Checklist for employees transferring from one department to another or leaving the County service. Additionally, the responsibility for completing the checklist should be included in the job description of the POC assigned to this function.

**Management Response:** Per the 2018 BP Audit, OHREP was to update the position description to include the responsibility of completing the checklist (verbal finding by IAO). This was prior to the current MAIL. As a result of the current audit, it was determined that this task was not performed. OHREP will appoint a POC and include this responsibility in their position description. OHREP will also review and remind senior managers of their responsibilities when completing the checklist. Management anticipates completing these actions by September 30, 2023.

## 2. Receipt Documentation

In our review of procurement card and FOCUS Marketplace transactions, we noted 4 out of 30 purchases that 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.

Procurement Technical Bulletin (PTB) 12-1008, *On-Line Procurement Using the 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. Also, Procurement Technical Bulletin (PTB) 12-1009, *Use of the 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 and increases the risk of paying for items that were not received.

**Recommendation:** OHREP 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:** Amazon and Dell do not always provide packing slips. Receiving staff will be instructed that if no packing slip is provided, to make a note on the invoice receipt, sign, and date going forward.

**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.*

### 3. P-Card Transaction Log

The p-card transaction log did not reflect the timeframe that the card was in the possession of the card user, as the users were signing across both the sign-out and sign-in at the same time to indicate usage.

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, indicates that “A system that tracks possession of the p-cards and records p-card purchases as they occur must be in place.” If possession of the p-card is not accurately tracked, the risk of fraudulent transactions is increased through decreased accountability for the card user. Since the bank does not offer as much fraud protection for departmental cards as named cards it is imperative to accurately and completely track the possession and usage of the p-cards.

**Recommendation:** We recommend P-card users sign each slot individually upon signing out and returning the p-card.

**Management Response:** Due to the pandemic, the p-card was not being removed from the office and there was an increase in online purchases. As an internal policy, users were signing across both lines because the card was not being removed from the office and was only signed out to complete purchases at their desk. Both lines were only used when the card was physically removed from the office. Staff have been instructed to sign both lines going forward.

**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.*