



Fairfax County Internal Audit Office

Office of the Commonwealth's Attorney
Business Process Audit
Final Report

May 2023

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Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Office of the Commonwealth's Attorney. 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:

- The Office of Commonwealth's Attorney did not maintain a log for procurement card transactions. As such, for 16 of 30 department p-card transactions tested, details of the transactions were not logged on to a p-card log. The remaining 14 transactions tested were made using a named card. Commonwealth's Attorney staff will reflect all p-card activity in a transaction log.
- For 21 of 30 p-card transactions and 6 of 10 FOCUS Marketplace transactions tested, the weekly PaymentNet reports were either not printed timely for review or were not signed or dated by the reviewer. Therefore, we were unable to determine if a review was performed or when it was performed or by whom it was performed. Commonwealth's Attorney staff will review, sign, and date p-card and marketplace transaction report each week.
- There were deficiencies related to receiving documentation for 5 out of 10 FOCUS Marketplace transactions. The Commonwealth's Attorney staff will ensure receipts of all ordered goods and services are adequately documented in a timely manner.
- In 4 instances, an employee offboarding checklist was not completed or retained after the employee's departure from the department and in one instance, an offboarding checklist was not filled out completely. Additionally, responsibilities for completing the checklists were not included in the job descriptions for staff assigned to this function. Finally, the agency was still using the old "Employee Clearance Record Checklist" form instead of the "Employee Offboarding Checklist" revised in May 2021. The Office of the Commonwealth's Attorney will complete and retain Employee Offboarding Checklists for all staff leaving the office.
- Travel authorization forms for 6 transactions were completed and approved *after* the travel return date. The Office of Commonwealth's Attorney will ensure that travel authorization forms are pre-approved by supervisors prior to the date of travel.

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 the Commonwealth's Attorney'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 December 1, 2021, through November 30, 2022. For that period, the department's purchases were \$243,018 for procurement cards, \$24,906 for FOCUS marketplace, \$702,996 for purchase orders, and \$388,335 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. P-Card Transaction Logs

The Office of Commonwealth's Attorney did not maintain a log for procurement card transactions. As such, for 16 of 30 department p-card transactions tested, details of the transaction were not logged on to a p-card log. The remaining 14 transactions tested were made using a named card which was used only by the named individual.

Procurement Technical Bulletin (PTB) 12-1009 states "the department shall maintain a log that records purchases as they occur and tracks who is in possession of p-cards. Departments may use a manual or electronic log to record both debit and credit transactions. Entries must be contemporaneous so that they provide up-to-date information on funds expended and should identify the p-card user. Department

staff may use the example in this PTB, Attachment D, as a guide when developing a p-card transaction log. Departments should ensure that it contains all the elements as shown in Attachment D.”

If possession of the p-card is not accurately tracked, the risk of not identifying fraudulent transactions in a timely manner is increased. Additionally, accountability is reduced in the event a card is lost or inappropriate charges are placed on the card. Since the bank does not offer as much fraud protection for departmental cards as named cards it is imperative to maintain adequate accountability of the possession and usage of the p-cards.

Recommendation: We recommend that the Office of the Commonwealth’s Attorney accurately reflect all procurement card activity in a transaction log, to ensure that card use is properly monitored.

Management Response: All procurement card activity will be accurately reflected in the transaction log. The transaction log will also be reviewed monthly by senior management. The Office of the Commonwealth’s Attorney expects to have transaction logs implemented by June 1, 2023.

2. Weekly Transaction Reviews

For 21 of 30 p-card transactions and 6 of 10 FOCUS Marketplace transactions, there were exceptions related to the review of weekly PaymentNet reports, broken down as follows:

For 14 p-card transactions and 4 Marketplace transactions, the PaymentNet reports were printed after the audit start date and were not signed or dated. Therefore, we were unable to determine if a review had been performed.

For 2 p-card transactions and 2 FOCUS Marketplace transactions, the PaymentNet reports were printed timely but not signed or dated by the reviewer.

For 5 p-card transactions, the PaymentNet reports were printed timely and signed by the reviewer, but not dated by the reviewer.

PTB 12-1009 requires that all agencies perform weekly reviews of 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 in a timely manner increases the risk that inappropriate purchases will not be identified in a timely manner.

Recommendation: We recommend that the Office of the Commonwealth’s Attorney perform weekly reviews of p-card and 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: Weekly reviews of the p-card and marketplace transaction reports will be signed and dated each week. Management expects to implement this change by June 1, 2023.

3. Receipt Documentation

5 of 10 FOCUS marketplace transactions maintained on file had deficiencies related to receiving documentation. For 4 of these transactions, the packing slip was not signed or dated by the employee receiving the shipment. In one instance, the packing slip was signed by the receiver, but not dated.

Procurement Technical Bulletin (PTB) 12-1008 - *Online Procurement Using FOCUS Marketplace* requires that upon receipt of items, the person who receives the goods should inspect the items, reconcile the contents of the package to vendor's packing slip, and report any product defects, discrepancies, or errors to the supplier and to the department program manager. Also, 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 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: The Office of the Commonwealth's Attorney 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 signature (or initials) and date. All receiving documentation should be maintained on file with the supporting documentation for the transaction.

Management Response: Staff will ensure receipts of all ordered goods and services are adequately documented in a timely manner. Management expects to implement this change by June 1, 2023.

4. Employee Offboarding Checklists

We noted the following deficiencies related to Employee Offboarding Checklists:

- a. In four instances, an Employee Offboarding Checklist was not completed or retained after the employee's departure from the department.
- b. In one instance, an Employee Offboarding Checklist was maintained on file, but was not filled out completely - boxes on the checklist were not checked as "completed" or marked "N/A".

- c. Responsibilities for completing the Employee Offboarding Checklist were not included in the job/position description(s) for staff assigned to this function.
- d. The agency was still using the “Employee Clearance Record Checklist” form instead of the “Employee Offboarding Checklist” revised in May 2021.

Per *Personnel/Payroll Administration Policies and Procedures (PPAPP) No. 33, Procedures and Information for Employees Terminating from or Transferring within Fairfax County*, “An employee transferring from one department to another or leaving County service is required to meet with the department’s designated point of contact (POC) to complete the Employee Offboarding Checklist and return County equipment and property.” 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.

If an employee leaves with no notice, preventing the department from completing the Checklist as outlined in section 4B of this policy, the department shall document this in their records and complete pertinent security control tasks listed in this document.

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.

Recommendation: The Office of the Commonwealth’s Attorney 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. Finally, the Office of the Commonwealth’s Attorney should use the revised Employee Offboarding Checklist template provided in PPAPP #33.

Management Response: Employee Offboarding Checklists will be completed and retained for all staff leaving the office. Management expects to implement this change by June 1, 2023.

5. Travel Authorizations

While evidence existed that employee non-local travel was pre-approved by supervisors, we noted deficiencies in the timing of completion of Travel Authorization Forms for 6 Non-PO sample transactions. In these cases, Travel Authorization Forms were completed *after* the employees returned from travel.

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.”

Failure to complete a travel authorization form *prior* to incurring expenses for non-local or overnight travel does not properly encumber the funds needed for the travel event and increases the risk of inappropriate or unauthorized travel expenses and incurring expenses that may not be reimbursed.

Recommendation: The Office of the Commonwealth’s Attorney should ensure a Travel Authorization Form is completed and approved *before* any non-local or overnight travel arrangements are made.

Management Response: Travel Authorization forms will be pre-approved by supervisors. Management expects to implement this change by June 1, 2023.