



Fairfax County Internal Audit Office

**Department of Cable and Consumer Services
Business Process Audit
Final Report**

July 2023

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Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Department of Cable and Consumer Services (DCCS). 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:

- Of the 5 Employee Offboarding Checklists tested, 1 checklist was only partially completed - the appropriate boxes were neither checked nor filled in with 'N/A' as required. Also, a signed copy of the checklist was not provided to the employee upon departure from the County. In addition, responsibilities for completing the Employee Offboarding Checklists were not included in the job/position description(s) for staff assigned to this function. DCCS has informed us that they have implemented these actions as of June 23, 2023.
- The Department of Cable and Consumer Services did not have an updated list of Positions of Trust on file. In addition, of the 5 individuals on the list of Positions of Trust list, 3 had credit checks that had not been updated in the previous 4 years and 1 person (who has since retired) did not have a credit check performed at all. DCCS will perform the credit checks on all employees who have not had credit checks completed within the last four years.
- DCCS was unable to produce confirmation of accuracy, director's approval of changes to the technical review matrix, or acknowledgement of Technical Review Program goals and policies as required by Procurement Technical Bulletin (PTB) 12-1010-*Technical Review Program*. On June 23, 2023, the DCCS Director completed an annual review of the product category codes and has confirmed their accuracy. In addition, DCCS has requested all technical reviewers to annually acknowledge the Technical Review program goals and policies.
- An analysis of employee overtime and holiday pay for one employee who worked a flex schedule (8.5 hours Monday through Thursday and 6 hours on Friday) revealed incorrect practices related to time recording. DCCS has informed us that they have implemented our recommendations as of June 17, 2023.

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 Cable and Consumer Services' 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 January 1, 2022, through December 31, 2022. For that period, the department's purchases were \$54,304 for procurement cards, \$6,409 for FOCUS marketplace, \$270,804 for purchase orders, \$27,722 for open-ended purchase orders, and \$123,953 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 5 Employee Offboarding Checklists tested, 1 checklist was only partially completed - several appropriate boxes were neither checked nor marked 'N/A' as required. Additionally, a signed copy of the checklist was not provided to the employee upon departure from the County. Finally, responsibilities for completing the 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) Memorandum 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.

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: DCCS should properly complete and retain an Employee Offboarding Checklist for employees transferring from one department to another or leaving the County service. Additionally, a copy of the signed checklist should be provided to the employee upon departure from the County. Finally, responsibility for completing the Employee Offboarding Checklist should be included in the position description of the POC assigned to this function.

Management Response: The Department of Cable and Consumer Services (DCCS) currently completes and retains Employee Offboarding Checklists for all employees leaving the Department. DCCS currently provides a copy of the Employee Offboarding Checklist to all employees leaving the department. The Employee Offboarding Checklist responsibility has been added to the position description for the DCCS Payroll Contact.

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.*

2. Positions of Trust and Credit Checks

DCCS did not have an updated list of Positions of Trust on file. In addition, of the 5 individuals on the list of Positions of Trust, 3 had credit checks that had not been updated in the previous 4 years, 1 person did not have a credit check performed at all (this person has since retired) and 1 person was compliant with policy. According to the *Personnel/Payroll Administration Policies and Procedures (PPAPP) Memorandum No. 56, Credit Check Requirements for Positions of Trust*, “Employees who occupy positions of trust are subject to a credit check. Credit checks will be completed upon initial hire and for promotions, transfers, or demotions to a position of trust and every four years thereafter. Positions of trust include all Director, Deputy/Assistant Director and Division Director Positions as well as positions identified by the department director as having significant fiscal or information security responsibility.”

Additionally, PPAPP 56 requires that the department director or designee complete the Positions of Trust Delineation Form (Attachment A) to delineate the positions in the department designated as positions of trust subject to the credit check requirement and retain in the department files.

The lack of an updated list of Positions of Trust prevents the department from performing the required credit checks on employees who occupy positions of trust. It also increases the potential for abuse or fraud by staff who have access to sensitive/confidential financial information.

Recommendation: The department should complete the Position of Trust Delineation Form and perform credit checks on current employees who occupy positions of trust and repeat every 4 years thereafter.

Management Response: The Department of Cable and Consumer Services Positions of Trust Delineation Form was dated February 5, 2020. DCCS has completed an updated Positions of Trust Delineation Form dated June 23, 2023. DCCS will perform the credit check on the two employees who have not had credit checks completed within the last four years (two positions on the updated list are currently open). Management anticipates completing these actions by August 31, 2023.

3. Technical Review

DCCS, one of the technical review agencies, was unable to produce confirmation of their annual review of their product category descriptions and assigned technical reviewers; director's approval of changes to the technical review matrix; or acknowledgement of Technical Review Program goals and policies by their technical reviewers as required by Procurement Technical Bulletin (PTB) 12-1010, Technical Review Program.

Per PTB 12-1010 – *Technical Review Program*, technical review departments are required to perform an annual review of the product category descriptions and assigned technical reviewers listed within their portion of the Technical Review Product Category Matrix. Additionally, a technical review department's assigned technical reviewers are required to acknowledge that they are aware of the Technical Review Program goals and policies.

Failure to maintain Technical Review standards and documentation leads to incompatibility among user technologies, and waste of County funds.

Recommendation: We recommend that DCCS comply with the County policy related to annual review of the technical review matrix and acknowledgement of the technical review program goals and policies.

Management Response: The Department of Cable and Consumer Services routinely reviews the technical review matrix to confirm product category codes assigned to our department are accurate. In the absence of the Director, Consumer Services Division, on June 23, 2023, the DCCS Director completed an annual review of the product category codes and has confirmed their accuracy. The Department has requested all technical reviewers to annually acknowledge the Technical Review program goals and policies. Management anticipates completing this action by July 14, 2023.

4. Time Recordation in FOCUS

An analysis of employee overtime and holiday pay and discussion with DCCS staff revealed the following exceptions related to an employee who worked a flex schedule (8.5 hours Monday through Thursday and 6 hours on Friday):

- a) For weeks where a holiday fell on any day between Monday through Thursday, the employee correctly coded 8 hours Holiday Leave with Pay (L213) and took 0.5 hours of personal leave to make it an 8.5-hour day; however, the employee also worked an extra half hour Overtime Pay (O201) on top of the 8.5 hours for the day. The explanation provided to us by DCCS was that the employee was “making up” for the 0.5 hours of leave by working 0.5 hours of overtime. Per the DCCS payroll contact person this has been the practice for the past several years.
- b) If a holiday fell on a Friday, the employee correctly coded 6 hours as Holiday Leave with Pay (L213); however, the employee coded the remaining 2 hours as X202 (Holiday Scheduled Day Off – Pay” instead of X201 (Holiday Scheduled Day Off – Comp Time Earned”).

Per PPAPP #13 – *Attendance/Absence Reporting for All Employees except 24-Hour Shift Fire Protection and Law Enforcement Personnel*, section “Rules Governing Holiday Benefits” states “if an employee's scheduled hours for a day on which a holiday falls are greater than the maximum number of holiday hours that the employee may be granted, the employee must take annual or compensatory leave to receive a full day's pay. This applies to employees who elect to work a compressed workweek or flex schedule. Additionally, per Fairfax County FOCUS HCM Bulletin No. 2012-01 – *Holiday Reporting*, if an employee is entitled to more holiday hours than they are scheduled for the day, the hours over and above the employee's schedule will be credited as compensatory time (Holiday Scheduled Day Off –Comp Time Earned).

Failure to abide by these policies increases the likelihood of incorrect recordation and payment for employees' time.

Recommendation: We recommend DCCS follow County policies and guidelines for proper recordation of time - for scenarios referred to in (a) above, the employee should work only the additional half hour (above the holiday leave with pay) at regular straight time pay rate or take half hour of personal leave to make it an 8.5-hour day per the policy. The employee should not be “making up” for leave by working overtime. For scenarios referred to in (b) above, any hours more than holiday leave with pay hours should be credited as comp time earned instead of pay.

Management Response: The Department of Cable and Consumer Services concurs with the recommendation. It should be noted that this schedule was maintained by one department employee that is exiting DROP on August 28, 2023.

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.*