



OFFICE OF FINANCIAL AND PROGRAM AUDIT MARCH 2022 DRAFT QUARTERLY REPORT

**BOARD OF SUPERVISORS
AUDITOR OF THE BOARD**

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REPORT ABSTRACT

Working under the guidance and direction of the Audit Committee (AC), the Auditor of the Board provides an independent means for assessing management's compliance with policies, programs and resources authorized by the Board of Supervisors (BOS). Further to this process, efforts are made to gain reasonable assurance that management complies with all appropriate statutes, ordinances and directives.

This agency plans, designs, and conducts studies, surveys, evaluations and investigations of County agencies as assigned by the BOS or the AC. For each study conducted, the agency focuses primarily on the County's Corporate Stewardship vision elements. The agency does this by developing, whenever possible, information during the studies performed which are used to maximize County revenues or reduce County expenditures.

To assist the Office of Financial and Program Audit (OFPA) with executing the responsibilities under our charge, members of the Fairfax County BOS submit study recommendations of which the findings and management responses are included in published studies. This process is utilized to provide the constituents, BOS and management reasonable assurance that fiscal and physical controls exist within the County.

Additionally, this agency conducts follow-up work on prior period studies. As part of the post study work conducted, we review the agreed upon managements' action plans. To facilitate the process, we collaborate with management prior to completion of studies. Through this collaboration, timelines for the implementation of corrective action and status updates are documented for presentation at the upcoming AC Meetings.

The results of studies may not highlight all the risks/exposures, process gaps, revenue enhancements and/or expense reductions which could exist. Items reported are those which could be assessed within the scheduled timeframe, and overall organization's data-mining results. The execution of the OFPA's studies are facilitated through various processes such as; sample selections whereby documents are selected and support documentation is requested for compliance and other testing attributes. Our audit approach includes interviewing appropriate staff and substantive transaction testing. OFPA staff employs a holistic approach to assess agencies/departments whereby the review is performed utilizing a flow from origination to closeout for the areas under review.

There are several types of studies performed by OFPA, e.g.; operational, financial, compliance, internal controls, etc. To that end, it is important to note; OFPA staff reserves the option to perform a holistic financial and analytical data-mining process on all data for the organization being reviewed where appropriate. This practice is most often employed to perform reviews for highly transactional studies.

LDS Update Regarding Escrows Transferred from FAMIS

Bill Hicks, Director, Land Development Services
March 15, 2022

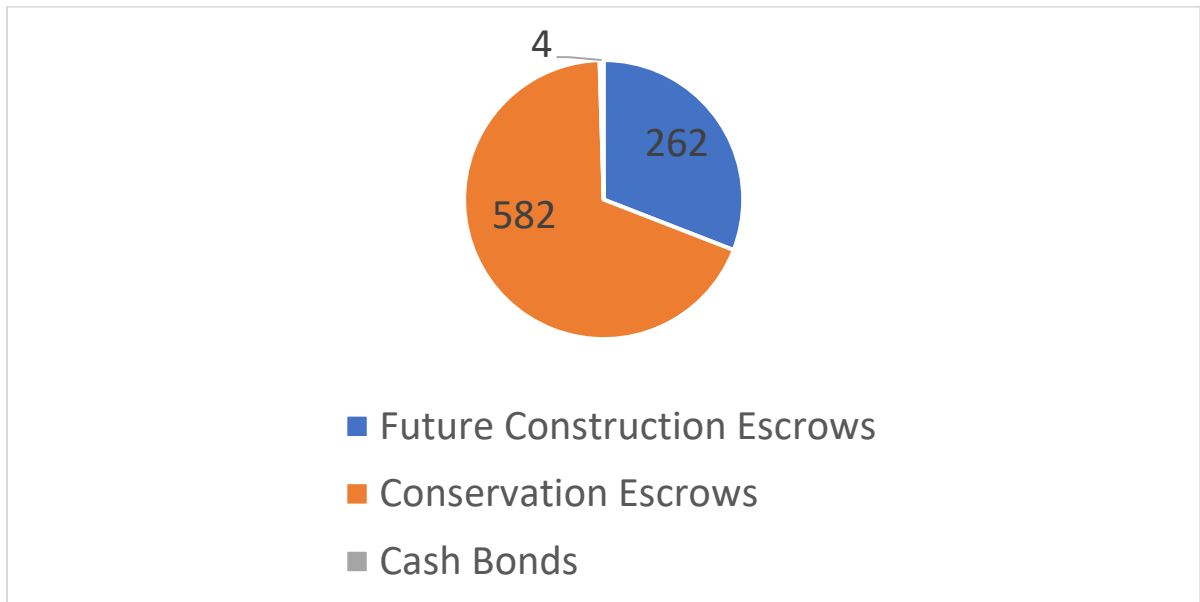
Request Number 2 From...

Evaluate the full population of escrows transferred from FAMIS (previous accounting platform) to FOCUS (current accounting platform).

Assess the population to create a timeline for reviewing and prioritize escrows for resolution.

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Escrows Transferred from FAMIS to FOCUS (848 Total)



Defining These Financial Instruments

- **Future Construction Escrows (FCE)** – Developer contributions for specific future infrastructure (e.g., roads, traffic signals).
- **Conservation Escrows** – Securities posted by Developers to protect environment (i.e., erosion and sediment controls, tree preservation) while a project is actively under construction.
- **Cash Bonds** – Securities posted by Developers ensuring that required public infrastructure will be completed prior to project closeout.

Routine Evaluation Schedule

- **Future Construction Escrows (FCE) – Evaluated Annually** by Site and Technical Services (STS) [Smartsheet Tracker].
- **Conservation Escrows – Evaluated Annually** by Bonds and Agreements Center (BAC) [FOCUS Valentine's Day Report].
- **Cash Bonds – Evaluated Monthly** by BAC [Extension Notice Report].

Final Disposition of: Future Construction Escrows

From an LDS perspective, final disposition of these funds will occur in one of three manners:

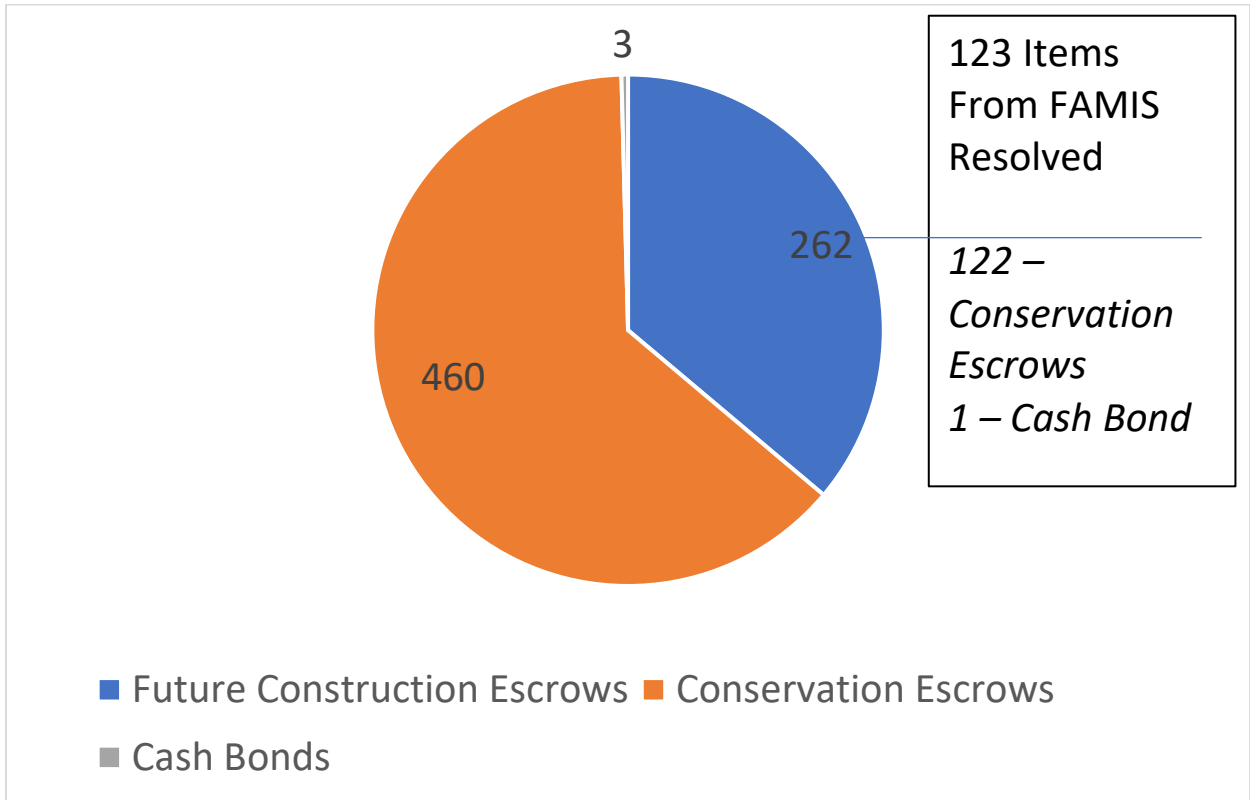
- Release the funds to the entity who constructs the infrastructure;
- Release the funds to the original depositor of the escrow if the infrastructure is no longer needed; or,
- Escheat the funds to the state if the infrastructure is no longer needed and the original depositor cannot be located.

Final Disposition of: Conservation Escrows or Cash Bonds

From an LDS perspective, final disposition of these funds will occur in one of two manners:

- Release the funds back to the developer at the proper completion of the project; or,
- Claim the funds to properly complete the project.

After Review (725 Total Items Remain)



In Summary...

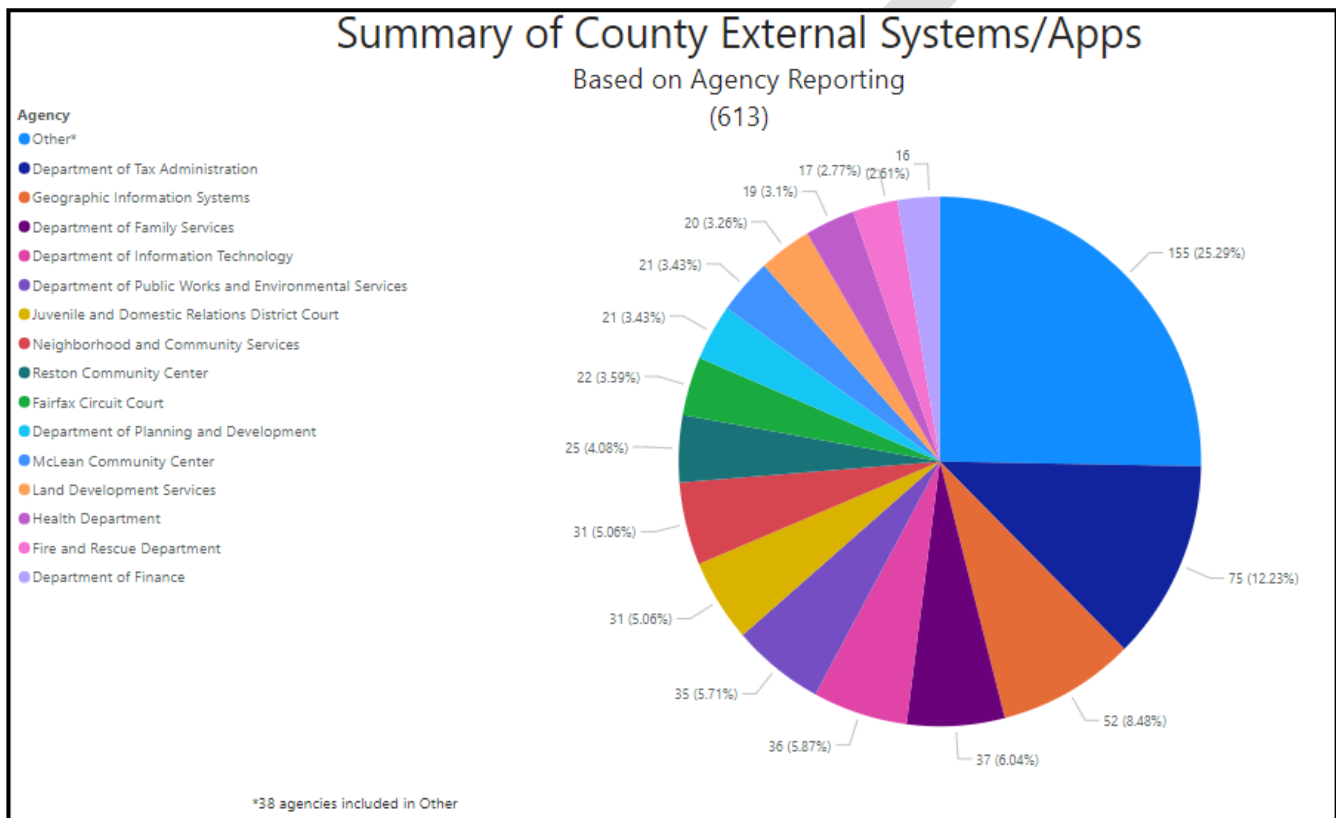
- Through this process, 123 escrow records from FAMIS did not match the current condition in FOCUS. LDS has corrected these.
[Timeline – Complete]
- The 460 Conservation Escrows and three (3) Cash Bonds exist in FOCUS and will remain in active status until the associated projects are complete.
[Timeline – Developer Driven]
- As described, LDS will continue to monitor the 262 active Future Construction Escrows annually.
*[Timeline – Driven by Market, Economy, Infrastructure Need
(Funds held in perpetuity by BOS policy)]*

EXTERNAL SYSTEMS

INTEGRATION TO FOCUS REVIEW

OVERVIEW OF COUNTY EXTERNAL SYSTEMS

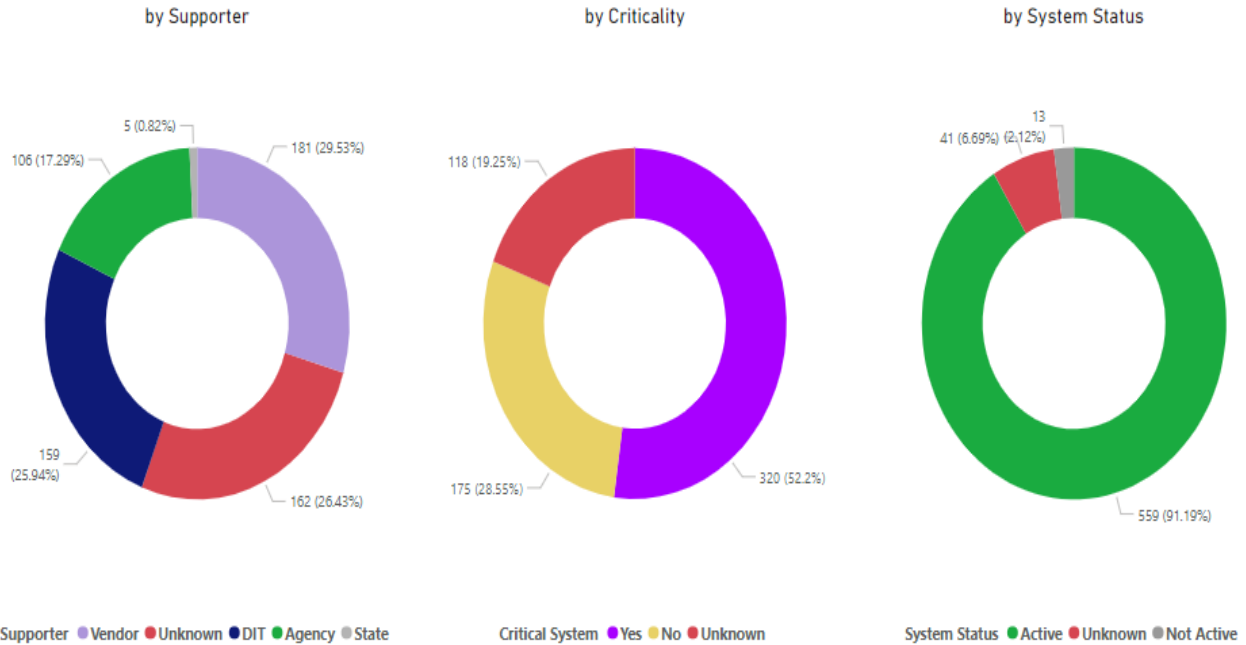
This external system study was performed to assess the status of systems not interfaced to FOCUS, new systems procured and plans to interface, reconciliation of external systems to FOCUS, and follow up on prior studies and areas identified through the performance of this study. The graph below provides the full population of inventoried/tracked external systems included in this review.



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Summary of County External Systems/Apps

Based on Agency Reporting
(613)



OBSERVATIONS AND ACTION PLANS

The following tables detail the observations and recommendations for this study along with management's responses.

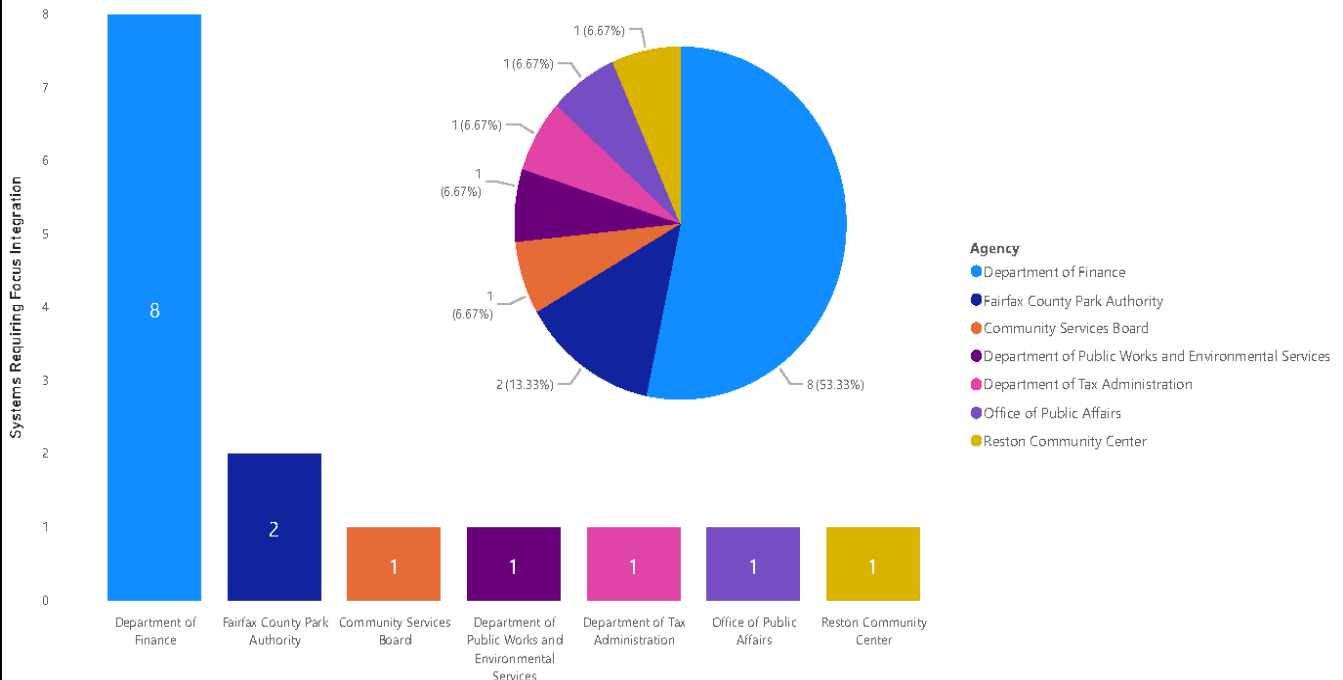
STATUS OF SYSTEMS NOT INTERFACED TO FOCUS BASED ON AGENCY REPORTING

ACTIVE CRITICAL SYSTEMS NOT INTERFACED TO FOCUS

Observation

This study section focused on external systems not interfaced to FOCUS (the County SAP System). Systems not integrated to FOCUS require manual journal entry (JE) data uploads. This manual process has inherent risk of data entry errors, rework by staff and increased staff time to provide accurate information for reporting. Agencies JE data uploads processes range from daily, weekly, monthly, and yearly. Based on Google Fiber¹ published reporting times based on speed 1,000 MBPS: **8 Seconds for 1GB, 15 Minutes for 100 GB, and 2.5 Hours for 1,000 GB** of data. Deloitte LLP asserts: integration of reporting within and across agencies maximizes efficiencies. Cost savings for these efficiencies are challenging to quantify due to several variables; multiple levels of staff involved and random frequencies in reporting. We compiled our reporting using the Department of Information Technology (DIT) External Systems Inventory Tracker referencing the interface statuses e.g., Currently Has Interface and Needs FOCUS Interface. Our review revealed **15 out of 613 (or 2.4%)** active critical systems not interfaced to FOCUS. Please see table below:

Active Critical Systems that Need FOCUS Interface Based on Agency Reporting
(15)



¹ Google Fiber is part of the Access division of Alphabet Inc. It provides fiber-to-the-premises service in the United States, providing broadband Internet and IPTV to a small and slowly increasing number of locations.

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Due to the voluminous number of systems that have not been interfaced with FOCUS (571) coupled with the daily, weekly, monthly, and yearly manual journal entry process: which generate great number of transactions, the reconciliation process was not feasible under this review. This process could be reviewed as a stand-alone process in a subsequent quarter.

Recommendation

We recommend DIT liaise with the respective agencies to assess the accuracy of agency reporting for external systems reported as “Need Interface”. Upon completion of this process, the information on the systems inventory file should be updated and the systems should be interfaced accordingly. Interfacing these systems will streamline the upload process and reduce the likelihood of potential errors.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	10/31/2022 Liaise with each agency to determine what interfaces are needed. Interface implementation dates TBD based on the assessment and availability/readiness of the agency and external system vendors.	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov
Sam Nandi (DIT, FOCUS team)		Samarendra.Nandi@fairfaxcounty.gov
Nonie Strike (Dep. Dir, DMB – FOCUS)		Nonie.Strike@fairfaxcounty.gov

MANAGEMENT RESPONSE:

The FOCUS team will work with each respective agency to understand the 15 external system’s financial functions, confirm their current method to posting financial transactions to FOCUS (such as manual journal entry (JE) or the JE Upload tool) and determine the necessity and feasibility of creating an automated interface to FOCUS. Once information is gathered, the external system inventory will be updated, and the FOCUS team will coordinate with the respective agencies to plan and schedule the agreed upon interface builds.

Note: The FOCUS Team is actively working with the Park Authority on an interface for RecDynamics. Also, there are currently interfaces in place between FOCUS and Conservice.

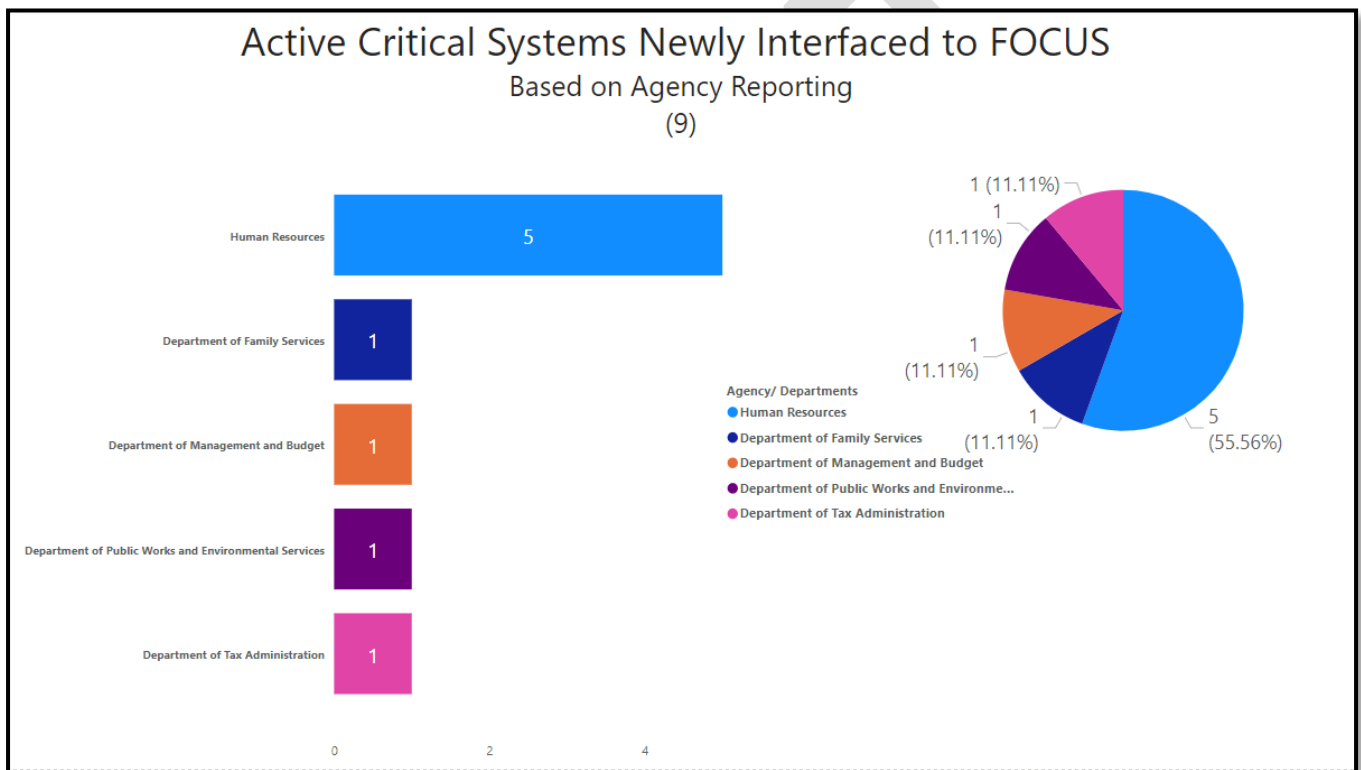
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NEW SYSTEMS PROCURED WITH PLANS TO INTERFACE BASED ON AGENCY REPORTING

REASONABLE ASSURANCE PROVIDED / PROCESS IS FUNCTIONING AS EXPECTED

Observation

In this section of the study, we reviewed FOCUS interface status for newly procured external systems (in 2021). We identified a total of 9 active critical external systems implemented in 2021 based on information in the DIT External Systems Inventory Tracker. Two data fields on this Tracker were utilized for this analysis: Go-Live Date and Currently Has FOCUS Interface. **9 out of 9 (or 100%)** active critical systems are interfaced to FOCUS. Based on this information, we have gained reasonable assurance that the process of interfacing new systems is functioning as expected. Please see graph below for our analysis:



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(OFPA) FOLLOW-UP AND NEW REPORTING AREAS #1

SYSTEM INTEGRATION PLANS FROM PRIOR STUDY (JUNE 2018)

Observation

In the June 2018 External Systems study, we identified 10 systems not interfaced to FOCUS. Agencies' staff purported these systems would not be interfaced as they are scheduled for replacement. Staff reported, in some cases multiple systems will be replaced by one. Additionally, several of the new systems had target implementation dates which included FOCUS interfacing (ranging between 2018 – 2020). As part of this study, we followed-up to assess the implementation/interface statuses for the prior study systems. Based on the prior inventory to current inventory revealed: one system (RecDynamics: Recreation Management System for class registration, facility reservations, and in-person POS sales) is implemented without FOCUS interface, three systems (TaxPP: Personal Property Tax Payment System, and HCSIS: Healthcare Information Services System, Plus: Planning, Permitting, and Construction Payments System) remain not implemented/interfaced, The results were 4 systems (*10 systems reverted to 4*) that remained not implemented or interfaced to FOCUS. Manual JE uploads continue to be part of the processing for these agencies. This manual process has inherent risk of data entry errors, rework by staff and increased staff time to provide accurate information for reporting. Agencies JE data uploads processes range from daily to yearly.

Recommendation

We recommend a follow-up is performed by DIT on the implementation/FOCUS interface status for these systems. Upon completion of this process, the systems should be interfaced accordingly. This interfacing effort should reduce the inherent risk of data entry errors, rework by staff and decrease staff time to provide accurate information for reporting.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	Follow-up has been completed. Interface completion dates will vary based on each systems project plan and readiness.	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov
Sam Nandi (DIT, FOCUS team)		Samarendra.Nandi@fairfaxcounty.gov
Nonie Strike (Dep. Dir, DMB – FOCUS)		Nonie.Strike@fairfaxcounty.gov

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MANAGEMENT RESPONSE:

- Management agrees with the recommendation and has provided status updates on the 4 systems identified in the prior review period:
- **RecDynamics** – the FOCUS team is actively working with the Park Authority on an interface. **(OFPA Follow-up After March 2023)**
- **TaxPP** – The FOCUS team has been working with DTA/DIT on interfaces for the new tax systems. BPOL and Personal Property interfaces have been completed. In addition, the FOCUS team will work with DTA/DIT to complete any interfaces that are required for future phases. **(OFPA Follow-up After March 2023)**
- **HCSIS** – System implementation for the HCSIS system (Patagonia) is in the early stages with interface planning in progress. The HCSIS team recently reached out to the FOCUS team to discuss the interface requirements and the FOCUS team is actively working with the team to develop the required interfaces. **(OFPA Follow-up After March 2023)**
- **PLUS** – The FOCUS team is actively working with the PLUS team on interfaces as they move through the phases of their project. Note: 6 interfaces have been implemented. In addition, the FOCUS team will work with the PLUS team to complete any future interfaces that are required. **(Projected go-live for final phases of PLUS - October 2022)**

(DIT) FOLLOW-UP AND NEW REPORTING AREAS #2

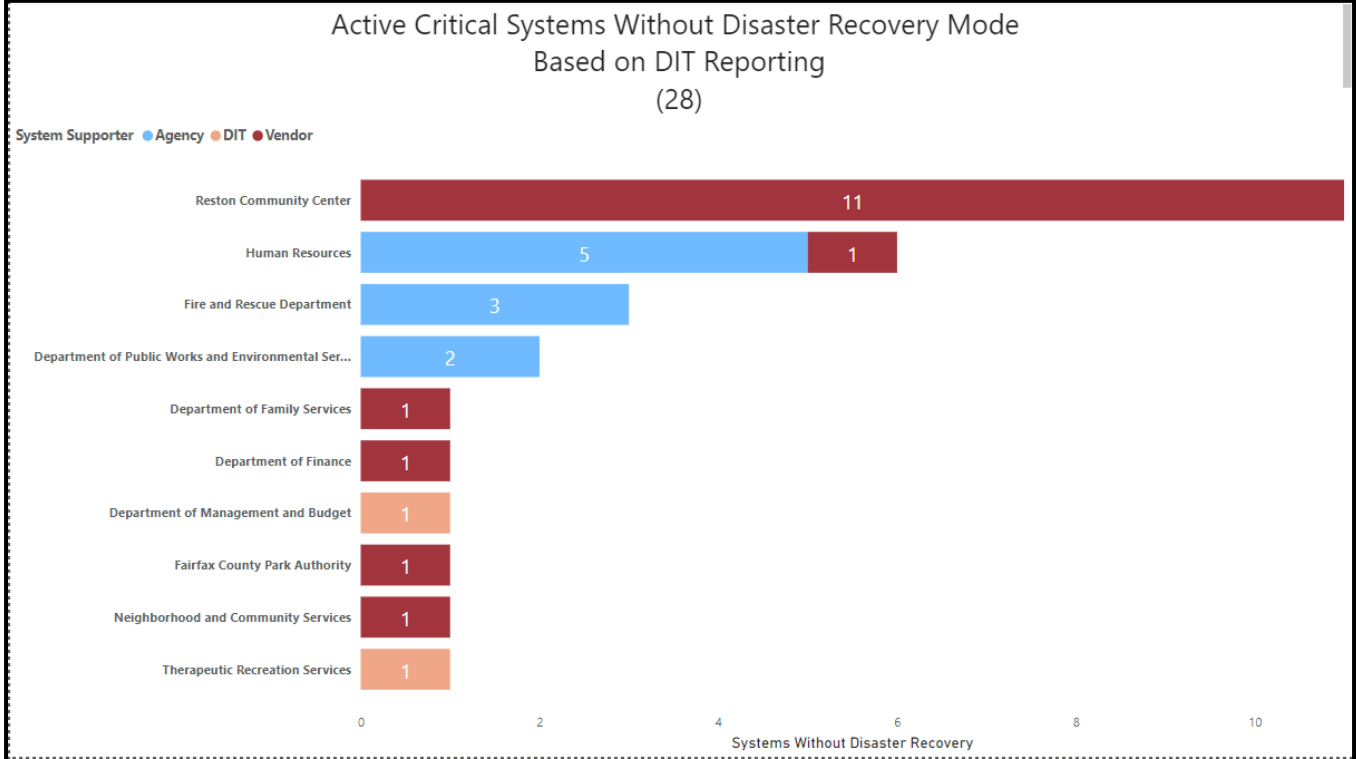
ACTIVE CRITICAL SYSTEMS WITHOUT DISASTER RECOVERY (DR) MODE

Observation

Our review of the DIT External Systems Inventory Tracker revealed active critical systems without disaster recovery mode based on agency reporting whereby **35 out of 293 (or 12%)** had no disaster recovery mode. Triggered by this review, DIT performed an analysis on OFPA extracted data files which resulted in **28 out of 293 (or 10%)** systems labeled as active and critical without disaster recovery mode. DIT informed us of two main disaster recovery datacenters for the County: Cisco VXLAN and Microsoft Azure public cloud. These datacenters backup critical information (e.g., applications and County network data) should any interruptions occur. These systems house both financial and non-financial data. The critical data maintained in these systems includes: online booking and in-person POS sales, tax forms, internal/external trainings, recreation activities fees, operation/maintenance records, employee onboarding, and other related areas.

Based on reporting by Invenioit (a business continuity, data protection and IT security company) and Verizon Enterprise (that provides networks, cloud, machine to machine, mobile technologies, data hosting and storage); data loss can occur from software errors, hardware malfunction, hacking, viruses, and other related areas. Costs to recover this data can vary depending on the company size, amount of data lost, value of data, recoverability of data, and length of outage. Based on reporting by the Ponemon Institute, the total average cost of a data breach for public sector organizations was **\$2.3 million**, with an average cost of **\$75 per record**. Additionally reported, the mean time to identify and contain a breach was **190 days** and **57 days**, respectively. The Ponemon Institute provides independent research and education that advances the responsible use of information and privacy management practices within business and government. This Institute is best known for its annual Cost of Data Breach sponsored by IBM and the annual Encryption Trends study now sponsored by n-Cipher.

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Recommendation

We recommend DIT review the 28 external systems identified to incorporate disaster recovery modes. The County has two disaster recovery datacenters, DIT should consider the use of these platforms or alternative approaches, if applicable. This enhancement will ensure all critical data maintained in these systems are backed-up should interruptions occur.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	07/01/2022	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov

MANAGEMENT RESPONSE:

Management agrees with the recommendation. Of the 28 systems identified, 26 systems are hosted/Cloud solutions supported by software as service vendors. In those instances, DIT has worked with the external

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vendors and agencies to develop service level agreements (SLA) and requirements for disaster recovery. DIT will review and update the system inventory to reflect those systems that have disaster recovery in place.

The other two systems, Therapeutic Recreation Services and Integrated Parcel Lifecycle System, are on the County's infrastructure and are currently a part of the County's disaster recovery process.

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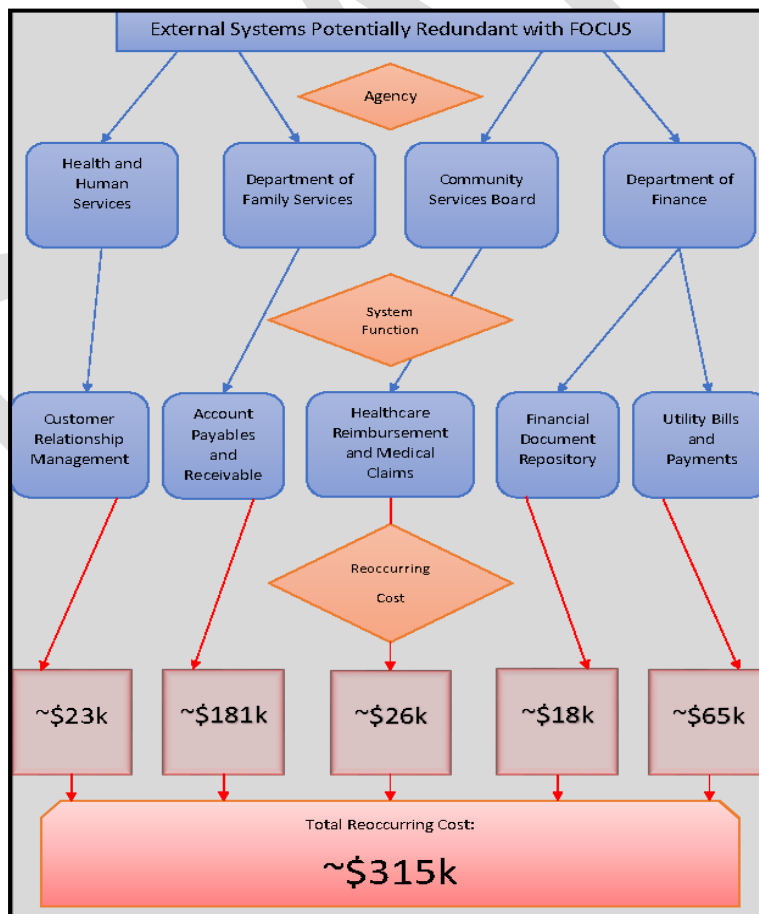
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(OFPA) FOLLOW-UP AND NEW REPORTING AREAS #3

EXTERNAL SYSTEMS WITH FOCUS FUNCTIONALITIES

Observation

We reviewed functionalities that could be performed in both external systems and FOCUS. We are aware that FOCUS was implemented to integrate the County's budget, finance, procurement, and human resources systems. We utilized the App Description data attribute on the DIT External Systems Inventory Tracker to identify potential external systems with similar FOCUS functionalities. There were limitations to this section of the study as our assessment was relegated to specific word searches on the file and not a direct comparison of FOCUS functionalities to the external system functionalities as no database for this information exist. OFPA utilized the following searches for our analysis: Active System, Reoccurring Cost Licensing Model, Development and Production App Environment, App Supporter as Unknown or Vendor and Keyword Searching in App Short name, App Full name, and App Description for: Finance, Billing, Payment, Human Resources, Human Services, POS, Payable, reimbursement, and Financial document. We identified **six** active systems whereby similar functionalities appear to exist, such as: human services, accounts payable and receivable transactions, financial document repository, and billing/payments. We identified annual reoccurring costs for **6 out of 6** systems which totaled **~\$315k**.



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Recommendation

We recommend DIT liaise with the respective agencies for the systems above to identify if the operations can be performed in FOCUS. Decommissioning these external systems would reduce annual operating and internal costs (e.g., staff time and inherent risk of errors). Additionally, housing this information in FOCUS would ensure backed up data is included in the County's disaster recovery initiative.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	Liaise with each agency to determine if any additional financial interfacing to FOCUS is needed. 10/31/2022	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov
Sam Nandi (DIT, FOCUS team)		Samarendra.Nandi@fairfaxcounty.gov
Nonie Strike (Dep. Dir, DMB – FOCUS)		Nonie.Strike@fairfaxcounty.gov

MANAGEMENT RESPONSE:

Management agrees with the recommendation. DIT and the FOCUS Team will liaise with the respective agencies to better understand the 6 systems core functionalities and whether those can be performed in FOCUS. On initial review, most of the 6 systems provide agency/industry specific functionality, such as healthcare management, that is not a function of FOCUS. Since these systems may also perform some financial subfunctions, we will discuss and determine if any additional interfacing is needed with FOCUS.

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Agency	System	Comments
Health and Human Services	Health and Human Services Customer Relationship Management	CRM is not a function of FOCUS
Health and Human Services	Health and Human Services Customer Relationship Management Internal	CRM is not a function of FOCUS
Department of Family Services	Web Harmony	FOCUS currently interfaces to Harmony. Harmony provides healthcare specific functionality not available in FOCUS. In addition, many healthcare systems manage highly sensitive information that should not be tracked in FOCUS.
Community Services Board	Allscripts Payerpath	Provides healthcare specific functionality not available in FOCUS. In addition, many healthcare systems manage highly sensitive information that should not be tracked in FOCUS. The FOCUS team will reach out to agency to determine if any financial automated interfacing is needed.
Department of Finance	Laserfiche	Laserfiche is a document management system. FOCUS is not a document management system, but rather should integrate with a document management system as it does with OpenText for Vendor Invoice Management. The FOCUS team will work with the agency to understand their use of Laserfiche and if any documents should be connected to FOCUS in any way.
Department of Finance	Conserve	FOCUS currently interfaces to Conserve (2 interfaces: County and Housing). Conserve is a 3rd party utility management company that provides services and functionality not available in FOCUS.

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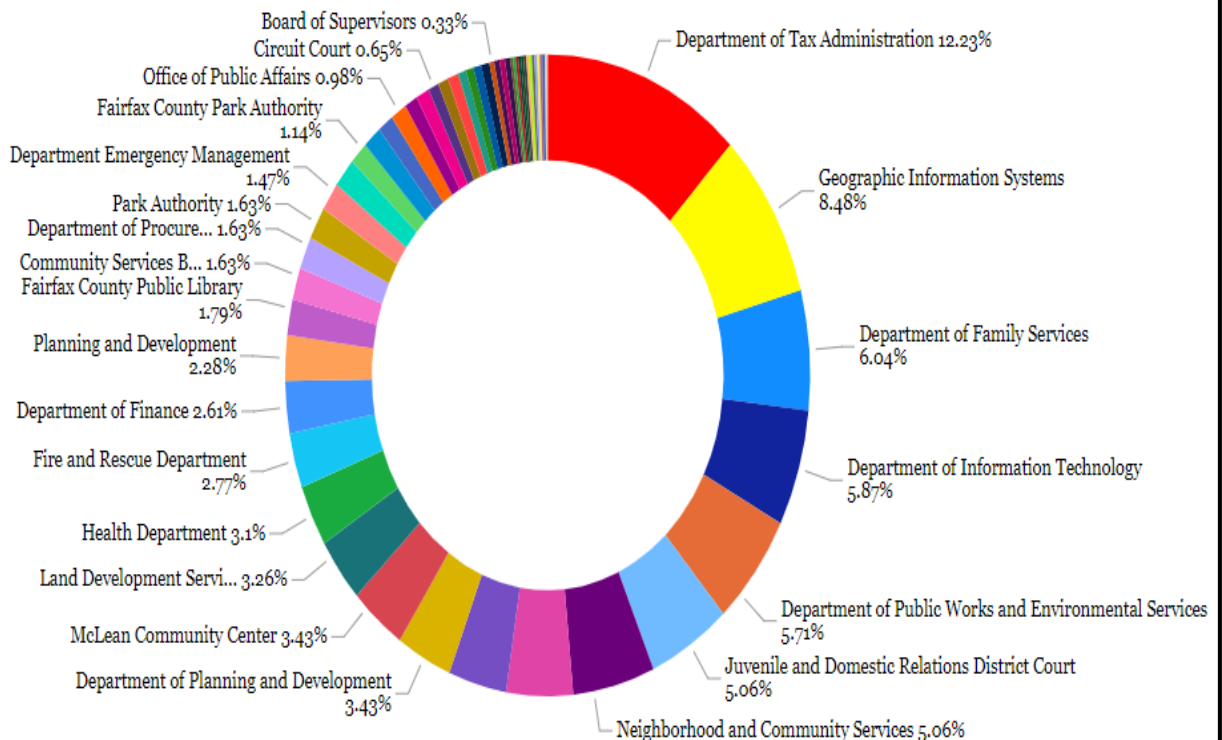
(AGENCY) FOLLOW-UP AND NEW REPORTING AREAS #4

INCOMPLETE EXTERNAL SYSTEMS INVENTORY TRACKER AGENCY REPORTED

Observation

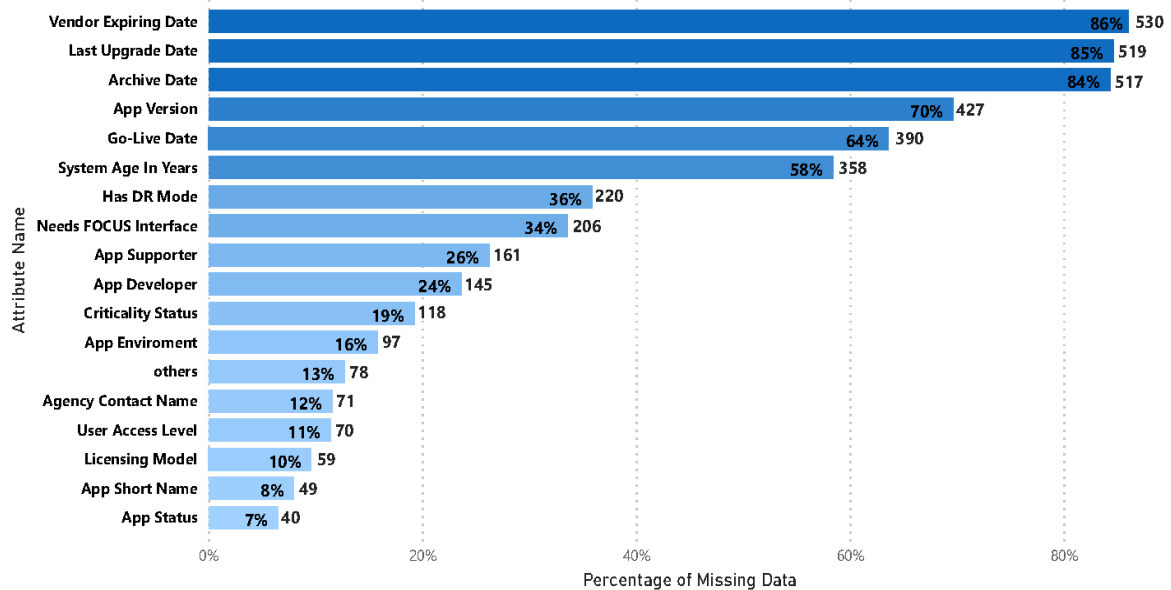
A review of the DIT External Systems Inventory Tracker revealed **23 of 29** critical data attributes with information left blank. The table legend highlights the data fields that were not completed in the tracker. While DIT is responsible for managing the External Systems Tracker, the information captured in this tracker was reported by user agencies. DIT has continued to reach out to the agencies to update or obtain incomplete information. The details for this section are highlighted below:

Missing Data By Agency/Department (4055)



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System Inventory File Data Field Left Blank (4055)



We identified a total of **4,055** or **20%** data fields of missing information. Maintaining complete and accurate information on this tracker improves the staff's ability to track user agencies, timely update systems, ensure backup for data exists, interface systems, monitor costs, and other critical processes.

Recommendation

We recommend DIT liaise with the appropriate agencies to obtain and update the DIT External Systems Inventory Tracker for completeness. This enhancement should assist staff in managing the external systems including assessing business requirements.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	07/01/2022	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov

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MANAGEMENT RESPONSE:

Management agrees with the recommendation. DIT will review and update the External Systems Inventory Tracker for completeness.

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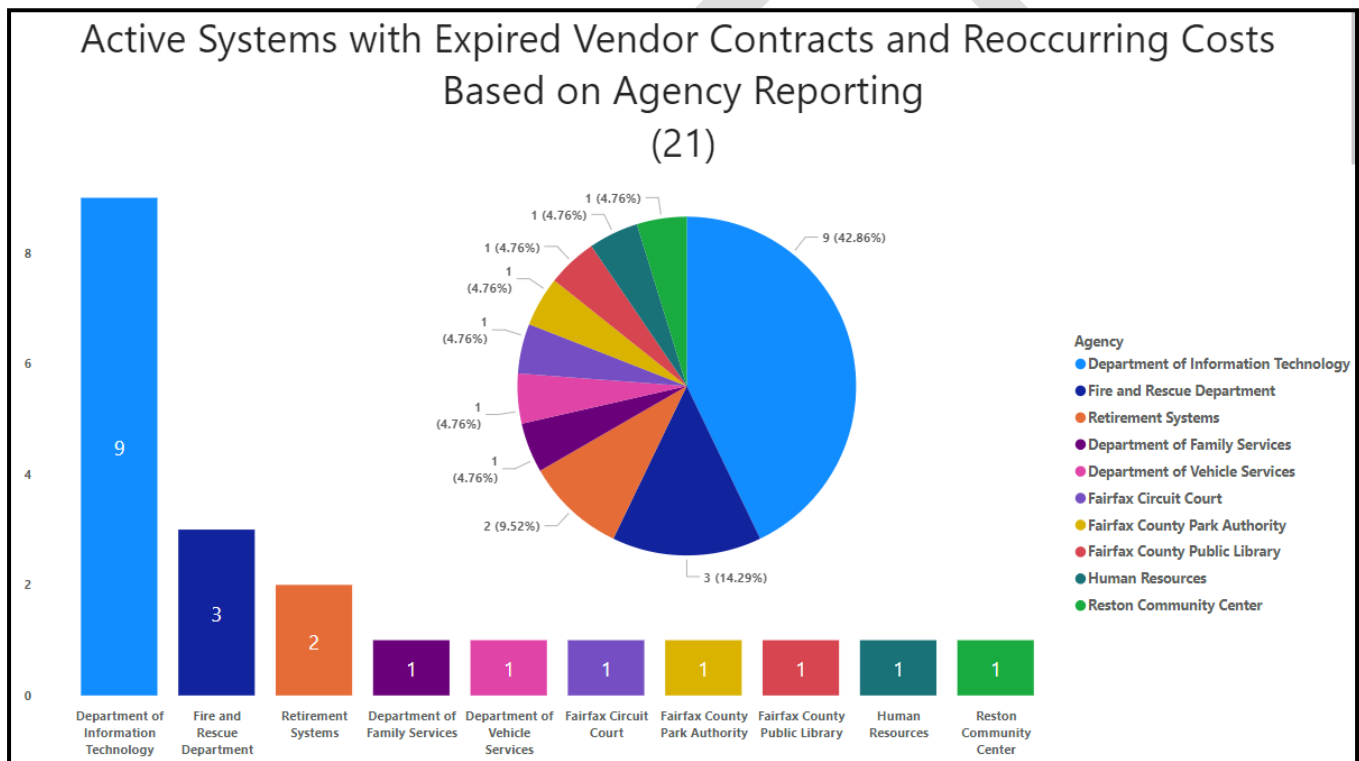
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(AGENCY) FOLLOW-UP AND NEW REPORTING AREAS #5

ACTIVE SYSTEMS WITH EXPIRED VENDOR DATES AND COSTS

Observation

A review of the DIT External Systems Inventory Tracker revealed **21 out of 114 (or 18%)** active systems with reoccurring cost and expired vendor dates. Each of these systems are supported by various vendors. **19 out of 21 (or 90%)** active systems expired between 2/28/2021 – 12/26/2021 (or 1 – 11 months), **1 out of 21 (or 5%)** list an inaccurate date (7/18/1905), and **1 out of 21 (or 5%)** lists expired and no date. There are reoccurring costs associated with these systems which could not be aggregated due to incomplete information in the inventory tracker. Continuing to operate external systems with expired vendor dates may limit user agencies' recourse for support. Please see graph below for our analytics:



Recommendation

We recommend DIT liaise with the appropriate parties to identify where responsibility lies for updating and/or executing vendor contracts for the external systems identified above. We also suggest a process be put in place to track and identify contracts approaching expiration to effectuate timely contract execution.

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Action Plan

Point of Contact	Target Implementation Date	Email Address
Gregory Scott (Director, DIT)	03/31/2022	Gregory.Scott@fairfaxcounty.gov
George Coulter (Deputy Director, DIT)		George.Coulter@fairfaxcounty.gov
TBD		

MANAGEMENT RESPONSE:

Management agrees with the recommendation. DIT is actively reviewing and updating contract expiration date.

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EXTERNAL SYSTEM PROCURED BY AGENCIES (USING P-CARDS)

Consideration Item

Some results of this study have revealed several areas for enhancement in the oversight of external systems procured by the County's agencies with P-Cards. Some systems procured by these agencies have not been interfaced with FOCUS whereby manual journal entry uploads are required. Discussed earlier there are inherent risks with this process. Following up on prior studies has revealed intended integration processes are still needed. Several systems are operating without disaster recovery modes, these items are operating without adequate data backup. Secondly, there are several systems operating with duplicative functionality as FOCUS. The external system inventory file used for oversight has a considerable amount of missing information of which the onus is on the agency to provide to DIT to monitor these items. For these reasons we are suggesting a mortarium (*or implement processes to update and maintain the system inventory tracker*) on procurement of systems through the P-Card process until all items in the report have been addressed.

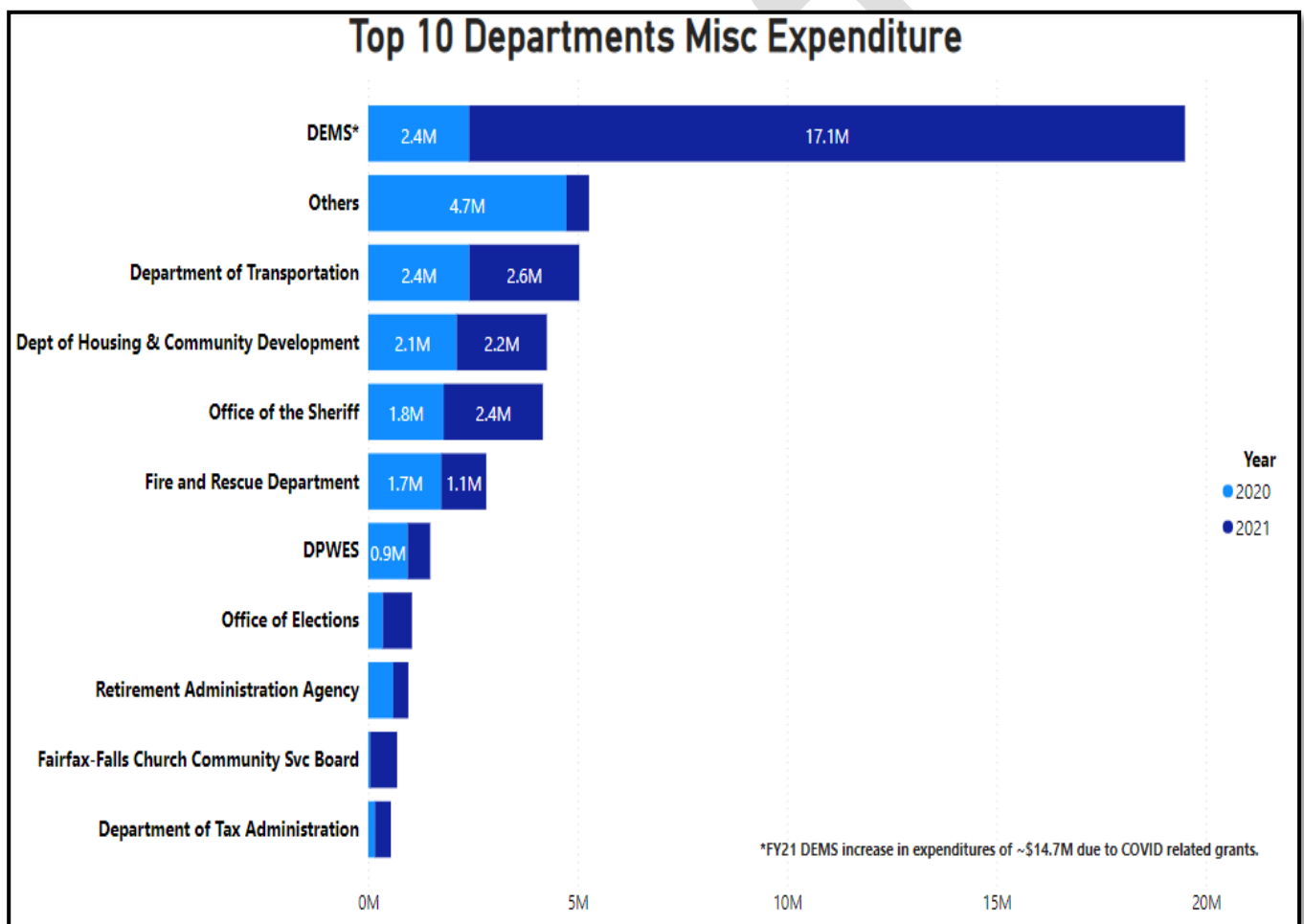
MISCELLANEOUS G/L ACCOUNTS

REVENUE & EXPENDITURE ANALYSIS STUDY

OVERVIEW OF MISCELLANEOUS G/L ACCOUNTS

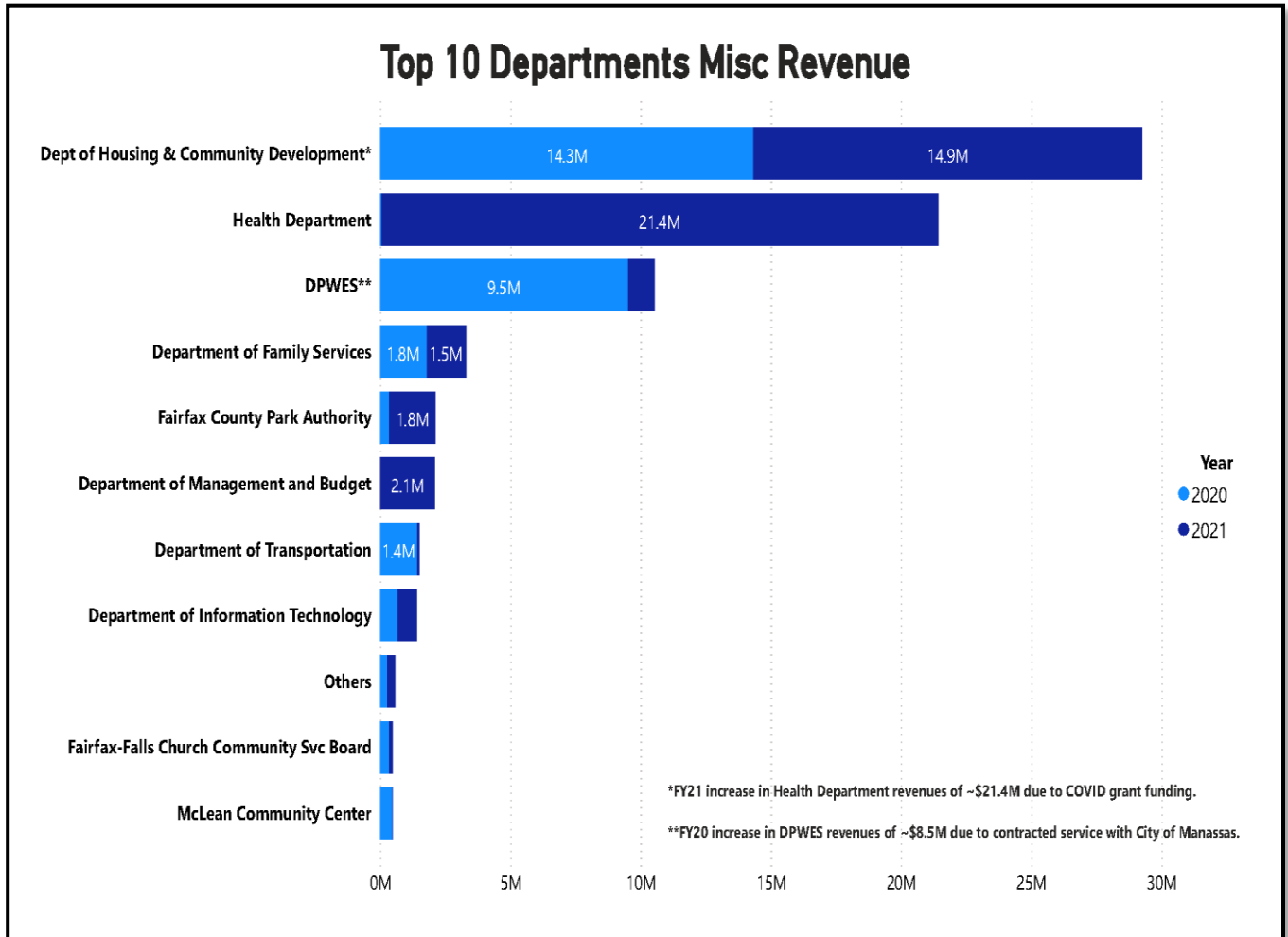
The miscellaneous G/L accounts study was performed to assess the recognition of revenues and expenditures, assess the financial effect of mislabeled transactions, systematic use of inappropriate miscellaneous recording and follow-up on prior recommendations. The graph below provides the full population of revenue and expense items included in this review.

FY20 & FY21 EXPENDITURES



OVERVIEW OF MISCELLANEOUS G/L ACCOUNTS (CONT'D)

FY20 & FY21 REVENUES



OBSERVATIONS AND ACTION PLANS

The following tables detail the observations and recommendations for this study along with management's responses.

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RECOGNITION OF REVENUES & EXPENDITURES TO APPROPRIATE G/L ACCOUNTS & ASSESSMENT OF SYSTEMIC USE OF RECORDINGS TO MISCELLANEOUS

RECORDING MISCELLANEOUS TRANSACTIONS

Observation

We reviewed miscellaneous revenue and expenditure G/L accounts to assess if transactions were properly recorded. We utilized four lists for this review: FY20 Revenues ~\$29M (7,778 line-items), FY20 Expenditures ~\$12M (7,035 line-items), FY21 Revenues ~\$44M (7,114 line-items), and FY21 Expenditures ~\$28M (6,815 line-items). These data were stratified on revenues and expenditures for each fiscal year based on existing G/L accounts. We utilized the Text data fields to identify the respective categories. Our analytics were reviewed with the Department of Finance (DOF), DOF agreed with the analysis confirming some items identified in our analysis should be recorded to existing G/L accounts. Further to the issues, identified items without G/L accounts, DOF is considering creating new accounts for these items where appropriate.

Secondly, we identified areas of systemic use of inappropriate accounts whereby miscellaneous revenues and expenditure transactions were recorded when existing accounts and/or not enough data was provided to adequately assess the transactions. ***Systematically recording transactions to incorrect or miscellaneous G/L accounts when related, more accurate GL accounts exist*** has an adverse effect on revenue and expenditure tracking and projections. The exercise of forecasting expenditures and revenues often include a review of prior related financial activity. This systemic practice degrades the ability of staff charged with these monitoring and forecast functions to accurately complete the process as these transactions were not properly recorded.

Departments' miscellaneous transactions recorded with existing G/L accounts were: FY20 aggregated revenues and expenditures identified were ~\$352k (36 line-items) and ~\$222k (847 line-items) and the FY21 aggregated of revenues and expenditures were ~\$503k (68 line-items) and ~\$7.1M (654 line-items). **Recording reflects systemic activity.**

Departments' miscellaneous transactions file recorded without specific existing G/L accounts were: FY20 aggregated of expenditures were ~\$410k (618 line-items) and the FY21 aggregated revenues and expenditures identified were ~\$73k (155 line-items).

Miscellaneous transactions recorded with insufficient data in the miscellaneous transaction file provided by DOF were: FY20 aggregated revenues and expenditures were ~\$1k (8 line-items) and ~\$8.7M (3,913 line-items) and the FY21 aggregated revenues and expenditures identified were ~\$72k (6 line-items) and ~\$25M (3,902 line-items). **Recording reflects systemic activity.**

Recommendation

We recommend DOF review the categories identified in our analysis and liaise with these departments to understand why Miscellaneous G/L accounts were used. DOF should use information garnered through discussion to develop resolutions. Additionally, DOF should develop guidance and/or trainings for County

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staff to limit use of miscellaneous G/L accounts. These processes should assist in reducing the count and dollar amounts recorded to these accounts.

We also recommend DOF review the expenditure categories identified in our analysis for potential creation of new G/L accounts. This enhancement would have a direct impact in the reduction of expenditures count and dollars recorded to miscellaneous G/L accounts. Any updates to the Chart of Accounts should be communicated to the County's departments.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Chris Pietsch (Director, DOF)	08/01/2022	Christopher.Pietsch@fairfaxcounty.gov
Tanya Burrell (Deputy Director, DOF)		Tanya.Burrell@fairfaxcounty.gov
Richard Modie (Chief, Financial Reporting Division, DOF)		Richard.Modie@fairfaxcounty.gov

MANAGEMENT RESPONSE:

DOF will work with agencies to identify opportunities to limit the use of Miscellaneous G/L accounts when recording transactions, including the creation of new G/L accounts where practical.

Additionally, the year-end conference information will be enhanced to include a training refresher associated with G/L account look-up functions available in FOCUS. There are several ways to obtain the full listing of general ledgers/commitment items in the FOCUS system. The reports below are available to all FOCUS users with the General Reporting Role. When possible, it is always best practice to align the proper general ledger to the intent/purpose of the posting being made in the FOCUS system.

- FOCUS [Datawarehouse Master Data Report](#) (available to all users)
- FOCUS Commitment Items Master Data Report - S_KI4_38000034
- FOCUS General Ledger Master Data Report - S_ALR_87012333

We note there are circumstances where the use of a non-specific G/L account may be preferred or necessary. Examples include transactions of a rare and infrequent nature and de-minimis transactions that are not significant to a department's operating activities. There are also circumstances where the FOCUS G/L account is used for general accounting and reporting purposes, but more detailed information regarding a specific program or agency operations is tracked using other cost elements within the FOCUS system. Finally, there are G/L accounts with names such as "Other Financing Sources," or "Other Categorical Aid," which include specific items that are externally defined and require the "Other" classification.

**ASSESSMENT OF FINANCIAL EFFECT OF MISLABELED TRANSACTIONS
(REVENUES/EXPENDITURES) AS MISCELLANEOUS**

REASONABLE ASSURANCE PROVIDED / PROCESS IS FUNCTIONING AS EXPECTED

Observation

In this section of the study, we assessed the balancing of miscellaneous revenue and expenditure transactions performed on a daily, monthly, or yearly basis. We also reviewed the balancing process at year-end close. Per Governmental Accounting Standards Board (GASB) Statement No. 11, governmental budgets are required by law to be balanced. We performed this analysis for all FY21 revenue and expenditure transactions labeled as miscellaneous. OFPA worked with the FOCUS Business Support Group (FBSG) to extract data for this analysis. There was a total of **13,929** line-items with several transactions of which **6,165** were unique. These transactions were the basis for our analysis. The revenue transactions totaled **~\$44M** and expenditures totaled **~\$28M**. OFPA utilized transaction codes, unique transaction numbers, and data extracts from FOCUS to perform our analysis. All **13,929** transactions were balanced at year-end. Therefore, OFPA has gained reasonable assurance that the process of balancing revenues and expenditures is functioning as expected.

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FOLLOW-UP AND NEW REPORTING AREAS

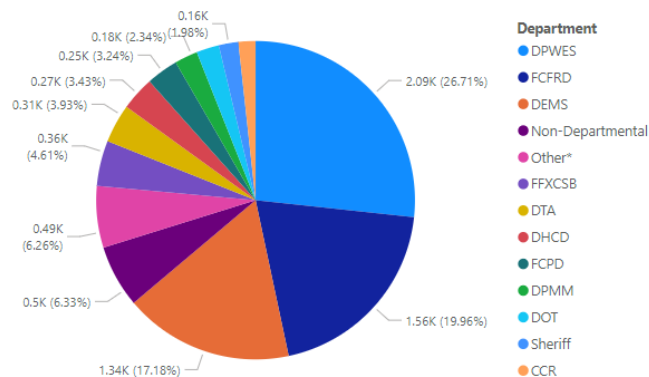
INCOMPLETE MISCELLANEOUS ACCOUNTS TEXT FIELDS

Observation

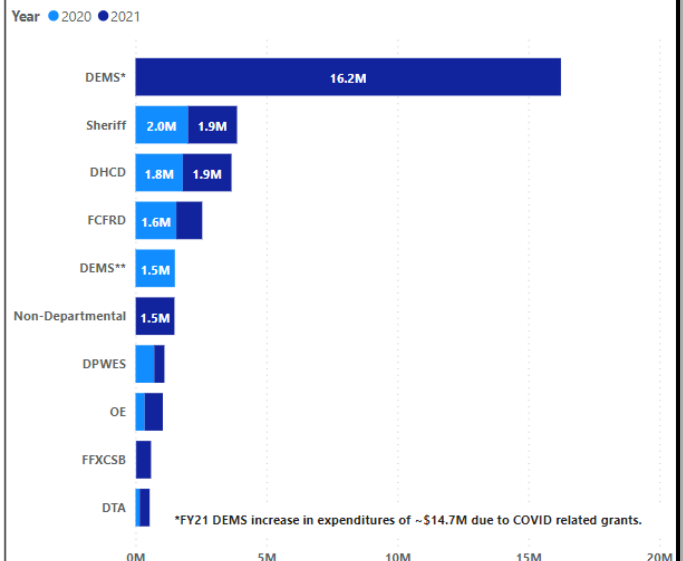
We stratified the miscellaneous transaction file on revenues and expenditures for fields left blank. These text files provide descriptions of the recorded transactions. For items left blank, the transactions could not be assessed to determine if they were properly recorded. For FY20 we identified 3,913 expenditures (**totaling ~8.7M**) and 8 revenues (**totaling ~1k**). For FY21, we identified **3,902** expenditures (**totaling ~\$25M**) and **6** revenues (**totaling ~\$72k**). The top 10 departments with incomplete recording of miscellaneous expenditures are listed in the table below. There are five departments with incomplete recording of miscellaneous revenues: Health Department, Department of Public Works and Environmental Services, Department of Housing and Community Development, Department of Neighborhood and Community Services, and Fairfax County Park Authority. We are not asserting any misuse of miscellaneous account, nor did we identify any from our data reviewed. However, implementing a requirement to complete the text fields would assist County staff in measuring and monitoring the types of transactions being recorded as miscellaneous. FBSG agrees to assess the recommendation of implementing alerts (*for systems not integrated*) to require and facilitate the completion of text fields and the attachment of transaction support to manual Journal entries(JEs). Staff is pursuing avenues to implement this process. Please see graph below:

Incomplete Recording of Miscellaneous Expenses

Expenses with Incomplete Recording by Count of Line Item Transactions



Top 10 Departments by Sum of Expenses with Incomplete Recording



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Recommendation

We recommend DOF and FBSG pursue avenues to implement alerts requiring completed text and the attachment of transaction support to manual JEs. This enhancement could assist County staff in measuring and monitoring the types of transactions being recorded as miscellaneous.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Nonie Strike (Deputy Director, DMB)	Assessment by: 09/01/2022 Implementation date TBD based on assessment results	Nonie.Strike@fairfaxcounty.gov
Joel Comer FOCUS Lead, FBSG)		Joel.Comer@fairfaxcounty.gov
Chris Pietsch (Director, DOF)		Christopher.Pietsch@fairfaxcounty.gov
Tanya Burrell (Deputy Director, DOF)		Tanya.Burrell@fairfaxcounty.gov
Jerry Wilhelm (Deputy Director, DOF)		Jerry.Wilhelm@fairfaxcounty.gov

MANAGEMENT RESPONSE:

DOF and FBSG will assess the feasibility of implementing system alerts for manual Journal Entries (JEs) to remind users to complete appropriate descriptive text fields and attach backup documentation to provide proper descriptions of the recorded transactions. The implementation of these alerts must be assessed to ensure there would be no negative impact to automated system jobs and interfaces that create postings to the FOCUS system. If a system solution is not feasible, we will focus on enhancing documentation and training for communication at year-end on appropriate use and documentation of Miscellaneous G/Ls.

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RECONCILIATION OF MISCELLANEOUS TRANSACTIONS

Observation

The County's Accounting Technical Bulletin 020 (ATB020) requires departments/departments to have and use a DOF approved monthly reconciliation plan. A reconciliation of revenues and expenditures recorded to miscellaneous accounts is not part of this reconciliation process. DOF agrees with the enhancement of the reconciliation plans to include a review of miscellaneous transactions. Throughout this study we have identified several areas of exposure whereby transactions were not properly recorded or supporting information for the transactions were not provided in FOCUS, the current process has an adverse effect on the revenue and expenditure forecasting process.

Recommendation

We recommend DOF provide guidance to departments on enhancements to the Monthly Reconciliation Plans used by the departments. These enhancements should include procedures for reconciling miscellaneous transactions. The updated plans should be sent to DOF for review and approval per ATB020 similarly to the original plan. This enhancement should assist in reducing the count and dollar amounts recorded to these accounts.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Chris Pietsch (Director, DOF)	08/01/2022	Christopher.Pietsch@fairfaxcounty.gov
Tanya Burrell (Deputy Director, DOF)		Tanya.Burrell@fairfaxcounty.gov
Richard Modie (Chief, Financial Reporting Division, DOF)		Richard.Modie@fairfaxcounty.gov

MANAGEMENT RESPONSE:

DOF is currently in the midst of a project involving a full update of ATB 020 Reconciliation of Financial Transactions and converting that policy into the standard Financial Policy Statement format. The new FPS will include a requirement for departments, as part of their monthly reconciliation process, to review Miscellaneous G/L account activity. Departments will be instructed to determine if activity within the accounts should be moved to a separate G/L account that more closely aligns with the business purpose of the expense or revenue. When the new FPS is released, DOF plans to add a requirement that county departments include the review of Miscellaneous G/L accounts in their Monthly Reconciliation Plans and submit the plans to DOF for approval.

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ADDENDUM SHEET

OFPA (March 2022 /Agency Report and/or Debriefing)

3/15/2022

The table below lists discussions from the Audit Committee.

<i>Location in Report</i>	<i>Comments</i>

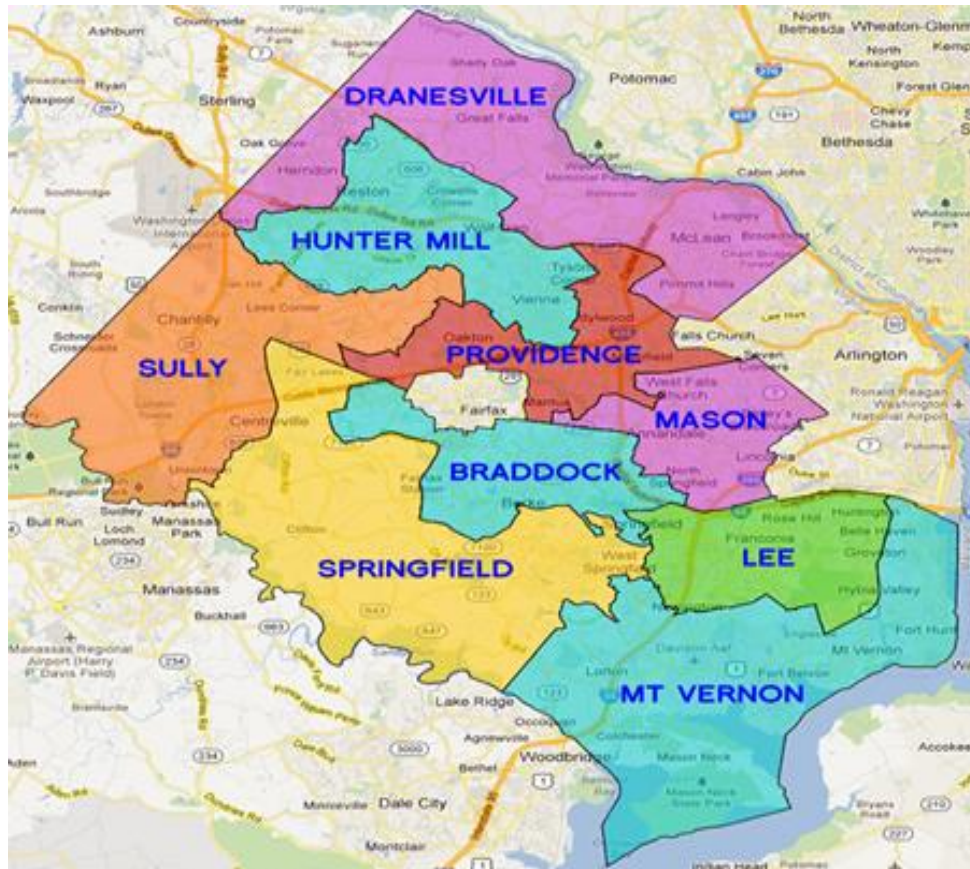
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LIST OF ACRONYMS

AC	Audit Committee
ATB020	Accounting Technical Bulletin 020
BOS	Board of Supervisors
CRM	Customer Relationship Management
DIT	Department of Information Technology
DMB	Department of Management and Budget
DOF	Department of Finance
OFPA	Office of Financial and Program Audit
DR	Disaster Recovery
FBSG	FOCUS Business Support Group
FCPD	Fairfax County Police Department
JE	Journal Entry
LDS	Land Development Services

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