



Fairfax County Internal Audit Office

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

January 2015

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Executive Summary

We performed a business process audit covering procurement and reconciliation within the Office of Human Rights and Equity Programs (OHREP). The audit included review of procurement cards; FOCUS marketplace cards; and purchase orders, non-purchase orders and value line purchase order payments.

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 exceptions where compliance and controls needed to be strengthened:

- There was no evidence to indicate that a weekly review of procurement card and FOCUS marketplace card usage was always being completed.
- Completed p-card certification tests were not maintained by the agency for four p-card users.

Scope and Objectives

This audit was performed as part of our fiscal year 2015 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. 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 OHREP's compliance with county policies for purchasing processes 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 transactions from procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, and value line purchase order payments that occurred during the period of October 1, 2013, through September 30, 2014. For that period, the department's purchases were \$45,858 for procurement cards, \$19,665 for FOCUS marketplace, \$62,194 for purchase orders, and \$5,882 for non-purchase order payments. Per OHREP staff, approximately 61% of the purchases were funded by the grants received from the U.S. Housing and Urban Development (HUD) and the U.S. Equal Employment Opportunity Commission (EEOC).

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 Procurement Card & FOCUS Marketplace Card Transaction Report Review

There was no evidence to indicate that a weekly review of procurement card usage had been completed for seven of the 24 weeks tested. In addition, we noted four instances where the weekly review of procurement card usage was not completed in a timely manner.

Additionally, in one instance there was no evidence to indicate that a weekly review of FOCUS marketplace procurement card usage was completed. Also, we noted four instances where the weekly review was not completed timely.

Procedural Memorandum (PM) 12-02 requires that all agencies review weekly transaction reports for unusual or unauthorized transactions. Failure to review the weekly transaction reports increases the risk that inappropriate purchases will not be identified in a timely manner.

Recommendation: We recommend OHREP perform and document all weekly reviews of procurement card and FOCUS marketplace card transaction reports which contain all items posted to the bank for the prior week. The weekly reports should be signed and dated by the reviewer.

Management Response: OHREP agrees to perform and document all weekly reviews of procurement card and FOCUS marketplace card transaction reports from the prior week. Weekly reports shall be signed and dated by the reviewer. The Administrative Assistant III and Management Analyst I shall be responsible for all weekly reviews and documentations of the weekly reports. The finding was corrected in October 2014 and will continue to be an ongoing reviewing and documentation process for OHREP.

During the audit, Internal Audit Office (IAO) verified that the weekly review of procurement card and FOCUS marketplace transaction reports have been implemented and completed appropriately. IAO also confirmed the weekly reports were signed and dated by the reviewer. No follow-up is needed for this item.

2. Procurement Card Certification Test

OHREP did not maintain a completed p-card certification test with the pertinent Employee Acknowledgement Disclosure (EAD) form for four of the ten p-card users

tested. The completed tests were returned to the potential p-card users.

PM 12-02 requires all new p-card users complete the on-line Procurement Card User Training and pass the test prior to using the p-card for the first time. Per the Memorandum, the completed test shall be filed with the EAD form.

Failure to maintain the p-card certification tests could increase the risks of inability to verify whether the card user is an authorized user and has taken the p-card test prior to making a purchase.

Recommendation: We recommend OHREP maintain the completed p-card certification tests with the pertinent EAD forms.

During the audit, IAO verified that OHREP implemented this recommendation by locating some of the missing user training documentation and having users retake the test for the ones that were still missing. No management response is needed for this item.