



# **Fairfax County Internal Audit Office**

**Department of Planning & Zoning  
Business Process Audit  
Final Report**

**March 2016**

***"promoting efficient & effective local government"***

# Executive Summary

We performed a business process audit covering procurement, reconciliation and human resource processes within the Department of Planning & Zoning (DPZ). The audit included review of procurement cards; FOCUS marketplace cards; purchase orders, non-purchase orders, value line purchase order payments; 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 or designated volunteer roles.

We found that in general the department had effective procedures and internal controls in place for the handling of purchasing functions, personnel/payroll administration policies, control over transactions and adequate evidence of compliance with County policies. Reconciliations were independently performed and were completed in a timely manner. However, we noted one exception where compliance and control needs to be strengthened. Statutory Holiday reporting for an employee working a compressed schedule was not executed in accordance to County policy.

## Scope and Objectives

This audit was performed as part of our fiscal year 2016 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 DPZ's compliance with County policies for purchasing processes, compliance with personnel/payroll administration policies and procedures, 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 personnel/payroll that occurred during the period of September 1, 2014, through August 31, 2015. For that period, the department's purchases were \$116,210 for procurement cards, \$97,965 for FOCUS marketplace, \$150,082 for purchase orders, and \$39,962 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.

## Finding, Recommendation, and Management Response

### Statutory Holiday reporting for employee working a compressed schedule

An employee at the Department of Planning & Zoning did not accurately record, or account for statutory holidays while working a compressed schedule. Employees who work a compressed schedule (with 9 or 10 hour days), must account for the extra hour(s) on statutory holiday leave reporting. When a holiday falls on the day that an employee is scheduled to work more than 8 hours, the employee is eligible for 8 hours of paid holiday leave. To account for the employee's total work hours for that day, either annual leave or compensatory leave must be taken.

Personnel/Payroll Administration Policies and Procedures Memorandum 13 requires agencies comply with Personnel Regulations and with the Fair Labor Standards Act (FLSA) as it applies to local government. The policy states:

*.....attendance and absence data must be recorded in the County payroll system for each employee during every pay period for which that employee has hours worked, is in a paid leave status, or has recorded leave without pay. Additionally, 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.*

Failure to accurately record statutory holiday leave increases the risk of paying an employee for hours for which they did not work.

**Recommendation:** We recommend the Department of Planning & Zoning require employees working a compressed schedule to comply with the County policy for Statutory Holiday leave reporting.

**Note:** During the audit, IAO coordinated with the Department of Human Resources to rectify the hours not recorded. In addition, the employee changed to a regular work schedule. No management response is needed for this item.