



Fairfax County Internal Audit Office

Office of Elections
Business Process Audit
Final Report

January 2019

"promoting efficient & effective local government"

Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Office of Elections (Elections). The audit included a review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders including petty cash transactions, open-ended purchase order payments, and monthly reconciliations. We performed a limited review of accounts receivable and revenue collections and verified 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.

We noted the following exceptions where compliance and controls needed to be strengthened. During our audit, we were able to close four findings. In addition, we identified opportunities to improve controls.

- Twenty P-card, Marketplace, Non-PO, and PO transactions were not supported by signed and dated packing slips to evidence accurate receipt.
- The P-Card Internal Control Procedures (ICP) were outdated, and both the ICP and the most recent Department Reconciliation Plan (DRP) were not properly approved.
- Elections neither developed a Billing and Collection plan for their generated revenue, nor a Department Operating Procedures Form for processing monetary receipts for their collection of election services reimbursement from the state and other localities and funds from staff for Election Day attire.
- The Position of Trust and Authorized Signatures for Personnel/Payroll Documents Memorandum were not on file in the department.
- Agreements supporting payments for polling places, election night services, and a credit monitoring service were not found.
- The agreement supporting the fees collected from the towns for which the department handled election services were not found.
- Two information technology items requiring technical review were purchased using the procurement card, thereby circumventing the technical review process.
- Multiple instances were noted where the procurement card transaction logs and pre-authorization forms were not properly completed.
- Two procurement cards had monthly spending limits that were set significantly higher than the actual usage.
- Seven incidents of noncompliance to the county travel policy were noted due to inadequate travel supporting documentation provided.
- Mileage reimbursement and meal per diem payments were overstated or incorrect.
- The Non-Purchase Order procurement method was used to pay for three types of items that are not allowable under Financial Policy Statement (FPS) 630.
- One employee who signed a Payment Request Form (PRF) as the authorized signor of a Non-PO payment was not listed on the department's *Signature Authorization Form*.
- Two purchase orders were created and approved after the corresponding order was already placed with the vendor.

- The system configuration and operating procedures for the PollChief System used to manage mileage reimbursements were not formally documented.
- The PollChief system data export that supports local voucher submission for Election Officers did not include Poll Precinct assignments.
- In 15 instances, supervisor's timely approval was not documented for overtime and compensatory time earned.
- In 11 instances, the Director's leave requests were approved by a subordinate in the department.
- Control weaknesses were noted in the process for completing the Employee Clearance Record Checklist.
- IAO identified purchasing areas for which Elections should consider identifying current county contracts or creating a contract to better leverage purchasing power.
- The department had unique and infrequent purchases for which additional guidance on how to handle the transactions will improve the internal controls over those transactions.
- Four reimbursements and one purchase should have been paid using a P-card instead of reimbursing employees for the expenses or paying a vendor via the Non-PO method.

Scope and Objectives

This audit was requested by the County Executive 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 Elections' 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 including petty cash that occurred during the period of May 1, 2017, through April 30, 2018. We excluded the Director's individual procurement card transactions from May 1, 2017 to March 2018 as the Department of Procurement and Material Management (DPMM) performed an audit of those transactions. For that period, the department's purchases were \$28,589 for procurement cards¹, \$15,268 for FOCUS marketplace, \$592,386 for purchase orders that were received, and \$100,883 for non-purchase order payments.

¹ excluding the Director's named card, \$9,242, which was previously audited by DPMM

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. Lack of Adequate Receiving Supporting Documentation

In our review of all purchasing methods (P-card, Marketplace, Non-PO, and PO), we noticed that for 20 transactions either the receipt or packing slip was missing and/or the receiver did not evidence their confirmation that goods/services were received with a signature and date.

Per Procedural Memorandum (PM) 12-09, *Delegated Purchasing Procedures for Orders Under \$10,000*, one must "verify that items have been received as ordered, and sign and date the vendor packing slip to indicate proper receipt and to establish acceptance date." In addition, per Elections' internal Statement of Procedures (SOP), *Process for Making a P-Card Purchase*, "if the vendor does not provide a packing slip in the shipment then inform the Financial Specialist, via e-mail, that the order was delivered but the vendor did not provide a packing slip."

Not properly documenting receipt of ordered goods and services increases the risk of paying for items that were not received.

Recommendation: Elections should ensure that receipt of all ordered goods and services is adequately documented with a signed/dated packing slip. For instances in which the packing slip is not included with shipment, Elections should follow their internal SOP, *Process for Making a P-Card Purchase*. In addition, for consistency, that procedure for managing missing packing slips should be implemented across all purchasing methods. Further, all receiving documentation should be maintained on file.

Management Response:

Elections will follow internal Standard Operating Procedures (SOP) for all purchasing methods, document receipt of items with signature/date, and maintain the required documentation on file. This will be completed by April 30, 2019, by Elections HR and Finance Staff.

2. Required Procedures and Plans Approvals

Election's P-Card Internal Control Procedures (ICP) were outdated and not approved by Department of Procurement and Material Management (DPMM). Additionally, the most recent Department Reconciliation Plan (DRP) was not approved by DOF or the Department Director. The last DPMM approved ICP was dated 2013, whereas the department had updated Standard Operating Procedures (SOP) dated 2016 that had not been submitted for DPMM approval. The DRP had a draft date of April 2016 with subsequent SOP's drafted in July 2016.

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, requires that all using agencies establish procurement card internal control procedures that govern card security, use, and accounting specific to their operations. These procedures are to be submitted to the DPMM program administrator for approval. Furthermore, Accounting Technical Bulletin 020, *Financial Transactions Reconciliation*, states that each agency must develop a written reconciliation plan and obtain approval by the Department Director and DOF.

Failure to obtain approval for the department's P-Card ICP and DRP increases the risk that operating procedures may not be in compliance with county policy and contain significant internal controls weaknesses.

Recommendation: In respect to the ICP, Elections should review the policy and make any necessary updates. Since DPMM is in the process of updating PTB 12-1009, Elections should postpone the submission to DPMM until Elections has confirmed the ICP is consistent with the latest PTB 12-1009. In respect to the DRP, we recommend Elections submit the current DRP for approval from the Departmental Director and DOF.

Management Response:

Elections will correct their ICP for outdated information and submit it to DPMM for approval. Additionally, their DRP will be approved by the Election's Director and submitted to DOF for approval. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

3. Lack of Required Billing and Collection Plan and Department Operation Procedure Form

We found that the department procedures for the collection of funds from the state, localities, and employees were not documented. The Billing and Collection Plan and Department Operating Procedures form were not developed.

Per FPS 436, *Billing and Collection Procedures (Non-Tax Accounts)*, "County departments that generate billable revenues are responsible for developing, implementing and updating a plan of action to support the county's policy and achieve timely collection of all revenues." Additionally, the policy mentions this plan must be submitted to the Non-Tax Collection Team in the Department of Tax Administration

(DTA) for approval.

In respect to the Department Operating Procedures Form, FPS 470, *Processing Monetary Receipts*, states, "At a minimum, all departments are required to complete the Department Operating Procedures Form (Attachment 1)." Also, per the statement, in order to document adherence to FPS 470, the form must be completed and retained on file for the Department of Finance (DOF) and audit review.

Having a county approved Billing and Collection plan decreases the risk of having billing procedures that are non-compliant with the county's requirement and supports the county's goal of achieving timely collection of all revenues. Also, not having the Department Operating Procedures Form completed increases the risk for fraud, recording error, and inadequate safeguarding and handling of monetary receipts.

Recommendation: Elections should develop a Billing and Collection Plan for its non-tax receivables that is consistent with FPS 436 and obtain approval of the plan from the Non-Tax Collections Team in DTA. Additionally, Elections should review the plan on an annual basis for potential updates.

Elections should also complete the Department Operating Procedures Form and identify, if any, exceptions to the requirements on the form. If there are exceptions, Elections should seek DOF approval for the exceptions.

Management Response: Meet with DOF on what is needed for the BCP. Submit BCP for DTA approval. Elections will complete a Department Operating Procedures Form and submit any exceptions to DOF for approval. This will be completed by April 30, 2019, by Elections HR and Finance Staff, and Director.

4. Lack of Retention of Position of Trust and Authorized Signature List for Personnel/Payroll Actions

The Position of Trust and Authorized Signatures for Personnel/Payroll Documents Memorandum were not on file in the department. The Position of Trust list had not been created for the department, while the Authorized Signature List was created but not retained.

Per PPAPP Memorandum No.56, *Credit Check Requirements for Positions of Trust*, "Employees who occupy positions of trust are subject to a credit check. Positions of trust include all Directors, Deputy/Assistant Director and Division Director positions as well as positions identified by the department director as having significant fiscal or information security responsibility."

As a best practice and based on our discussions with the Department of Human Resources (DHR), the authorized signature list for personnel/payroll actions should be retained by the respective Department to provide guidance of who can and cannot approve certain actions.

Not obtaining credit checks for those in positions of trust (i.e., those with fiduciary responsibility) or retaining the Authorized Signature List increases the risk for abuse or fraud.

Recommendation: Elections should develop a Positions of Trust list in accordance with county policy, and then, obtain credit checks in a timely manner for all individuals. In the future, the credit checks should be completed upon initial hire, promotion, or transfer, to a position of trust.

Also, Elections should complete the memorandum for the Authorized Signatures for Personnel/Payroll Documents and submit a copy to the DHR. In addition, Elections should create procedures for retaining the memorandum on file, reviewing it on an annual basis, and making changes if necessary during the year including notifying DHR of the changes.

Note: *IAO obtained a copy of Elections' Position of Trust and memo for the Authorized Signatures for Personnel/Payroll Documents and confirmed credit checks were requested. No additional follow-up will be needed for this item.*

5. Lack of Agreements Supporting Election Expenditures

There were no agreements submitted to support payments for polling places, election night services, and a credit monitoring service. For the polling places, the Clerk of the Elections Board had *Polling Place Guidelines* that were given to the polling place, but that document was not included as support for the payment request to DOF. In respect to the election night services, there was no documented agreement detailing the organizations or amounts to be paid for services provided. For the credit monitoring service, we noted a few months were purchased for a non-employee. Per department staff, guidance from the Office of the County Attorney's (OCA) was followed in making the purchase; however, there was no evidence of an agreement between the County and individual.

The payment for agreed upon services received from outside individuals or organizations should be supported by an agreement that specifies the agreed payment amount. In addition, if purchasing personal goods or services on the recommendation of the Office of the County Attorney (OCA) or other county guidance, a copy of their recommendation or county guidance should be retained as the documented business justification.

Failure to have an agreement for election services may result in a higher likelihood of paying an improper amount or incorrect entity (or group) or increase the resources needed to settle any dispute. For the credit monitoring service, not having the OCA's recommendation or any county guidance documented increases the chances of making an inappropriate business purchase, setting an inappropriate precedent, or creating an inconsistency in remedies to similar situations.

Recommendation: Working in conjunction with DPMM and OCA, Elections should create agreements that adequately support polling place rentals and election night staffing services. The agreements should include but not be limited to details such as the vendor name and location, date of when services should be rendered, an agreed-upon amount, and other attributes deemed necessary. In addition, the agreements should be included as part of the supporting documentation when submitting the payment to DOF for payment via the Non-PO process.

Also, for non-routine purchases, Elections should maintain adequate supporting documentation with proper business justifications and approvals.

Management Response: The Office of Elections will consult with DPMM to determine the proper payment method for polling places and election night services. In addition, based upon the payment method the proper supporting documentation will be provided for payment processing. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

6. Lack of Agreements Supporting Election Revenue

There was no documented agreement supporting the fees collected from the towns of Vienna, Herndon, and Clifton for which Elections provides services for town elections. Per the *Code of Virginia, Chapter 6, 24.2-600*, the cost of town elections shall be paid by the towns." The code goes on to mention, *per 24.2-601*, "the electoral board and general registrar of the county within which a town, or the greater part thereof, is situated shall control the election process and carry out the applicable provisions of this title concerning towns."

Failure to have an agreement for the election services may result in a higher likelihood of a dispute with the customer as to the price or services provided on Election Day.

Recommendation: As mentioned in finding #3 above, Elections should develop a Billing and Collection Plan for its non-tax receivables that is consistent with FPS 436 and obtain approval of the plan from the Non-Tax Collections Team in DTA.

As part of the plan, working in conjunction with DTA and FOCUS Business Support Group (FBSG), Elections should create an agreement or use the standard invoice mentioned in FPS 436 with each town that is billed for election services. The agreement or invoice should include, but not limited to, the necessary requirements as detailed in FPS 436.

Management Response: Elections will adopt an agreement/invoice that complies with FPS 436. This will be completed by April 30, 2019, by Elections HR and Finance Staff, and Director.

7. Lack of Technical Review

Two information technology items were purchased using the procurement card without going through the proper technical review. These items consisted of a mobile application for \$7.99, and a GPS monitoring service for \$134.97.

PTB 12-1010, *Technical Review Program*, states “Unless formally exempted by the responsible technical review agency, no agency may purchase an item or service requiring technical review without first completing the review process. For this reason, items and service requiring technical review may not be purchased using a procurement card or any other non-FOCUS purchasing process without documentation of approval from the responsible technical review department.” In addition, per discussion with the technical reviewer, as the technical purchases above require registering devices which can then be tracked from a cloud website, the terms and conditions must be reviewed and approved by DPMM and the County Attorney.

Purchasing technical items using the p-card increases the risk of purchasing items that are incompatible with the county’s systems; not compliant with the county’s standards; purchased from a vendor that does not offer technical support; and overpriced.

Recommendation: We recommend Elections create purchase orders in FOCUS to procure items or services requiring technical review. If exemptions from technical review are granted by a technical review agency, then documentation of the exemption should be maintained on file.

Management Response: Elections will reinforce policy and procedures PTB 12-1010 with staff. This will be completed by April 30, 2019, by Elections HR and Finance Staff.

8. Incomplete P-Card Transaction Log and Pre-Authorization Forms

From a sample of 33 procurement card transactions, 13 transaction logs and 7 pre-authorization forms were not properly completed. There were two transactions for which both the log and authorization forms were found to be incomplete.

Our review indicated that the log entries were not properly completed (e.g., missing returned dates, signatures for returning the card, and item descriptions). One transaction was not recorded. And some had incorrect sign-out dates (e.g., transactions that occurred before the sign-out date). Finally, the pre-authorization forms were either not signed or dated, or they were dated after the transaction occurred.

PTB 12-1009, *Use of the County Procurement Card*, states that “the department shall maintain a log that records purchases as they occur and tracks who is in possession of p-card and entries must be contemporaneous that they provide up-to-date information on funds expended.” In addition, per Elections’ internal Standard

Operating Procedure (SOP), *Procurement – Process for Making a P-Card Purchase*, “authorized users need to complete the P-Card Requisition form and obtain approval before the card can be signed out from the P-Card Custodian.”

If possession of the p-card is not accurately tracked or approved for use, the risk of fraudulent transactions is increased. Additionally, user accountability is reduced in the event a card is lost or inappropriate charges are placed on the card.

Recommendation: To ensure that card use is properly monitored, we recommend that Elections maintain a transaction log which accurately reflects all procurement card activity and follow their internal procedures by properly completing the pre-authorization form. Elections should reinforce with staff the requirements for completing the log and pre-authorization form.

Management Response: Elections will reinforce policy and procedures PTB 12-1010 with staff. This will be completed by April 30, 2019, by Elections HR and Finance Staff.

9. P-Card Usage Trend Below Credit Limits

Our analysis of card spending for the period May 1, 2017, through April 30, 2018, revealed that the actual spending on two p-cards was significantly below each card’s credit limits. For the two p-cards, the highest percentage of the total monthly limit used on each was 12% and 29%.

Setting the procurement card limits higher than necessary increases the county’s exposure in the event the card is lost, stolen or improperly used by a county employee.

Recommendation: Elections should review the spending on all cards to determine an appropriate limit for each card. Once the review is completed Elections should submit the required request to DPMM to have the card limits lowered to the appropriate levels.

Note: *IAO confirmed Elections’ requested DPMM to lower the credit card limits for all the p-cards. No further follow-up is needed for this item.*

10. Inadequate Travel Supporting Documentation

We found 7 incidents of noncompliance to county policy where there was inadequate travel supporting documentation provided. (see chart below)

Exception Description	Number of Exceptions
Travel Expense Vouchers not dated by authorized official	3
Non-Local Trip not supported by Travel Authorization Form	1
Local Trip toll expense not supported by toll receipt	1
Local Trip toll expense not supported by completed Local Voucher form	1
Non-Local hotel expense not supported by completed travel voucher	1
Total Noncompliant Exceptions	7

We also noted inadequate expense descriptions and supporting documentation for local travel. Incidents found include the following:

- a. Travel Expense Voucher (TEV) and Travel Authorization (TA) forms had event titles that did not provide an adequate description of the event (i.e., 2017 workshop, various registration outreach events).
- b. Local Vouchers (LV) only included city and state or had only general descriptions of the location (e.g., Mount Vernon GC, to warehouse, Various, USCIS Fairfax, etc.). This was especially noticeable on vouchers submitted by Rovers (i.e., Election Day, Rover Route, Multiple Places and others).
- c. TEVs and LVs were missing documentation supporting the mileage detail (i.e. Google Map routes) for various types of local travel such as training, meetings, and Rover travel.

Per PM No. 06-03, *Fairfax County Travel Policies and Procedures*,

- The voucher forms require the approval date from the authorized official, and that employees include sufficient detail about their travel.
- If travel is over 120 miles, it is considered non-local travel and requires a TA form.
- Receipts for travel reimbursable expenses (i.e., tolls, hotels, etc.) are required and must be submitted with either a LV or TEV (depending if it was local or non-local travel).

In addition, *DOFs' Travel Tips and Reminders* (published on their website), states that supporting map detail as back-up documentation should be maintained. Finally, an element of a good and mature internal control environment is to have sufficient supporting documentation for an independent third party to be able to determine where and why the employee traveled, and if the correct travel expense was reimbursed.

Not abiding by the County travel policy, DOF's Travel Tips and Reminders, and having sufficient supporting documentation increases the risk of unauthorized travel, fraud, or waste of county funds.

Recommendation: We recommend that Elections reinforce and implement the PM 06-03, *Fairfax County Travel Policies and Procedures* along with the *DOF Travel Tips and Reminders* with staff. In addition, Elections should develop and implement their own internal policy to identify the level of support needed for the various types of travel such as routine, non-routine, election-day, training, and others. The internal policy should be consistent with PM 06-03.

Management Response: Elections obtained a Memo of Understanding (MOU) on Travel that was approved by the Electoral Board and DOF. This was completed in December 2018. In addition, we will reinforce PM 06-03 and the MOU with Elections staff. This will be completed by March 31, 2019, by Elections HR and Finance Staff, and the Director.

11. Mileage Reimbursement and Per Diem Exceptions

We found overstated mileage reimbursement and incorrect meal per diem for the following:

- a. Two employees did not deduct the normal commute miles from their travel submissions, and five employees for which we could not determine if normal commuting mileage was deducted.
 - i. One employee had four local trips in which the overall mileage was overstated by 56 miles (approximately \$30). The individual did not deduct normal commute (14 miles) from the total mileage for each day.
 - ii. A second employee had one local trip for which normal commute mileage was not deducted. The expense was overstated by approximately \$21.
- b. For five employees, there was no supporting evidence that normal commute mileage was deducted from trips between county locations and for Election Day (e.g., voucher only states “to warehouse” for three lines, and “election day” for another line, and no map detail). Per department staff, their normal commute is from their home to the base work location (i.e., the Government Center), and employees are required to deduct this normal commute from each travel day. However, in the absence of detailed supporting documentation we were unable to determine if this deduction was consistently taken.
- c. The Meal per diem on one TEV was \$45 greater than the amount on the TA (\$154.50-\$109.50), but there was no documentation supporting the difference.

Per PM No. 06-03, *Fairfax County Travel Policies and Procedures*, “Reimbursable travel mileage is calculated as the mileage difference between the miles traveled to the alternative work site (round-trip) less the daily commuting mileage traveled by the employee between residence and base work location.” In addition, an element of a good and mature internal control environment is to have the appropriate documentation to support travel expenses.

Overstating miles for reimbursement is a waste of county funds and failing to have the appropriate supporting documentation for travel expenses increases the risk of a fraudulent, inaccurate, or overpayment of county funds.

Subsequent to the fieldwork, the Electoral Board and DOF drafted a Memo of Understanding (MOU) regarding travel approval for staff within the Office of Elections.

Recommendation: We recommend that Elections reinforce the County Travel Policy and MOU requirements with department staff. In addition, Elections should develop and implement policies that detail the determination of an employee's base location based on their role/responsibilities for elections. Finally, if exceptions to the Travel Policy are needed due to special circumstances, Elections should work with DOF to obtain their approval. Any exceptions that are approved by DOF should be documented and retained by Elections.

Management Response: Elections obtained a Memo of Understanding (MOU) on Travel that was approved by the Electoral Board and DOF. This was completed in December 2018. We will reinforce policy PM-06 and the MOU with staff. This will be completed by March 31, 2019, by Elections HR and Finance Staff, and the Director.

12. Lack of Non-PO Payment DPMM Approved Exception

The Office of Elections used the Non-PO payment method to pay for polling places, election night services, and AT&T services. Currently, these expenses are not included in *Non-PO Payments - Financial Policy Statement (FPS) 630's* listing of allowable expense categories payments. Elections did not seek or obtain an exception from DPMM for the payments.

Per FPS 630, "All distinct business units (departments, agencies, etc.) of the county are responsible for ensuring that Non-PO payments are used appropriately and processed in accordance with regulations and county policy. All purchases from nongovernmental or governmental sources for goods or services shall be conducted with a purchase order or procurement card (p-card) unless exempted by this policy."

Using a Non-PO to purchase an unapproved item circumvents established purchasing controls and reviews, increasing the risk for inappropriate purchases.

Recommendation: We recommend Elections obtain guidance from DPMM on the best way to make these purchases. Elections should request DPMM expand the approved categories under FPS 630 to include payments unique to elections operations or obtain an exemption approval. If DPMM approves an exemption, Elections should retain documentation of DPMM's exemption.

Note: *IAO confirmed Elections started paying for phone services in November 2018 using the p-card. In addition, we confirmed that Elections obtained guidance from DPMM to use the PO method for election night services, and that the polling places may be made with a Non-PO payment as it falls under the "Real Estate Lease Payment" category. No follow-up will be needed for this item.*

13. Improper Approval of Non-PO Transaction

One employee who signed a Payment Request Form (PRF) as the authorized signor of a Non-PO payment was not listed on the department's *Signature Authorization Form*.

Per FPS 630, the department is responsible for ensuring "that authorized signers of PRFs are listed on a current *Signature Authorization Form*." In addition, per FPS 634, "it is the initiating department's responsibility to ensure that the *Signature Authorization Form* is updated whenever adding, changing, or deleting an approver from the file."

Not having proper approval for Non-PO payments increases the risk of having a fraudulent or inappropriate expenditure and is not compliant with the county's policies.

Recommendation: Elections should review and update the current Signature Authorization Form and re-submit the form to the DOF. In addition, Elections should create procedures to update the form immediately when a change is required and perform an annual review of the form for accuracy.

Note: IAO obtained Elections' updated Signature Authorization form, and internal procedures for maintaining the Signature Authorization Form. No follow-up will be needed for this item.

14. Purchase Order Created After Receipt of Invoice

We noted two purchase orders were created and approved subsequent to placing the order with the vendor. For an order of \$4,525 (Site Support related to the November 2017 Election Recount), the shopping cart was approved 13 days after the invoice date. Also, for an order of \$73,037.01 (Sample Ballot for November 2017 Election), the shopping cart was approved one day after the invoice date.

Agencies are required to create and approve a purchase order in FOCUS prior to placing an order with a vendor. Failure to do so circumvents the approval process, promises payment to a vendor for funds that have not yet been encumbered for that purpose and increases the likelihood of fraud or waste through unauthorized expenses.

Recommendation: We recommend Elections reinforce with staff the requirement to have the shopping cart completed and approved prior to placing orders with the vendor. In addition, to comply with their own internal SOP, *Preparing Purchase Requests* the requestor should complete the required requisition form prior to creating a shopping cart.

Management Response: Elections will reinforce the requirements and our internal Standard Operating Procedures (SOP) with staff. This will be completed by April 30, 2019, by Elections HR and Finance Staff.

15. PollChief System Configuration and Operating Procedures

The system configuration and operating procedures for the PollChief System were not formally documented. The PollChief system was used by Elections to manage mileage reimbursement for the election officers working elections. The system was the source for the listing of staff due mileage reimbursement for travel to/from home, the Government Center, and voting locations.

An element of a good and mature internal control environment is to have written procedures and internal controls that clearly set forth the acceptable practices for staff to follow in managing the PollChief system for mile reimbursement.

Given the high turnover and volume of temporary/seasonal employees in Elections, the lack of documented system policies and procedures increases the risk of user error resulting in possible over/underpayment of mileage reimbursements. Additionally, future system users may not have awareness of control design or operation.

Recommendation: We recommend Elections develop standard operating procedures to guide Elections staff on using the PollChief system for mileage reimbursements. These procedures should describe the process from identifying who is to receive mileage reimbursement to when the Payment Request Form (PRF) is sent to DOF. The procedures should also include, but not be limited to, controls over PollChief configurations changes; and the various reviews required, including who and how, prior to submitting a PRF to DOF.

Management Response: Elections will create Standard Operating Procedures (SOP) for the use of the PollChief System. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

16. Missing Poll Precincts Assignment in PollChief Reporting

The PollChief system data export that supports local voucher submission for Election Officers does not include Poll Precinct assignments, which identifies where staff were assigned and traveled on Election Day. Currently, reviewers of the vouchers don't have that information available to help assess the completeness and reasonableness of vouchers being submitted.

An element of a good and mature internal control environment is to have effective and efficient reporting to provide management with the necessary information to perform a proper review.

The impact of not including the Poll Precinct assignments in the report can lead to approval of inaccurate mileage reimbursements and untimely mileage reimbursements as an officer may be missing from the report.

Recommendation: We recommend Elections include a column in the PollChief data export that indicates the Poll Precinct assignments for each individual. Then, the report can be reviewed by the appropriate manager to ensure the proper mileage is being submitted for reimbursement and all election officers who traveled on Election Day are included on the report.

Management Response: Elections will include poll precinct assignments in the report for manager review. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

17. Non-Approval of Overtime/Comp Time Earned

We noted 6 entries in which a time delegate approved overtime or compensatory time earned based on the supervisor's verbal approval per department staff. There was no documentation of the supervisor's approval on the timesheet. In addition, there were 9 entries where the supervisor evidenced their approval by signing the timesheet but did not date it.

Per PPAPP Memo #8, *Time and Attendance System Controls*, "Managers are responsible for approving in advance (verbally or in writing) all employee requests to work overtime (hours above the regular schedule), and for documenting that approval in a manner that can be audited by internal and external auditors. Approval of the employee's timesheet via MSS is adequate documentation that advanced approval for overtime was granted." In addition, it states, "When advance approval of overtime is not possible, supervisory approval should be obtained and documented, to the extent possible, within one business day of the employee's overtime."

Failure to document the supervisor's time approval increases the risk of inaccurate time being approved and waste or loss of county funds. In addition, Elections reliance on incomplete timesheets as the source for proper approval increases the risk of unauthorized compensatory/overtime time earned.

Recommendation: We recommend Elections to develop and implement an internal policy that details how overtime and comp time will be approved, and what evidence should be retained to support the approval. In addition, for situations where the delegate approves overtime or compensatory time earned in FOCUS, we recommend Elections to obtain documentation evidencing the supervisor's timely approval and retain the evidence on file.

Management Response: Elections will develop an internal policy in which all Overtime/Comp Time Earned requires completion of a hard-copy timesheet with approval by the employee's supervisor noted on timesheet. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

18. Approval of Department Director Leave

Director leave requests for annual and sick leave were approved by a subordinate in the department. The requests included 65 hours across 11 entries. This situation arose because the director formally reports to a board rather than the County Executive's Office.

Per PPAPP #8, Time and Attendance Systems and Controls, "Supervisors/Managers are expected to review and approve time and leave data for their subordinates either in MSS or Telestaff (Police Department only). In unusual situations, time review and approval may be completed by an employee in a lower pay grade. Such exceptions must be clearly documented within the departmental time and attendance procedures, clearly communicated to affected employees, and be readily available for review by DHR or audit staff."

Controls weaknesses in time approval increases the risk of fraud or error in time being recorded which could lead to waste or loss of county funds.

Recommendation: We recommend Elections obtain a memo from the County's Chief Financial Officer (CFO) authorizing the approval of the director's leave by a subordinate. The memo should specify the name of the subordinate authorized to approve the director's time and require the director to send an email to the subordinate and the CFO when requesting leave.

Management Response: Elections will obtain a memo from the CFO authorizing a designated subordinate to approve the director's leave. This will be completed by January 31, 2019, by Elections HR and Finance Staff, and Director.

19. Human Resources Checklists Exceptions

Our audit noted two control weaknesses in the process for completing the Employee Clearance Record Checklist (Checklist). Per discussion with department staff, Clearance Record Checklists were not completed. During the audit scope period, Elections had approximately 804 staff departures (Merit and Temporary). In addition, the position responsible for ensuring the checklist completion did not have the task noted in the position description.

Per discussion with staff, we noted that the department had no formal process for identifying and terminating temporary or seasonal employees that have not worked for Elections in a significant amount of time. Completion of the Checklist is also required for these employees. DHR requires temporary or seasonal employees to be terminated once their last recording working day exceeds 90 days, or, in the case of certain Election workers, two years.

Per PPAPP Memorandum No. 33, *Employee Clearance Record*, "Departments are required to complete an Employee Clearance Record Checklist with each employee leaving County service for any reason." Memorandum No. 33 further states:

“Responsibility for completing Employee Clearance Record Checklists must be included in the job description(s) for staff assigned to this function.”

Failure to maintain adequate controls over the process for completing Employee Clearance Record Checklists increases the risk of a former employee having inappropriate access to county systems and resources, loss of county property, and a dispute between the county and prior employees, should an issue arise at a later date.

Recommendation: Elections should develop and implement a policy for checklists required to be completed for departing staff and obtain DHR's approval for a customized checklist that pertains to certain Election workers. The policy should include but not be limited to clarification of who is exempt and not exempt from having to complete County required checklist; description and frequency of the process for monitoring the last working day of employees to determine if they need to be terminated; and, in collaboration with DHR, a reasonable time period from an employee's last recorded workday to when an employee should be terminated.

Elections should seek guidance from DHR to ensure their policy is in compliance with county policy and any exceptions are approved. Department practices should ensure the following:

- i) There is a customized checklist that covers all the required equipment and materials that must be returned and any system access has been terminated;
- ii) The checklists are signed and dated by an Election employee who confirms required items are returned;
- iii) The checklists are retained by Elections or at least of copy of the checklists to evidence of compliance;

Lastly, Elections should update the respective position descriptions to include the task to complete the County required checklist and the customized checklist.

Management Response: Elections will create an internal policy for checklists and update the position description. This will be completed by January 31, 2019, by Elections HR and Finance Staff.

Internal Control Improvement Observations

20. Annual Purchasing Review

We found P-card and PO purchases for which opportunities to leverage contracts or expand good or service offerings under county contract existed. Based upon our testing we identified the following purchasing areas for which consideration should be given to identify current county contracts or create a contract for purchasing: Promotional items (election tote bags); Translation services (in person and materials); Office supplies (mailing labels, name badge holders).

Given the types and frequency of the purchases, controls should be in place to review the P-card and PO purchasing history to identify potential opportunities to use a current or establish a new contract.

A review of the purchasing history will reduce the risk of Elections paying higher cost for goods and services and not leveraging the county's bargaining power with vendors.

Recommendation: We recommend the performance of an annual (or other frequency) review of purchases. The purpose of the review would be to identify opportunities for the department to leverage existing county contracts or better purchasing methods for the goods and services procured. In addition, the department can work with DPMM to identify items that could be incorporated into existing county office supply contracts.

Management Response: Elections will develop an internal policy for reviewing purchases on an annual basis to identify opportunities to leverage existing county contracts. This will be completed by March 31, 2019, by Elections HR and Finance Staff.

21. Department Purchasing Guidance

We found the department had unique and infrequent purchases for which additional guidance on how to handle the transactions will improve the internal controls over those transactions. Some of these purchases culminated in an instance of non-compliance (e.g., missing itemized receipts) and others were a waste of taxpayer funds (e.g., purchase a month of GPS service in October, non-election month).

An element of a good and mature internal control environment is to develop guidance for managing unique circumstances that mitigate the risk of non-compliance with the County's policy or a waste of taxpayer funds.

The absence of documented guidance of managing unique purchases can result in the Department continually being non-compliant and not optimizing their resources. As a result, the county's vision of exercising corporate stewardship is diminished as the practice does not reflect sound management of County resources and assets.

Recommendation: We recommend that the department review some of its unique and infrequent purchases and communicate guidance to ensure consistent treatment of the transactions. Proper training should be given to personnel assigned to process these transactions. Based upon our testing, we have identified the following purchasing areas where guidance should be strengthened (but not limited to):

Purchasing Area	Detailed Description
Obtaining Itemized Receipts	Vendors that do not provide itemized invoices to ensure staff know what is accepted as sufficient documentation.
Proper Food Purchases	Food for staff appreciation events to ensure staff understands what is expected and reasonable expense amount.
Paying timely	Delegation of responsibilities for payment of invoices to temporary employees to ensure staff understand expectations of making timely payments and to complete duties prior to departure.
Necessary Purchases (proper service duration)	Short term purchases of GPS services to ensure service is terminated timely.
Necessary Purchases (proper vendor selection)	Payments to other municipal localities to rent space for staff events.

Management Response: Elections will develop an internal SOP to address the purchasing areas identified in the table. This will be completed by April 30, 2019, by Elections HR and Finance Staff.

22. Use of P-Card Purchasing Method

In our Non-PO testing, we noted four reimbursements and one purchase for which a P-card should have been used instead of having to reimburse employees for the expenses or pay a vendor via the Non-PO method. The transactions and the respective policy reference were the following:

Petty Cash Reimbursement: Department staff paid out of pocket fees to obtain required notary licenses, key copies, and items for staff trainings (i.e. gift cards, appreciation tokens and cutlery items).

Per Accounting Technical Bulleting (ATB) 20030, Petty Cash, the County only supports the use of petty cash funds for small purchases whenever the use of a County issued p-card is not practical.

Event Registration: Department staff paid out of pocket registration fees that were reimbursed as part of travel reimbursement.

Per the Procedural Memorandum No. 06-03, Fairfax County Travel Policies and Procedures, registration fees are not a reimbursable expense.

Phone Services: Department paid for cell phone service via Non-PO method which is not an allowable category for Non-Po Payments.

For the policy reference, see the finding mentioned above titled, *Lack of Non-PO Payment DPMM Approved Exception*.

The impact of not using the p-card increases the risk of non-compliance with County policy, decreases the control over operational expenses (such as registration fees for training), leads to a lower credit or rebate from the P-Card issuer, and creates an unnecessary operational burden for other agencies that need to process the Non-PO and Petty Cash payment (e.g., DTA and DOF).

Recommendation: We recommend Elections reinforce the applicable county policies with staff. In addition, Elections should develop and implement department guidance regarding how key operational expenses will be purchased, and emphasize there should be minimal use, if any, of Petty Cash. Also, when management pre-approves a purchase, we recommend consideration of the most appropriate purchasing method be included as part of review for approval.

Management Response: Elections will reinforce policy and procedures ATB 20030, PM 06-03, and FPS 630 with staff. This will be completed by March 31, 2019, by Elections HR and Finance Staff.