



# **Fairfax County Internal Audit Office**

**Civil Service Commission  
Business Process Audit  
Final Report**

**January 2020**

## Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Civil Service Commission (CSC). The audit included review of procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, monthly reconciliations, 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, and credit check requirements for positions of trust.

We noted the following areas where controls will be strengthened as a result of this audit:

- The department did not maintain a procurement card transaction log during the period under audit. CSC has resumed use of the procurement card transaction log.
- Two transactions made with the department procurement card were not supported with proper documentation of receiving documents. Additionally, the receiving documents for five transactions made with either the procurement card or FOCUS marketplace were not signed by the receiver. CSC has implemented a policy to ensure that all packing slips received are signed and dated by the receiving employee.
- In four instances, a weekly review of procurement card transactions was not completed timely. Additionally, in three instances, the weekly procurement card transaction record was not signed or dated upon review. CSC has obtained PaymentNet access for the Executive Director, which will enable timely review of weekly reports in the absence of the Administrative Assistant IV. CSC will also ensure that weekly reports are signed and dated.
- Employee procurement card training certification tests were not kept on file with Employee Acknowledgement Disclosure forms. IAO noted that CSC corrected this item during the audit, therefore, no follow up will be performed for this item.
- The procurement card Using Department Director's Statement of Responsibility was signed *after* the audit start date. IAO noted that CSC corrected this item during the audit, therefore, no follow up will be performed for this item.
- CSC did not have a list of Positions of Trust on file. Additionally, the Positions of Trust list that was previously provided to DHR had not been updated. IAO noted that CSC corrected this item during the audit, therefore, no follow up will be performed for this item.
- Evidence of the annual review of the FOCUS Access Matrix was not retained by CSC. CSC will maintain documentation related to DIT's annual FOCUS access audit, beginning with the 2020 FOCUS Access audit.

## Scope and Objectives

This audit was performed as part of our fiscal year 2020 Annual Audit Plan and was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our audit objectives were to review CSC's 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, and non-purchase order transactions that occurred during the period of October 2018 through September 2019. For that period, the department's purchases were \$3,655 for procurement cards, \$2,284 for FOCUS marketplace, and \$7,568 for non-purchase order payments.

## Methodology

Audit methodology included a review of the department's business process procedures with analysis of related internal controls. Our audit approach included an examination of expenditures, records and statements; interviews of appropriate employees; and a review of internal manuals and procedures. We evaluated the processes for compliance with county policies and procedures. Information was extracted from the FOCUS and PaymentNet systems for sampling and verification to source documentation during the audit.

## Findings, Recommendations, and Management Response

### 1. Weaknesses in P-Card Tracking

CSC did not maintain a transaction log for the purpose of tracking the p-card user, the dates of transactions, and the amounts paid to vendors.

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, states: "the department shall maintain a log that records purchases as they occur and tracks who is in possession of p-cards. Departments may use a manual or electronic log to record both debit and credit transactions. Entries must be contemporaneous so that they provide up-to-date information on funds expended and should identify the p-card user."

If transactions are not accurately tracked, the risk of not identifying fraudulent transactions in a timely manner is increased. Additionally, accountability is reduced in

the event a card is lost or inappropriate charges are placed on the card when it is checked out.

**Recommendation:** We recommend CSC maintain a log that records purchases as they occur and track who is in possession of the p-card. The department may use the example in PTB 12-1009, Attachment D, as a guide when developing a p-card transaction log. CSC should ensure that the log contains all the elements as shown in Attachment D.

**Management Response:** CSC will resume maintaining a procurement card log. This log will record purchases as they occur and track who is in possession of the p-card.

**Note:** *Management has stated that they have completed these actions as of January 10, 2020. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*

## 2. Receipt Documentation

In our review of p-card transactions and FOCUS marketplace transactions, we noted that seven out of 26 purchases were not supported by a signed and dated packing slip or other evidence indicating who confirmed the receipt of goods or services and when the receipt of goods or services was performed. In two of these seven instances, no receiving documents were kept on file. In the remaining five instances, the employee receiving the goods or services did not sign the receiving document.

Procedural Memorandum (PM) 12-16, *On-Line Procurement of Office Supplies*, requires that agencies verify goods received against the packing list and the original order. The packing list should then be signed and dated to document proper receipt of goods.

Failure to document the receipt of purchases prevents the assurance of an adequate separation of duties and increases the risk of paying for items that were not received.

**Recommendation:** We recommend CSC ensure that receipt of all ordered goods and services is adequately documented in a timely manner. If a packing slip is not included with the shipment, receipt of the ordered goods should be documented on the invoice or a separate receiving report with the receiver's signature (or initials) and date. All receiving documentation should be maintained on file with the supporting documentation for the transaction.

**Management Response:** Starting immediately, all packing slips received by CSC will be date-stamped, initialed by the receiver, and retained.

**Note:** *Management has stated that they have implemented this item as of January 10, 2020. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*

### 3. Weekly Transaction Reviews

In four instances, a weekly review of procurement card transactions was not completed timely, with the review date ranging from two to four weeks after the date of the transaction report. Additionally, in three instances, the weekly procurement card transaction record was not signed or dated upon review.

PTB 12-1009, *Use of the County Procurement Card*, requires that all agencies review weekly transaction reports for unusual or unauthorized transactions. The reviewer should then sign and date the transaction report to verify that the review was performed in a timely manner.

Failure to review the weekly transaction reports increases the risk that inappropriate purchases will not be identified in a timely manner.

**Recommendation:** We recommend CSC perform weekly reviews of procurement card transaction reports which contain all items posted to the bank for the prior week. Once the review is performed, the reviewer should sign and date the report to document the completion of a timely review.

**Management Response:** Both the Administrative Assistant IV and the Executive Director now have access to JP Morgan PaymentNet, allowing the Executive Director to review weekly reports timely in the absence of the Administrative Assistant. Starting immediately, CSC will also ensure that weekly transaction reports are signed and dated by the reviewer.

**Note:** *Management has stated that they have implemented this item as of January 10, 2020. IAO will follow up on these actions after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*

### 4. P-Card Training Certification Test

Both the authorized procurement card users in CSC did not have a completed procurement card training certification test on file.

According to PTB 12-1009, card users who sign an EAD form subsequent to the May 2007 implementation of the online p-card training program are required to complete the training and pass the certification test, which is to be maintained on file with the employees EAD form.

Control weaknesses in the procurement card training process could lead to misuse of the agency procurement cards.

**Recommendation:** CSC should ensure all card users who completed an EAD form after May 2007 complete the procurement card training program and certification test. This test should be maintained on file with the card users' EAD form.

**Note:** During the audit, IAO verified that the Civil Service Commission implemented this item, therefore, no follow-up will be performed for this item.

## 5. Using Agency Director's Statement of Responsibility

The Using Agency Director's Statement of Responsibility had not been signed by the current CSC director prior to the start of our audit.

Procurement Technical Bulletin (PTB) 12-1009 states that: "The agency director is required to sign this form prior to the agency's initial participation in the p-card program. When the director leaves the agency the Program Manager should have the new director sign the form and forward the original to DPMM".

Failure to have a signed Using Agency Director's Statement of Responsibility on file decreases accountability and increases the risk of operating the p-card program outside of County guidelines.

**Recommendation:** We recommend Civil Service Commission forward the signed Using Agency Director's Statement of Responsibility to DPMM and maintain a copy at the agency.

**Note:** During the audit, IAO verified that the Civil Service Commission implemented this item, therefore, no follow-up will be performed for this item.

## 6. Positions of Trust

CSC did not have a list of Positions of Trust on file in their office. Additionally, the Positions of Trust list that CSC had previously provided to the Department of Human Resources (DHR) had not been updated to reflect the addition of the AA IV position.

According to the *Personnel/Payroll Administration Policies and Procedures* (PPAPP) Memorandum No. 56, Credit Check Requirements for Positions of Trust, "Employees who occupy positions of trust are subject to a credit check. Credit checks will be completed upon initial hire and for promotions, transfers, or demotions to a position of trust and every four years thereafter. Positions of trust include all Director, Deputy/Assistant Director and Division Director Positions as well as positions identified by the department director as having significant fiscal or information security responsibility."

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

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

**Recommendation:** The department should ensure that the Position of Trust Delineation Form has been completed, is up to date, and is on file in both the department's files and with DHR. CSC should ensure that credit checks are being performed on employees who occupy positions of trust.

**Note:** *During the audit, IAO verified that the Civil Service Commission implemented this item, therefore, no follow-up will be performed for this item.*

## **7. Access to FOCUS**

Documentation from the annual review of the FOCUS User Roles Matrix was not retained by CSC. As a result, we were not able to determine if CSC complied with DIT's requirement for an annual FOCUS access review.

Not reviewing the employees' FOCUS roles on a timely basis increases the risk that an unauthorized individual may have access to sensitive information and approve time or purchase goods or services.

**Recommendation:** At a minimum, CSC should execute an annual control for reviewing the FOCUS User Roles Matrix and retain all documentation of this review.

**Management Response:** CSC will ensure that documentation related to DIT's annual FOCUS role review is maintained. CSC anticipates completing this action at the time of the next annual FOCUS access review by May 15, 2020.