



# Fairfax County Internal Audit Office

**Office of Public Affairs  
Business Process Audit  
Final Report**

**August 2020**

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

# Executive Summary

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

We noted the following exceptions where compliance and controls needed to be strengthened:

- OPA did not have a completed Billing and Collection Plan and a Departmental Operating Procedures Form as required by County policy. Checks received were not immediately endorsed as “For Deposit Only” upon receipt. OPA expects to have a draft Billing and Collection Plan in place and Departmental Operating Procedures form completed by September 30, 2020. OPA will ensure that all checks are endorsed as “For Deposit Only” starting immediately.
- The OPA director and the assistant director had not received a credit check within the past four years, as required by County policy. OPA will update the necessary credit checks by August 31, 2020.
- For 17 out of 30 P-Card transactions and 4 of 9 Marketplace transactions, weekly transaction reports were not reviewed in a timely manner. The OPA employee responsible for reviewing reports retired in 2019. Due to the size of OPA staff, it was not possible for OPA to review the reports on a weekly basis until the new Financial Specialist was trained. OPA will ensure that reports are reviewed timely starting immediately.

## 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 OPA’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, open-ended purchase order, and non-purchase order transactions that occurred during the period of February 2019 through January 2020. For that period, the department's purchases were \$48,761 for procurement cards, \$4,127 for FOCUS marketplace, \$180,673 for purchase orders, and \$2,682 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. Processing Monetary Receipts

OPA collects cash, check, and credit card payments for billings related to Virginia Freedom of Information Act (VFOIA) requests. VFOIA permits a public body to make reasonable charges not to exceed the actual cost incurred in accessing, duplicating, supplying, or searching for the requested records. OPA collected approximately \$110,000 during the audit period.

In our review, we noted the following issues related to the processing of monetary receipts:

- OPA did not have an approved Billing and Collection Plan on file that complied with Financial Policy Statement (FPS) 436.
- The Departmental Operating Procedures Form required by FPS 470 was not completed.
- OPA was not immediately endorsing received checks as "For Deposit Only" upon receipt.

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:** OPA should complete a Billing and Collection Plan and have it approved as stipulated in FPS 436. In addition, the department should complete the Departmental Operating Procedures Form and maintain it on file for DOF or audit review. Additionally, all checks should be immediately endorsed as “For Deposit Only” upon receipt.

### **Management Response:**

Per legal advice from the County Attorney’s Office, Fairfax County is prohibited from seeking overdue FOIA payments through a collections process. OPA will work with Internal Audit, Department of Finance, and Department of Tax Administration to develop a compliant Billing and Collection Plan. OPA expects to have a draft plan in place by September 30, 2020.

OPA is updating their department procedures to include FOIA responsibilities and expects to have the Department Operating Procedures Form completed by September 30, 2020.

In the past, OPA has delivered FOIA fee checks to DOF once received. DOF then endorsed the checks for “For Deposit Only” prior to bank deposit. Going forward, prior to delivering the checks to DOF for bank deposit, OPA will endorse the checks with “For Deposit Only”, starting immediately.

## **2. Credit Checks for Positions of Trust**

The director and the assistant director, listed on OPA’s Positions of Trust List, had not received credit checks within the past four years. The director’s last credit check was performed in February of 2014. The assistant director never received a credit check.

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.”

Failure to perform credit checks in a timely manner increases the potential for abuse or fraud by staff who make financial decisions or have access to sensitive/confidential information.

**Recommendation:** OPA should ensure that credit checks are being performed on employees who occupy positions of trust every four years.

**Management Response:** OPA will ensure that credit checks are being performed on employees who occupy positions of trust every four years. OPA expects to have credit checks completed for the director and assistant director by August 31, 2020.

### 3. Weekly Transaction Review

For 17 out of 30 P-Card Transactions and 4 of 9 Marketplace transactions, weekly transaction reports were not reviewed within 5 business days.

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 or fraudulent purchases will not be identified in a timely manner.

**Recommendation:** We recommend that OPA 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:** OPA's long term Financial Specialist retired and the newly hired Financial Specialist had to be fully trained before access could be provided. During this time, OPA did not have the staff to approve weekly reports within a timely manner. Weekly P-Card transactions are currently being reviewed within five business days and will continue to be performed in a timely manner.

**Note:** *Management has stated that they have completed these actions as of July 22, 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.*