



Fairfax County Internal Audit Office

**Fairfax County Public Library
Business Process Audit
Final Report**

February 2021

"promoting efficient & effective local government"

Executive Summary

We performed a business process audit covering procurement, reconciliation, and personnel/payroll administration within the Fairfax County Public Library (FCPL). 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 areas where compliance and controls will be strengthened by FCPL as a result of this audit:

- Credit checks for the FCPL Director and Deputy Director were not performed within four years of the previous credit check, as required by County policy. During the audit, IAO verified that FCPL requested credit checks from DHR for the Director and the Deputy Director, therefore, no follow up will be performed for this item.
- We noted control weaknesses in the time entry and approval process. Over a one-year period, we noted that in 595 instances involving 67 different approvers, employee time entry was initiated and approved by the same individual. FCPL supervisors were reminded via email on December 3, 2020 not to both enter and approve time per PPAPP #8 - *Time and Attendance System and Controls* and provided alternatives. Additionally, FCPL's payroll contact sends a time entry/approval email reminder to all FCPL staff at the end of each pay period that includes this information.

Scope and Objectives

This audit was performed as part of our fiscal year 2021 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 FCPL'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 May 2019 through April 2020. For that period, the department's purchases were \$3,560,311 for procurement cards, \$97,689 for FOCUS marketplace, \$2,806,429

for purchase orders, and \$72,670 for non-purchase order payments. We noted that FCPL has special use procurement cards for the purchase of books and digital media for use in the county's libraries. Two of these special-use p-cards account for \$2.4M of FCPL's procurement card purchases during the audit period.

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. Credit Checks for Positions of Trust

The Director and the Deputy Director, listed on FCPL's Positions of Trust List, had expired credit checks. Credit checks were last performed for the Director and Deputy Director in April and February of 2016, respectively. Both credit checks were not renewed until August of 2020.

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

Note: *During the audit, FCPL requested credit checks from DHR for the Director and Deputy Director. As such, all credit checks for positions of trust are up to date as of the date of this report. No follow-up will be required for this item.*

2. Time Entry & Approval Separation of Duties

Our audit noted a control weakness in FCPL's time entry and approval process. The audit population included 73,593 time entries for the period May 1, 2019 through April 30, 2020. Of those entries, there were 595 instances where time entries were initiated and approved by the same individual. These instances involved 67 different approvers.

An adequate separation of duties in time entry and approval is important in preventing erroneous or fraudulent time reporting.

Recommendation: FCPL should implement adequate internal controls to ensure that time is not initiated and approved by the same individual.

Management Response: FCPL supervisors were reminded via email on December 3, 2020 not to both enter and approve time per PPAPP #8 - *Time and Attendance System and Controls* and provided alternatives. Additionally, FCPL's payroll contact sends a time entry/approval email reminder to all FCPL staff at the end of each pay period that includes this information.

Note: *Management has stated that this finding has been implemented as of the date of this report. IAO will follow up on this finding after sufficient time has passed to be able to review enough transactions to determine that the new process is consistently applied.*