



Fairfax County

Internal Audit Office

**Office of Elections
Business Process Audit
Final Report**

May 2024

"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 (OOE). The audit included review of procurement cards (p-cards), FOCUS Marketplace cards (Marketplace), purchase orders, non-purchase orders, 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 the applicable time/attendance system and controls, employee clearance record processing, and credit check requirements for positions of trust.

We noted 16 areas where controls need to be strengthened as a result of this audit. OOE management agreed with all findings and recommendations. During the audit, we verified that OOE Management implemented our recommendations for all 16 findings.

- For 29 of 35 non-purchase order payments tested, no supporting documentation was uploaded in FOCUS/VIM, and the agency could not locate the hardcopy support. OOE will upload supporting documentation in FOCUS/VIM for non-purchase order payments. *Management actions were verified.*
- The agency did not perform any monthly reconciliations during the audit period. OOE has started performing and documenting monthly reconciliations. *Management actions were verified.*
- The agency did not have an approved Financial Accountability Plan. OOE developed a Financial Accountability Plan and received approval from the Department of Finance (DOF). *Management actions were verified.*
- The agency did not have approved departmental p-card internal control procedures. OOE developed their p-card internal control procedures and received approval from the Department of Procurement and Material Management (DPM). *Management actions were verified.*
- The agency did not have an approved Billing and Collection Plan. OOE drafted and submitted a Billing and Collection Plan to DTA for review and approval. *Management actions were verified.*
- The agency did not have a completed Department Operating Procedures Form on file. OOE completed a Department Operating Procedures Form. *Management actions were verified.*
- The agency did not complete the Director's Statement of Responsibility form until after the start of the audit. *Management actions were verified.*
- The agency did not maintain copies of the Authorized Signatures for Personnel/Payroll Documents that were applicable during the audit period. OOE completed the Authorized Signatures for Personnel/Payroll Documents for 2023 and 2024. *Management actions were verified.*

- For the three off-cycle payments that occurred during the audit period, the agency did not maintain complete supporting documentation. OOE plans to avoid issuing off-cycle payments; however, if an off-cycle payment must be made, OOE will maintain supporting documentation for the payment. *Management actions were verified.*
- There was a lack of evidence to indicate that a weekly transaction review was completed for p-cards and Marketplace. OOE has started performing weekly transaction reviews for p-cards and Marketplace. *Management actions were verified.*
- P-card training certification tests and Employee Acknowledgment Disclosure forms were not maintained on file for the p-card users. OOE's p-card users have completed the online training, and the certificates of completion are maintained on file. *Management actions were verified.*
- For 3 of 14 entries tested which related to comp time earned and overtime pay approved by a delegate, there were discrepancies between the FOCUS data and the physical timesheets. OOE has started comparing FOCUS data with employee timesheets when approving time entries. As needed, OOE will corroborate information with staff and supervisors and maintain the associated documentation on file. *Management actions were verified.*
- An Employee Offboarding Checklist was not completed for eight terminated/transferred employees, and the responsibility for completing the Checklist was not included in the position description for staff assigned to this function. OOE has started completing the Checklist for terminating/transferring employees and included the responsibility for completing the Checklist in the applicable staff member's position description. *Management actions were verified.*
- For 11 of 35 p-card transactions tested, the purchases were not properly recorded in the transaction log. OOE has started recording purchases in the transaction log and completing all fields. *Management actions were verified.*
- For 14 of 35 p-card transactions tested across six months, the purchases were not reclassified out of the clearing account in a timely manner. OOE has started completing the clearing account distribution in a timely manner. *Management actions were verified.*
- Three purchases were made with a p-card without documented evidence of technical review. OOE has started supporting applicable purchases with technical review. *Management actions were verified.*

Scope and Objectives

This audit was performed as part of our fiscal year 2022 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 OOE'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 p-card, Marketplace, purchase order, and non-purchase order transactions that occurred during the period of May 1, 2021 – April 30, 2022. For that period, the department's purchases were \$143,302 for p-cards, \$698 for FOCUS Marketplace, \$1,601,788 for purchase orders that were received, and \$257,129 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. Supporting Documentation for Non-Purchase Order Payments

For 29 of 35 non-purchase order payments tested, no supporting documentation was uploaded in FOCUS, and the agency could not locate the hardcopy support. Per OOE, hardcopy support was not available due to staff turnover and lack of knowledge regarding where the original records were stored.

Financial Policy Statement (FPS) 630, *Non-PO Payments*, requires County agencies to ensure that all required documentation (e.g., vendor invoice, exception approvals from the County Purchasing Agent (if warranted), etc.) is reviewed and approved by the department and attached to the VIM document record prior to routing to DOF for processing and posting. When information is redacted or not attached to the VIM document record due to sensitive content, the agency is required to retain supporting documentation.

Lack of supporting documentation increases the risk of fraud and impropriety in the handling or processing of transactions.

Recommendation: OOE should upload complete supporting documentation in FOCUS/VIM for all non-purchase order payments. If supporting documents are not uploaded due to sensitive content, OOE should retain supporting documentation for audit review.

Note: *During the audit, IAO performed follow-up testing on OOE's non-purchase order payments and verified that supporting documentation was available in FOCUS/VIM.*

2. Monthly Reconciliation

The agency did not perform any monthly reconciliations during the audit period. Per OOE, they started performing monthly reconciliations in July 2022.

Per FPS 020, *Financial Reconciliation and Oversight*, "Departments are required to conduct monthly financial reconciliations and financial oversight that adhere to the guidelines established by this FPS. Documentation to support the monthly financial reconciliations and oversight must be retained for review and audit purposes." Additionally, FPS 020 requires departments to complete the Financial Reconciliation and Oversight Certification Form (FPS 020-2) by the last day of the following month and retain for review and audit purposes. The form should be signed and dated by the director or designee indicating the reconciliation that was completed for a specific period. This is to substantiate that the department's transactions have been reconciled timely and verified by an authorizer/approver.

Failure to perform and document a monthly financial reconciliation increases the risk that erroneous or inappropriate charges go undetected.

Recommendation: On a monthly basis, OOE should perform and document a financial reconciliation. The reconciliation should include all p-card, Marketplace, purchase order, and non-purchase order transactions for the applicable month. The preparer and reviewer of the reconciliation should sign and date the Financial Reconciliation and Oversight Certification Form to evidence a timely preparation and review process. All documentation supporting monthly reconciliations should be retained for review and audit purposes.

Note: *During the audit, IAO performed follow-up testing on OOE's reconciliation process and verified that it was being completed.*

3. Financial Accountability Plan

The agency did not have an approved Financial Accountability Plan. The Financial Accountability Plan represents the department's current organizational structure, financial operations, reconciliations, and oversight procedures.

FPS 020 requires all departments to develop and maintain a Financial Accountability Plan approved by the Department of Finance, Financial Reporting Division (DOF – FRD).

Failure to have an approved Financial Accountability Plan increases the risk of having procedures that do not comply with County requirements and may lead to operational mistakes and oversights.

Recommendation: OOE should develop a Financial Accountability Plan and submit it to DOF for approval. Once approval is received, it should be maintained on file.

Note: *During the audit, IAO received a copy of OOE's Financial Accountability Plan, which was approved by DOF.*

4. Procurement Card Internal Control Procedures

The agency did not have approved departmental p-card internal control procedures (ICP).

Procurement Technical Bulletin (PTB) 12-1009, *Use of the County Procurement Card*, requires that all using agencies establish p-card internal control procedures that govern card security, processes, use, and accounting specific to their operations. The p-card Program Manager must submit the procedures (both new and revised versions) to the DPMM Program Administrator for review and approval.

Failure to develop and obtain approval for departmental ICP increases the risk that operating p-card procedures might not comply with County policy.

Recommendation: OOE should develop p-card ICP to reflect current processes and submit them to the DPMM Program Administrator for review and approval. Once approval is received, it should be maintained on file.

Note: *During the audit, IAO received a copy of OOE's p-card ICP, which was approved by DPMM.*

5. Billing and Collection Plan

The agency did not have an approved Billing and Collection Plan. OOE has an average of \$180K in revenue per year, which is received from the State as partial reimbursement for the salary of the General Registrar and Electoral Board and the candidates' filing fees.

Per FPS 436, *Billing and Collection Procedures (Non-Tax Accounts)*, "Departments that generate billable revenue are responsible for developing, implementing and updating a plan of action to support the County's policy and achieve the timely collection and recordation of all revenues. Each department will develop and maintain a Department of Tax Administration (DTA) approved billing and collection plan."

Failure to have an approved Billing and Collection Plan increases the risk of having billing procedures that do not comply with County policy and may lead to operational mistakes and oversights.

Recommendation: OOE should develop a Billing and Collection Plan and submit it to DTA for approval. Once approval is received, it should be maintained on file.

Management Response: OOE recently submitted a Billing and Collection Plan to DTA for review and approval.

Note: *IAO verified that OOE drafted and submitted a Billing and Collection Plan to DTA for review and approval.*

6. Department Operating Procedures Form

The agency did not have a completed Department Operating Procedures Form on file. The form identifies who is responsible for the recordation, reconciliations, and accounting for processing monetary receipts within FOCUS.

Per FPS 470, *Processing Monetary Receipts*, "At a minimum, all departments are required to complete the Department Operating Procedures Form (Attachment 1)." The form must be completed and retained on file for DOF and audit review.

Failure to complete the Department Operating Procedures Form increases the risk of fraud, recording error, and inadequate safeguarding and handling of monetary receipts.

Recommendation: OOE should complete the Department Operating Procedures Form and retain it on file for DOF and audit review.

Management Response: OOE recently completed a Department Operating Procedures Form for DOF and audit review.

Note: *IAO verified that OOE completed a Department Operating Procedures Form.*

7. Director's Statement of Responsibility

The agency did not complete the Director's Statement of Responsibility until *after* the start of the audit. The Director's Statement of Responsibility is a form, signed by each agency's director to acknowledge responsibility for the department p-card program.

PTB 12-1009 requires the agency director to sign the "Using Director's Statement of Responsibility" form.

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

Recommendation: OOE should complete and maintain a copy of the Director's Statement of Responsibility on file.

Note: *During the audit, IAO verified that OOE completed the Director's Statement of Responsibility for the current department Director.*

8. Authorized Signatures for Personnel/Payroll Documents

The agency did not maintain copies of the Authorized Signatures for Personnel/Payroll Documents that were applicable during the audit period.

As a best practice and for audit review, the Authorized Signatures for Personnel/Payroll Documents should be completed and retained by each County agency to document who may sign Personnel/Payroll documents for the agency.

Failure to complete the Authorized Signatures for Personnel/Payroll Documents increases the risk of fraud and unauthorized documents being submitted for processing.

Recommendation: On a yearly basis, OOE should complete and retain the Authorized Signatures for Personnel/Payroll Documents and submit a copy to the Department of Human Resources (DHR).

Note: *During the audit, IAO received a copy of OOE's Authorized Signatures for Personnel/Payroll Documents for 2023 and 2024.*

9. Off-Cycle Payments

For the three off-cycle payments that occurred during the audit period, the agency did not maintain complete supporting documentation.

Off-cycle payments are issued in specific payroll cases such as when an employee receives no pay at all, an employee is missing pay, or there is an administrative processing error. As a best practice and for audit review, County agencies should maintain complete supporting documentation for all off-cycle payments (i.e., copy of request submitted to DHR and the Off-Cycle Check Request Form).

Failure to maintain supporting documentation for off-cycle payments increases the risk of fraud and reduces the ability to verify the appropriateness of payments.

Recommendation: OOE should retain complete supporting documentation for all off-cycle payments.

Note: *During the audit, OOE informed IAO that they have avoided issuing any off-cycle payments since the audit finding, which IAO corroborated with DHR.*

10. Weekly Transaction Reviews

There was a lack of evidence to indicate that a weekly transaction review was completed for p-cards and Marketplace.

PTB 12-1009 requires that all agencies review weekly transaction reports for unusual or unauthorized transactions. The reviewer should then sign and date the transaction report to document that the review was performed in a timely manner.

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

Recommendation: OOE should perform weekly reviews of transaction reports containing all items posted to the bank for the prior week for p-cards and Marketplace. Once the review is done, the reviewer should sign and date the report to document the completion of a timely review.

Note: During the audit, IAO performed follow-up testing on OOE's weekly transaction reports and verified that they were properly signed and dated.

11. P-Card User Training and EAD Forms

For all sample p-card purchases, p-card training certification tests and Employee Acknowledgment Disclosure (EAD) forms were not maintained on file for the p-card users. All purchases were made prior to the implementation of the online p-card user training course.

PTB 12-1009 requires all new p-card users and those who have p-card program duties to complete the online course located in Employee U (*Introduction to Procurement Card for P-Card Users*).

When staff with p-card duties do not complete the required training, it increases the risk of misuse of the agency p-cards.

Recommendation: OOE should ensure that all p-card users complete the online course prior to card use.

Note: During the audit, IAO received copies of the training certificates for OOE's p-card users.

12. Approvals of Compensatory Time Earned and Overtime Pay

For 3 of 14 entries tested which related to comp time earned and overtime pay approved by a delegate, there were discrepancies between the FOCUS data and the physical timesheets. For example, the hours entered on the timesheet were less than those recorded in FOCUS. Per OOE, in all three instances, the FOCUS data was correct, but the timesheets contained calculation errors made by the employees.

Per PPAPP Memorandum No. 8, *Time and Attendance System and Controls*, “Time and attendance reporting must be complete, accurate and authentic.” Furthermore, “Persons holding manager positions are responsible for authenticating the time and leave data for their direct reports and/or indirect reports. Persons holding delegate positions are responsible for authenticating the time and leave data for employees in the delegated org units when instructed to do so by the org unit’s manager or higher-level authority.”

Failure to report time accurately in FOCUS increases the risk of fraud, waste, and misappropriation of County financial assets.

Recommendation: OOE should ensure time entered in FOCUS agrees with the employees’ timesheets. If there are discrepancies between FOCUS and the timesheets, the approver should corroborate the information with the employee and supervisor, as applicable, and maintain a copy of the verification (e.g., email) on file for audit review.

Note: *During the audit, IAO performed follow-up testing on delegate time approvals and noted no discrepancies.*

13. Employee Offboarding Checklist

An Employee Offboarding Checklist was not completed for eight terminated/transferred employees.

In addition, the responsibility for completing the Checklist was not included in the position description(s) for staff assigned to this function.

Per PPAPP Memorandum No. 33, *Procedures and Information for Employees Terminating from or Transferring within Fairfax County*, “An employee transferring from one department to another or leaving County service is required to meet with the department’s designated point of contact (POC) to complete the Checklist.” Furthermore, “If an employee leaves with no notice, preventing the department from completing the Checklist as outlined in section 4B of this memorandum, the department shall document this in their records and complete pertinent security control tasks listed in this document.” Lastly, “Responsibility for completing offboarding interviews and Checklists must be included in the POCs’ position description(s).”

Failure to maintain adequate controls over the process for completing Employee Offboarding Checklists increases the risk of County property not being returned; failure to terminate access to County systems; and unresolved disputes between the County and prior employees, should an issue arise later.

Recommendation: OOE should fully complete and retain an Employee Offboarding Checklist for employees transferring from one department to another or leaving County service for any reason. A copy of the signed Checklist should be provided to the employee upon departure. For cases in which an employee leaves with no notice or refuses an exit interview, the agency should document it in their records and

complete pertinent security control tasks outlined in PPAPP Memorandum No. 33. Lastly, the responsibility for completing the Checklist should be included in the job description of the department's designated POC.

Note: During the audit, IAO performed follow-up testing for terminations and noted that the Employee Offboarding Checklists were properly completed. Additionally, OOE designated a POC and included the responsibility for completing the Checklist in the POC's position description.

14. Procurement Card Transaction Log

For 11 of 35 p-card transactions tested, the purchases were not properly recorded in the transaction log. Specifically, 9 purchases were not recorded in the transaction log, and 2 purchases were recorded but some fields were left blank (i.e., sign in and return date).

Per PTB 12-1009, "The department shall maintain a log that records purchases as they occur and tracks who is in possession of p-cards."

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

Recommendation: OOE should record all purchases in the transaction log and complete all required fields to ensure that card use is properly documented and monitored.

Note: During the audit, IAO performed follow-up testing on OOE's transaction logs and noted that purchases in our sample were properly documented.

15. Clearing Account Distribution

For 14 of 35 p-card transactions tested across six months, the purchases were not reclassified out of the clearing account in a timely manner. The reclassifications were performed from one week to over three months after the closing date.

Per PTB 12-1009, "If the general use p-card transactions post to a clearing account (i.e., GL 544540 Credit Card Expense), the department must move those charges (debits and credits) to the appropriate expenditure account monthly (at minimum)".

Failure to properly classify p-card expenses in a timely manner misstates departmental financial reports, increasing the risk of management making decisions based on inaccurate financial information.

Recommendation: OOE should reclassify transactions posted to a p-card clearing account to the proper expenditure account on a monthly basis, at minimum.

Note: During the audit, IAO performed follow-up testing on OOE's clearing account distribution and verified our sample was completed timely.

16. Technical Review

Three purchases were made with a p-card without documented evidence of technical review. The items purchased were a television, annual plan for survey software, and a web service API.

PTB 12-1010, *Technical Review Program*, states: "Unless formally exempted by the responsible technical review department, no department may purchase an item or service requiring technical review without first completing the review process. For this reason, items and services 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."

Items purchased without going through the required technical review process increases the risk of overpayment for goods, purchasing items that are not compliant with the County's standards, items incompatible with the County's systems or security requirements, and purchasing from a vendor that does not offer proper technical support.

Recommendation: OOE should create purchase orders in FOCUS to procure all items requiring technical review in accordance with PTB 12-1010. If the p-card method is used, OOE should utilize the technical review matrix and maintain documentation of approval from the responsible technical review department. If exemptions from technical review are granted by a technical review agency, documentation of the exemption should be maintained on file.

Note: During the audit, IAO performed follow-up testing and verified that applicable items were supported by technical review.