



Fairfax County Internal Audit Office

**County-Wide Technical Review Program Audit
Final Report**

November 2018

"promoting efficient & effective local government"

Introduction

The Internal Audit Office (IAO) performed an audit of the County-wide Technical Review Program which is a decentralized purchase monitoring system managed by the Department of Procurement and Material Management (DPMM) in partnership with the FOCUS Business Support Group (FBSG). Multiple departments participate in the program, including: Facilities Management Department (FMD), Department of Cable and Consumer Services (DCCS), Department of Vehicle Services (DVS), Fire and Rescue Department (FRD), Department of Finance (DOF) and multiple divisions of the Department of Information Technology (DIT). The program's goal is to provide an efficient and effective process for the procurement of specialized equipment or services requiring technical review. The technical review process is in place to allow subject matter experts to review purchases before they are made and ensure the goods/services are compatible with the county's systems; comply with the county's standards; are not overpriced; and offer proper vendor technical support.

Executive Summary

The audit was performed to determine if the technical review process was operating effectively and efficiently. Based on the sample of transactions reviewed we determined that items which required a review were being properly routed; the technical reviewers were processing purchase requests in a timely manner; and the reviewers had adequate subject matter expertise to conduct accurate and thorough reviews. We also noted that while all the technical review departments that were reviewed complied with the County's current technical review policies and procedures, there are opportunities where the policy could be strengthened to improve the efficiency and effectiveness of the program:

- There was not a requirement for the technical review matrix to be reviewed and updated on a routine basis.
- Training for technical reviewers and staff who initiate and approve purchases for technical review items could be formalized and enhanced.
- The technical review policy posted to County- Wide Policies and Procedures' web page on DPMM's website was not up to date.

Scope and Objectives

This audit was performed as part of our fiscal year 2018 Annual Audit Plan and was conducted in accordance with generally accepted government auditing standards. 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. The audit covered the period of July 1, 2016, through June 30, 2017. The objectives of the audit were to determine that controls were adequate to ensure:

- Purchases that needed technical review were being forwarded for review.
- Technical reviewers were performing the reviews in a timely manner.
- Technical reviewers were performing an adequate review of products to be purchased.
- The Technical Review Matrix was properly updated in a timely manner.
- FOCUS was updated properly for routing purchases through technical review.

Methodology

Our audit methodology included a review of policies and procedures related to the program; interviews with the technical reviewers; discussions with the overseeing and supporting agencies; examination of shopping carts; and, review of the technical review matrix to gain an in depth understanding of the technical review process. As part of the examination of shopping carts, we determined if the appropriate commodity code was used to identify the products being purchased; the review occurred in a timely manner; and, the necessary supporting documentation was provided by the requesting agency.

The Fairfax County Internal Audit Office is free from organizational impairments to independence in our reporting as defined by Government Auditing Standards. We report directly and are accountable to the County Executive. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the County Executive and the Board of Supervisors, and IAO reports are available to the public.

Findings, Recommendations, and Management Response

1. Timely Review & Update of Technical Review Matrix

There was no formal requirement in Procurement Technical Bulletin (PTB) 12-1010, *Technical Review Program*, for the technical review departments to review their list of items for accuracy on a routine basis. Per agencies' technical review staff, all departments reviewed their section of the technical review matrix on an as-needed basis. However; only one department technical reviewer stated that they reviewed the matrix at least annually. Additionally, our review of the matrix found four technical reviewers listed as departmental contacts who no longer worked for the County and should have been removed from the list. Additionally, there was no requirement for a supervisory review of changes made to the technical review matrix.

If the matrix is not properly updated in a timely manner, items which should have gone through technical review may not be forwarded to the technical review specialists increasing the risk of spending money on items that are incompatible, unreliable, unsafe or inefficient. Additionally, goods/services no longer needing review may be needlessly routed for review increasing purchasing time and causing the specialist to divert their attention from their primary duties.

Finally, if the contact listed on the technical review matrix is no longer associated with the program or has left the County, the review could be delayed or important questions could go unanswered. Either result could lead to requestors unintentionally circumventing controls or purchase requests being delayed due to the miscommunication.

Recommendation: We recommend DPMM revise the technical review policy to require at least an annual review and confirmation of the accuracy of their portion of the matrix by the technical review agencies. The annual confirmation and all changes to the matrix should be approved and signed by the technical review agency's director. The confirmation of the annual review should be maintained by the technical review agency and made available for audit or review.

Management Response: DPMM will revise the technical review policy to identify a requirement that departments with technical review responsibility are required to document an annual review of the items being reviewed, and the personnel that perform the reviews. The anticipated completion date is February 28, 2019.

2. Technical Review Training

During the audit, IAO noted that there was no formal training required for technical reviewers. One technical reviewer was unaware that the Technical Review Policy or the Matrix existed. Additionally, training for staff who may purchase and approve items requiring technical review could be strengthened. The training available was a brief mention in Basic Shopper and FOCUS Procurement Approvals trainings.

Per our interviews with technical reviewers, the technical review process could be circumvented by the purchase order (PO) initiator altering the commodity code, which is based on the National Institute of Governmental Purchasing's (NIGP) Commodity/Services codes, when making the purchase request. Additionally, changes to PO's are not routed through technical review so it is important that initiators and approvers of these changes are aware of technical review requirements.

All technical review specialists should be aware of the goals, policies, procedures, and criteria for the technical review program. Additionally, PO approvers in FOCUS should be aware of the risks associated with the circumvention of controls and properly review the commodity codes listed in the shopping cart to ensure items that require a technical review are routed appropriately.

Lack of adequate training could increase the risks of improper review of purchases by the technical reviewers resulting in inappropriate or wasteful spending. In addition, circumventing the technical review process by selecting the NIGP code that does not match with the item purchased at the PO initiation process could increase the risk of overpayment for goods; purchases not compatible with the county's systems or not compliant with the county's standards; and, purchases from a vendor that does not offer technical support.

Recommendation: The optimal control would be for DPMM to coordinate with Organizational Development & Training Division (OD&T) and FBSG to develop formalized training specific to technical reviewers that covers the goals, policies, procedures, and criteria for the program. At a minimum, we recommend each technical reviewer sign a form acknowledging that they have reviewed and understood PTB – 12-1010, *Technical Review Program* policy, and are familiar with the Technical Review Matrix. This acknowledgement must be maintained by the technical review agency and made available for review or audit at any time.

We also recommend the current FOCUS trainings for shoppers and approvers be enhanced to adequately describe the process and goals of the technical review program and ensure that approvers are aware of the importance of reviewing the selected NIGP and matching it with the actual description of the item that is being purchased before approval. The approvers should be able to identify the potential modification of the NIGP code at the time of review/approval of the purchase order. Finally, initiators and approvers should understand that they are responsible for identifying changes made to PO's that may require additional technical review and notifying the appropriate technical review agency as these will not automatically route.

Management Response: DPMM will update the technical review policy to include an appendix that technical reviewers would be required to sign, acknowledging their awareness of the policy and the goals of the policy. Departments that perform technical review would be required to maintain a copy of these affirmations. The anticipated completion date is February 28, 2018.

Additionally, DPMM will coordinate with FBSG and OD&T to update the procurement approval course to more adequately address the role of procurement approval as it pertains to technical review. The anticipated completion date is June 30, 2019.

3. Posting Updated Technical Review Policy

While the new *Technical Review Program* policy, PTB 12-1010, revised in October 2017, was posted to the Technical Review page of DPMM's internal website; the old policy, PM 12-04 *Technical Review of Purchase Requisition*, was still posted on DPMM's County Wide Policies & Procedures webpage.

The most up-to-date version of the technical review Policy should be posted in all locations where it is available for review. If an outdated policy is posted, departments could be following outdated/incorrect procedures which could result in inconsistency and weakening of controls over the technical review process.

Recommendation: We recommend DPMM post the revised technical review policy on their internal website under County Wide Policies and Procedures.

Note: During the audit IAO confirmed that DPMM posted the updated technical review policy to the County Wide Policies & Procedures webpage. No follow-up is needed for this item.