



Fairfax County Internal Audit Office

Department of Public Works and Environmental Services
Land Development Services
Business Process Audit
Final Report

May 2014

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Executive Summary

We performed a business process audit covering procurement and reconciliation within the Department of Public Works and Environmental Services (DPWES) Land Development Services (LDS). The audit included review of procurement cards; FOCUS marketplace cards; and purchase orders, non-purchase orders and value line purchase order payments.

We found that the department had effective procedures and internal controls in place for the handling of purchasing functions, and transactions had adequate evidence of compliance with county policy. Reconciliations were independently performed and were completed in a timely manner. However, we noted the following exception where compliance and controls needed to be strengthened:

- There was no evidence to indicate that a weekly review of FOCUS marketplace procurement card usage was being performed during the fiscal year 2013. LDS began reviewing the marketplace card usage reports in FY 2014; however, it was not always being performed in a timely manner.

Scope and Objectives

This audit was performed as part of our fiscal year 2014 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. Our audit objectives were to review the Land Development Services' compliance with county policies for purchasing processes 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 transactions from procurement cards, FOCUS marketplace cards, purchase orders, non-purchase orders, and value line purchase orders that occurred during the period of February 1, 2013, through January 31, 2014. For that period, the department's purchases were \$104,864 for procurement cards, \$53,150 for FOCUS marketplace, \$1,740,903 for purchase orders, \$295,308 for non-purchase and \$2,686,673 for value line purchase orders 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. Weekly FOCUS Marketplace Procurement Card Transaction Report Review

There was no evidence to indicate that a weekly review of FOCUS marketplace procurement card usage was performed during the fiscal year (FY) 2013. As of the start of FY 2014, the weekly review of marketplace transactions reports was performed; however for three of the four weeks tested the review was not performed timely. Procedural Memorandum 12-02 requires that all agencies review weekly transaction reports for unusual or unauthorized transactions.

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

Recommendation: We recommend LDS perform and document weekly reviews of FOCUS marketplace procurement card transaction reports which contain all items posted in FOCUS for the prior week in a timely manner.

Management Response: Beginning August 2013, LDS began the regular weekly review of marketplace transactions reports and we will perform this review in a timely manner. Management anticipates completing this item by May 29, 2014.