



Fairfax County Internal Audit Office

Department of Purchasing and Supply Management
(DPSM)/FOCUS Business Support Group (FBSG)
FOCUS Marketplace Interface Audit
Final Report

March 2015

"promoting efficient & effective local government"

Introduction

FOCUS marketplace is an online procurement program that provides all county agencies with a method of placing orders with three specific county vendors (Dell, Graybar and Independent Stationers) and maximizes the contractor's and marketplace p-card monetary rebates. The awarded vendor establishes an online catalog for the county that is accessed from the FOCUS marketplace. The prices displayed on the vendor's site are the contract prices, and ordering online guarantees the contract price will be received. A FOCUS marketplace p-card user shops for products and creates a shopping cart of items to purchase. Upon approval of the shopping cart, funds are encumbered and an electronic purchase order (PO) is generated from information provided by the shopping cart. All marketplace p-card purchases are paid for with an agency FOCUS p-card that is linked to the user's profile. FOCUS marketplace p-card orders are billed by the vendor to the agency's designated FOCUS p-card at the time of shipment. The countywide marketplace p-card bill is paid centrally by the Department of Finance (DOF).

The Department of Purchasing and Supply Management (DPSM) ensures J.P. Morgan Chase Bank's central billing file containing the details of expenses is uploaded into FOCUS every Monday night, and also ensures DOF issues timely payment to the bank. The bank payment upload to the FOCUS system occurs by posting detailed purchase transactions within an individual order to respective general ledger (GL) accounts and cost centers. A one-to-one reconciliation between PaymentNet transactions and FOCUS expenses on the GL is not required for departments with large transaction volumes covering multiple accounts and cost centers due to the amount of time and resources it would take. This makes it important to ensure the interface between the bank's central file and the FOCUS system is accurate, complete and reliable.

Executive Summary

Our audit focused on determining the adequacy of controls over the integrity of the interface between the PaymentNet and FOCUS systems to ensure a complete and proper data exchange between the two systems, and adequate backup/recovery. We noted that procedures and controls were in place to ensure a regular weekly interface and prevent duplicate interfaces. We determined that interfaced data was placed in the FOCUS system in correct general ledger accounts and posted to the correct accounting periods. Also, procedures were in place for regularly resolving interface errors on a weekly basis; and security over files used for the interface was adequate. Procedures and controls were in place to ensure retention of information for re-transmission if needed. And, a contingency plan to ensure continued mission essential functions in the event of emergencies or operational interruptions was developed. However, we noted the following areas where internal controls could be strengthened:

- A process of generating an automated reconciliation email notification immediately following an interface was not in place to ensure JP Morgan Chase Bank's file was completely received by the FOCUS system and that no data was

skipped or lost during the transmission, resulting in a less efficient manual reconciliation being performed at a later time.

- There were no documented procedures for the complex error resolution process. Further, past errors determined to be beyond resolution were not adjusted to the appropriate expense G/L accounts. We found 135 unresolved errors totaling \$5,672 from November 2011 to May 2014. Additionally, access to the p-card Error Table was not immediately removed upon transfer of a DPSM employee to another county agency.

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. This audit covered the period of January 1, 2014, through June 30, 2014. The objectives of the audit were to determine that:

- Controls were adequate to ensure a complete data exchange, (i.e., all records within a file were received during the interface).
- Items were posted in the appropriate general ledger accounts.
- Processes which initiate the sending and receiving of data occurred within the timeframes required.
- Controls were in place to identify missing interfaces.
- Data represented the correct period of activity for the receiving system.
- Controls were adequate to prevent duplicate processing.
- Interfaces could be rerun in a timely manner in the event the data exchange was not successful.
- Security was adequate over the data transmittal.
- Error reports were accurate and resolved in a timely manner.

Methodology

We interviewed appropriate employees to understand the FOCUS marketplace p-card interface process, reconciliation and error log/resolution procedures and controls, and evaluated those processes for compliance with sound internal controls and the county/department policies and procedures. We observed employees' work functions; determined if controls were in place to prevent data from unauthorized modification; and obtained input from seven selected agencies to determine if their interface transactions were posted in the correct period and to the correct expense G/L accounts.

The Fairfax County Internal Audit Office (IAO) 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. Interface Reconciliation Notification Process

We noted a process of generating an automated reconciliation email notification immediately following the interface, showing total records on file, records successfully posted, total dollar value on file, posted dollar value, total records rejected and the error record value, was not in place to notify the business owner that the JP Morgan Chase Bank file was completely received by the FOCUS system and no data was skipped or lost during the interface. Instead, the next business day after the interface, the business owner manually verified the dollar amount in JP Morgan Bank's file with the payment dollar amount interfaced to the FOCUS system, for assurance that a complete data exchange between the source and target systems took place. Our discussions with FBSG, DPSM and the Department of Information Technology (DIT) staff revealed an automated reconciliation email was built only for general-use p-cards and not for FOCUS marketplace p-cards.

With the automated interface reconciliation notification process, unreconciled items will be caught in a more efficient and timely manner. Additionally, sending the email to multiple parties provides redundancy in facilitating proper review.

Recommendation: We recommend the same automated reconciliation email for FOCUS marketplace p-cards as is done for general use p-cards. The email should include total records on file, records successfully posted, total dollar value on file, posted dollar value, total records rejected and the error record value. This will ensure complete and prompt data exchange between the JP Morgan Chase Bank file and the FOCUS system. The email notification should be reviewed and approved by the appropriate business owner personnel.

Management Response: DPSM established INFRA ticket #1088260 requesting DIT create the email notification. DIT estimates this task will be completed by May 31, 2015.

2. Controls over Error Resolution Process

Interface errors were being resolved on a weekly basis following interface runs; however, we noted the following areas within the process where controls needed to be strengthened:

- a. There were no documented procedures for the complex error resolution process. Lack of documented procedures for the error resolution process results in confusion, risk of errors and increased training time.
- b. Past unresolved interface errors were not cleared off the error report and adjusted to appropriate expense general ledger accounts. During our audit period, we noted the number of unresolved errors were 16 in FY2012, 45 in FY2013 and 74 in FY2014. The total amount of these unresolved errors from November 2011 to May 2014 was \$5,672. Per our conversation with DPSM staff, attempts were made to resolve all errors but were unsuccessful. Errors were mostly due to line items on year-end purchase orders being deleted by shoppers. Timely posting will ensure that the number of unresolved errors does not accumulate.
- c. DPSM staff performs marketplace p-card error resolutions for all county agencies. Access to the error table was available to three DPSM staff members, one responsible for error resolutions and two backup staff members. One of the backup staff members transferred to another county agency; however, DPSM did not put through the necessary request for FBSG to delete the staff member's access to the Error Table in FOCUS. The access was removed six weeks after the employee left, when IAO notified staff. The Fairfax County IT Security Policy 70-05.01 requires the Agency Access Control Administrator (AACA) to immediately terminate user privileges when workers change jobs and notify DIT of such action.

Recommendation: We recommend written procedures be developed for the interface error resolution process. Further, errors that are determined to be unresolvable should be removed from the error report and posted to the appropriate general ledger expense accounts in a timely manner. Lastly, user access should be immediately removed whenever a staff member leaves employment from the department.

Management Response:

- a. DPSM will work with FBSG to document procedures for error resolution. DIT anticipates completing this action by July 31, 2015.
- b. DPSM is working with FBSG to create a FOCUS journal entry that will correct the affected general ledger expense accounts. All unresolved errors on the error log as of January 31, 2015, will be corrected in the general ledger by June 15, 2015. Errors logged after that date will be resolved in a timely manner.
- c. DPSM will remove appropriate user access in a timely manner when a staff member leaves the department.