



# Fairfax County Internal Audit Office

Office of the County Attorney  
Business Process Audit  
Final Report

June 2015

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## Executive Summary

We performed a business process audit covering procurement and reconciliation within the Office of the County Attorney (OCA). 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 exceptions where compliance and controls needed to be strengthened:

- The Employee Acknowledgement Disclosure (EAD) Form was not on file for one card user.
- An item requiring technical review was purchased on the county p-card circumventing the review process.
- The date the procurement card was returned to the card custodian was not properly recorded on the procurement card transaction log.

## Scope and Objectives

This audit was performed as part of our fiscal year 2015 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 OCA's 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, purchase orders, and non-purchase orders that occurred during the period of April 1, 2014, through March 31, 2015. For that period, the department's purchases were \$38,044 for procurement cards, \$28,167 for FOCUS marketplace, \$711,577 for purchase orders, and \$273,918 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. Employee Acknowledgement Disclosure Form

During the transaction testing, we noted one instance where the employee who used the procurement card did not have a signed EAD Form on file. Procedural Memorandum (PM) 12-02 requires that all first-time card users sign and date an EAD Form. The form acknowledges the employee's responsibilities regarding card use and sets forth consequences for misuse. The agency program manager is to maintain the signed forms for at least two years following the employee's departure from the agency.

**Recommendation:** OCA should ensure each employee using a procurement card sign and date an EAD Form, with the forms retained as required by PM 12-02.

**Management Response:** OCA has obtained a signed EAD Form from the cited employee. In the future, OCA will ensure that all card users have a signed EAD Form on file.

The auditor verified the completion of the EAD Form. No follow up is needed for this item.

### 2. Technical Review

A desktop scanner was purchased using OCA's procurement cards without going through the proper technical review from the Department of Information Technology (DIT). This item should have been purchased using either the FOCUS marketplace or a FOCUS purchase order. By using either of these purchasing methods, DIT could review the additional hardware being purchased and approve its use with county computers.

PM 12-02 states that: "Unless formally exempted by the responsible technical review agency, no agency 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." Purchasing technical items on the p-card increases the risk of overpayment for goods, purchases not compatible with the County's systems, or no compliant with the County's standards, and purchase from a vendor that does not offer technical support.

**Recommendation:** All purchases that require technical review approval should be

purchased using either the FOCUS marketplace or a FOCUS purchase order to ensure that appropriate quality control procedures take place.

**Management Response:** All purchases that require technical review approval shall be purchased using the FOCUS marketplace, FOCUS purchase order, or an email from DIT with approval for the transaction. Management anticipates completion of this item by June 10, 2015.

### 3. Procurement Card Transaction Logs

The procurement card transaction log did not show the date which the card was returned to the custodian. OCA tracked the usage of the departmental p-cards including user names, vendor, date the card was checked out, and business purpose on the written log maintained by the card custodian. The date the card was returned to the custodian is a critical piece of information determining possession of the procurement card.

PM 12-02 indicates that “A system that tracks possession of the p-cards and records p-card purchases as they occur must be in place.” If possession of the p-card is not accurately tracked, the risk of fraud is increased. Since the bank does not offer as much fraud protection for departmental cards as named cards it is imperative to maintain adequate accountability of the possession and usage of the p-cards.

**Recommendation:** We recommend OCA record the date on which the procurement card is returned to the custodian on the p-card transaction log to accurately depict custody of the card.

**Management Response:** A log that tracks possession of the p-cards has been put into place and is now in use. Management anticipates completion of this item by June 10, 2015.