



Fairfax County Internal Audit Office

Office of Public Private Partnerships
Business Process Audit
Final Report

August 2015

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Executive Summary

We performed a business process audit covering procurement and reconciliation within the Office of Public Private Partnerships (OP3). The audit included review of procurement cards; FOCUS marketplace cards; and purchase orders, and non-purchase order payments.

We found that the department generally 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. We noted the following exceptions where compliance and controls needed to be strengthened:

- There was no evidence to indicate that a weekly review of P-card and FOCUS marketplace transactions was performed.
- A signed Using Agency Director's Statement of Responsibility was not submitted to the Department of Purchasing and Supply Management (DPSM).
- One out of the seven p-card users tested did not have a signed and authorized Employee Acknowledgement Disclosure (EAD) Form and a completed P-Card Training Certification Test on file.

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 OP3'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 cards, 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 \$13,812 for procurement cards, \$2,437 for FOCUS marketplace, \$1,500 for purchase orders, and \$6,909 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. Weekly Transaction Detail Reports Review

There was no evidence to indicate that a weekly review of the procurement card and FOCUS marketplace transaction detail reports was performed. Procedural Memorandum (PM) 12-02 requires that all agencies review weekly transaction reports for unusual or unauthorized transactions.

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

Recommendation: We recommend OP3 perform and document weekly reviews of procurement card and FOCUS marketplace transaction reports which contain all items posted to the bank for the prior week. The person performing the review should initial and date the report to certify completion of a timely review.

Management Response: The weekly transaction reports for the preceding week will be printed out and reviewed against all recorded transactions and initialed. Also, as part of the monthly reconciliation, the weekly transaction reports will be reviewed a second time, confirmed and become part of the monthly reconciliation package. Management anticipates immediate completion of this action.

2. Using Agency Director's Statement of Responsibility

OP3 did not forward a signed copy of the Using Agency Director's Statement of Responsibility to DPSM. PM 12-02 states that: "The agency director is required to sign this form prior to the agency's initial participation in the p-card program. When the director leaves the agency, the Program Manager should have the new director sign the form and forward the original to DPSM."

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

Recommendation: We recommend OP3 forward the signed Using Agency Director's Statement of Responsibility to DPSM and maintain a copy at the agency.

Note: During the audit, the form was signed and forwarded to DPSM. No management response is needed for this item.

3. Employee Acknowledgement Disclosure (EAD) Form & P-Card Training Certification Test

During our transaction testing, we noted that one employee who used the procurement card did not have a signed EAD form or a completed P-Card Training Certification Test on file.

PM 12-02 states that “All first-time card users must sign an Employee Acknowledgement Disclosure Form after taking the online Procurement Card user training and passing the certification test. The completed test should then be attached to the EAD Form.” The form acknowledges the employee’s responsibilities regarding card use and sets forth consequences for misuse. Card use by staff who have not signed the EAD form could lead to misuse of the procurement card.

Recommendation: OP3 should maintain an EAD Form and a P-Card Training Certification Test on file for all card users.

Note: During the audit, OP3 provided a new signed/dated EAD form and a completed P-Card Training Certification Test for the card user. No management response is needed for this item.

Observation

As part of the audit, OP3 had requested IAO to review their control process for inefficiencies. During the audit, we observed OP3 had implemented controls above what was required by County policy. Multiple individuals were pre-approving purchasing transactions. IAO noted that OP3 could limit the number of individuals approving purchasing transactions and only require additional approvals when expenses exceeded a defined threshold. This activity should result in a more efficient process for approving purchasing transactions.