



# **Fairfax County Public Schools Internal Audit Office**

**Colvin Run Elementary School  
Procurement (Credit) Card Audit**

**October 2007**

*"promoting an efficient & effective school division"*

## Executive Summary

Our review of Colvin Run Elementary School's procurement (credit) cards revealed that internal controls were adequate. In general, expenditures appeared reasonable, properly approved, and supported by appropriate documentation. In addition, the procurement (credit) cards appeared to be in compliance with the Regulation 5350.2, Finance Office Procurement (credit) Card Management for Appropriate Funds (effective 06-16-03). Areas where controls could be strengthened are:

- Procurement card transactions should be documented on the procurement card log on the day the card is used to enhance monitoring of card usage
- Textbook credit cards should not be used to purchase instructional supplies

## Background

The purpose of the Fairfax County Public Schools' (FCPS) procurement (credit) card program is to provide an efficient, reliable method of procurement to acquire needed goods and services in a timely and efficient manner. While the use of a procurement card can simplify and expedite procurement, its use requires strict adherence to internal control procedures and a commitment to accompanying accounting procedures. In most cases, card use reduces staff procurement efforts and shortens delivery time; however, it increases the need for financial tracking and control efforts.

The Office of Finance, Accounting Section, is responsible for administering the procurement card program. These responsibilities include approval of card application, assisting departments with dispute resolution, monitoring monthly reconciliations, and reviewing and remitting payment for the consolidated bill. Procedures governing the use of procurement cards are provided by the card service vendor in conjunction with FCPS Regulation 5350.2.

## Scope and Objectives

This audit was performed as part of the fiscal year 2007 Annual Audit Plan. The audit covered the period from July 1, 2006 through March 31, 2007 and was conducted in accordance with generally accepted governmental auditing standards. Our audit objectives were to determine that:

- Procurement cards were being used in accordance with regulation 5350.2
- Adequate control procedures have been implemented and were being followed
- Monthly reconciliations were being performed and submitted in accordance with regulations

For the period under review, Colvin Run Elementary School managed 4 credit cards that were used for 214 appropriated fund expenditures. A total of 61 transactions were

reviewed during the audit. The sample included 50 randomly selected and 11 judgmentally selected transactions which represented 58% of the total card expenditures.

## Methodology

Audit methodology included a review and analysis of internal control procedures over card expenditures and related documentation. Our audit approach included an examination of expenditures, records maintained in the department, monthly reconciliations, interviews with appropriate employees, and a review of applicable regulations and procedures. We evaluated the processes for compliance with FCPS Regulation 5350.2. Information was extracted from PathwayNet for sampling and verification to source documentation during the audit; however, our audit did not include an independent review of system controls. Our transaction testing did not rely on system controls; therefore, this was not a scope limitation.

The FCPS Office of Internal Audit is free from organizational impairments to independence in our reporting as defined by generally accepted government auditing standards. We are organizationally part of the Office of the Superintendent and report directly to the Audit Committee. 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 management of the department under review, the appropriate leadership team member, the Superintendent, and the Audit Committee, and reports are available to the public.

## Findings, Recommendations, and Management Response

### 1. **The procurement card log did not represent a contemporaneous record of card expenditures.**

While a procurement card log was being maintained, transactions were not being recorded as they occurred and some information was being copied directly from the bank statement. Regulation 5350.2 indicates that the program manager shall maintain a procurement (credit) card log that records each procurement card purchase.

**Recommendation:** Colvin Run Elementary School should record transactions; both debit and credit, on the log, as they occur, to accurately reflect all procurement card transactions and provide up-to-date information on funds expended. In accordance with Regulation 5350.2, the log should indicate the date card was issued, vendor, item(s) purchased, amount, card user, signature of user, date card returned and the date posted. If, however, a Purchase Order (PO) log is modified to include the required procurement (credit) card log information then it may be used as an alternative, and will thus serve as a monitoring tool for both PO and credit card purchases.

**Management Response:** A log will be maintained according to the recommendation with an anticipated implementation date of July 2007.

**2. The textbook credit card was used for instructional supply purchases.**

The textbook credit card was used to purchase instructional supplies for 10 of the 61 (16%) transactions reviewed. According to the FCPS Department of Financial Services, textbook (TB) credit cards should be used to purchase items in print that remain the property of the school system after use. For example, textbooks, magazines, instructional software, sheet music, music books, and instructional charts would be appropriate purchases for the textbook credit card. On the other hand, the instructional supplies (IS) credit card should be used to purchase instructional supplies, peripherals, memory upgrades, math manipulatives, science equipment, student, staff, and administrative agenda's, planners, calendars, etc.

**Recommendation:** Colvin Run Elementary School should use their assigned cards for the purposes for which they were granted to ensure the integrity of the accounts where the purchases are recorded.

Note: Colvin Run Elementary School received notice of this in November 2006 from Financial Services and there were no additional transactions using the textbook card for non-textbook purchases. As the issue has been appropriately addressed and verified by audit, a management response is not required.

**Management Response:** Issue was appropriately addressed prior to the conclusion of the audit thus a response was not required.