COUNTY OF FAIRFAX, VIRGINIA
OFFICE OF FINANCIAL AND PROGRAM AUDIT

February 2016 | **Quarterly Report**

Table of Contents

RELOCATION PACKAGE AGREEMENT

BACKGROUND

Because the County is currently in the process of conducting national searches to fill several upcoming vacancies, of which several may be eligible for relocation offerings as part of the benefits, staff felt that this review would be useful to management. Below is a list of positions that may require national searches over the next three years. This list includes those positions which are currently filled by employees who are participants in the DROP Program, which have defined exit dates.

DEPARTMENT	POSITION TITLE	VACANCY DATE	GRADE
Family Services	FAMILY SERVICES DIVISION DIRECTOR	1/25/2016	S34
Human Resources	HUMAN RESOURCES DIRECTOR	1/25/2016	E12
DPWES Wastewater Management	DEPUTY DIRECTOR DPWES - WWSTW	3/22/2016	S37
Library	DIRECTOR COUNTY LIBRARY	3/22/2016	E12
Community Services Board	COMMUNITY SERVICES BOARD PLANNING/DEVELOPMENT DIRECTOR	4/5/2016	S33
Code Compliance	DIRECTOR, CODE COMPLIANCE DEPT	5/3/2016	E09
Juvenile & Domestic Relations Court	ASSISTANT DIRECTOR COURT	7/26/2016	S33
Admin for Human Services	DIRECTOR HUMAN SERVICES ADMIN	8/9/2016	E10
Juvenile & Domestic Relations Court	ASSISTANT DIRECTOR COURT SERVICES	8/23/2016	S33
Tax Administration	DIRECTOR TAX ADMINISTRATION	10/4/2016	E12
Office of County Attorney	COUNTY ATTORNEY	3/7/2017	X01
Emergency Management	EMERGENCY MGT. SPECIALIST	4/4/2017	S29
DPWES Land Development Services	DIVISION DIRECTOR, LAND DEVELOPMENT SERVICES SW COMPLIANCE	1/9/2018	S34
County Executive	DEPUTY COUNTY EXECUTIVE	1/23/2018	E14
Civil Service Commission	EXECUTIVE DIRECTOR CIVIL SERVICE COMM	2/20/2018	E06
Retirement Administration	DEP DIR TO THE RETIRE BOARDS	3/20/2018	S32

Generally, relocation repayment agreements require new employees to serve a minimum period of time with the organization to retain the relocation expenses paid on their behalf. Repayment typically is on a pro-rated basis if the employee fails to complete the agreed-upon period of service. This tool is the best mechanism an organization has to protect its initial investment in a new employee. The goal of the relocation repayment agreement is to inform new employees of their repayment obligation should they not fulfill the requirements of the agreement.

SCOPE AND METHODOLOGY

Staff worked with Department of Human Resources (DHR) to assess what policies, procedures and agreements currently are in effect. Staff indicated that while relocation policies and procedures exist they had not been codified in an official document and a relocation repayment agreement has not been included in the county process to date.

Staff also reviewed Internal Revenue Service (IRS) reporting and withholdings made by the Payroll Division, DHR, to gain reasonable assurance that reporting and withholding requirements are being met. For purposes of this study, relocation payments will include reimbursements for relocation expenses for new employees. The County offers relocation and other recruitment incentives, to attract applicants to specialized, primarily executive level positions. As of the writing of this report, the County made relocation payments ranging from $6,980.81 to over $19,508.46 between the calendar years 2010 through 2015.

Payments in this review included, but were not limited to; temporary living expenses, moving expenses, air travel, parking, car rental, meals, house hunting, and etc. Qualified and non-qualified expenses (as defined by the IRS) were assessed for IRS reporting specificity. Staff worked with DHR – Payroll Division to gain reasonable assurance as to the accuracy of the process.

OBJECTIVES AND RESULTS

Business Objective	Study Assessment
Supporting Documentation for Expenses (Including Out-of-Pocket)	**Needs Improvement**
Policies and Procedures that Govern Relocation (Service/Repayment) Agreement	**Unsastifactory**
Internal Revenue Service (IRS) Reporting	**Unsastifactory**

Control Summary	
Good Controls	**Weak Controls**
• N/A	• No Fairfax County Relocation (Service/Repayment) Agreement Completed & Approved. • Greater coordination between hiring department and DHR to ensure proper IRS reporting is needed.

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

RELOCATION PACKAGE AGREEMENT – RELOCATION (SERVICE/REPAYMENT) AGREEMENT	
Risk Ranking	**MEDIUM**
Our review has revealed that the county currently does not utilize a Relocation (Service/Repayment) Agreement. Generally, a relocation (service/repayment) agreement requires new employees to serve a minimum period and requires repayment by the employee if he/she fails to complete the agreed-upon period of service. This tool is the best mechanism an organization has to protect its initial investment in a new employee. The goal of this document is to inform new employees who do not meet the terms of their agreement of their obligation to repay the organization, generally on a prorated basis.	
Recommendation	
We recommend that policies and procedures which govern how Relocation (Service/Repayment) Agreements are approved, executed and retained be developed. These policies and procedures could be utilized by management as guiding principles to ensure practices related to these offerings are performed in a consistent manner.	
Action Plan	

Point of Contact	Target Implementation Date	Email Address
Catherine Spage	Mid to late February 2016	Catherine.Spage@fairfaxcounty.gov

MANAGEMENT RESPONSE: DHR agrees with the findings of this audit report and has drafted a Moving and Relocation Policy and Procedures Memorandum to include a Repayment Agreement. That document is currently under review by the Office of the County Attorney and Department of Finance (DOF). It is anticipated that this policy will be finalized by the end of February. While not the consistent practice of other local jurisdictions, DHR concurs that a repayment agreement is advisable.

Fairfax County
Office of Financial and Program Audit

RELOCATION PACKAGE AGREEMENT – COORDINATION BETWEEN DEPARTMENT FOR IRS REPORTING	
Risk Ranking	**MEDIUM**
Our review of IRS reporting of imputed income for employees who received relocation offerings over the past five years revealed gaps in the process for five of the six employees. Of the $30,449 in taxable Income ($23,240 or 77%) was not imputed as income. Below details results based on information received from DHR.	

Expense for Nation Recruitment From Past 5 Years			
EMPLOYEE Count	**EXPENSE TYPE**	**AMOUNTS**	**NOTES**
Emloyee 1	AIRFARE	$ 1,237.62	Non Taxable
	CAR RENTAL	$ 594.80	Taxable
	TEMPORARY HOUSING	$ 9,701.12	Taxable
	Taxi	$ 141.70	Non Taxable
	Meals	$ 79.62	Taxable
	Airline Ticket Exchange	$ 30.00	Non Taxable
	RELOCATION - AUTOMOBILE	$ 1,980.00	Non Taxable
	GRAND TOTAL:	**$ 13,764.86**	
		$ 10,375.54	**Taxable Amount Not Imputed Per Payroll**
Employee 2	TEMPORARY HOUSING	$ 999.70	Taxable
	HOUSE HUNTING	$ 1,232.02	Taxable
	MOVING OF HOUSEHOLD GOODS	$ 4,749.09	Not Taxable
	GRAND TOTAL:	**$ 6,980.81**	
		$ 2,231.72	**Taxable Amount Not Imputed Per Payroll**
Employee 3	TEMPORARY HOUSING	$ 2,624.30	Taxable
	MOVING OF HOUSEHOLD GOODS	$ 13,871.73	Not Taxable
	GRAND TOTAL:	**$ 16,496.03**	
		$ -	**Taxable Amount Not Imputed Per Payroll**
Employee 4	TEMPORARY HOUSING	$ 6,412.12	Taxable(Did adjustment for $2,311.68) partially imputed for the amount in Col F.
	MOVING OF HOUSEHOLD GOODS	$ 12,272.02	Non Taxable
	GRAND TOTAL:	**$ 18,684.14**	
		$ 4,100.44	**Taxable Amount Not Imputed Per Payroll**
Employee 5	AIRFARE HOTEL	$ 677.04	Non Taxable
	AIRPORT PARKING	$ 39.00	Non Taxable
	TAXI TO/FROM AIRPORT	$ 139.02	Non Taxable
	RENTAL CAR	$ 92.77	Taxable
	GAS FOR RENTAL CAR	$ 18.33	Taxable
	DINNER	$ 39.04	Taxable
	TEMPORARY HOUSING	$ 1,418.56	Taxable
	MOVING OF HOUSEHOLD GOODS	$ 14,305.02	
	GRAND TOTAL:	$ 16,728.78	
		$ 1,568.70	**Taxable Amount Not Imputed Per Payroll**
Employee 6	TEMPORARY HOUSING	$ 7,236.44	Taxable (Did partial adjustment of $2092.57) partially imputed for the amount in Col F.
	MOVING OF HOUSEHOLD GOODS	$ 12,272.02	Non Taxable
	GRAND TOTAL:	**$ 19,508.46**	
		$ 5,143.87	**Taxable Amount Not Imputed Per Payroll**

Recommendation
We recommend that management review the process for IRS reporting and imputing taxable income to identify the process gaps to implement a timely remedy.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Catherine Spage	Mid to late February	Catherine.Spage@fairfaxcounty.gov

MANAGEMENT RESPONSE: DHR concurs that communication among DHR, the hiring agency and the new employee needs to be strengthened to ensure accurate reporting of taxable reimbursements. After approval of the Moving and Location Policy and Procedures Memorandum, staff will develop a checklist to be used to ensure compliance. Additionally, staff will provide greater support and follow up when an executive recruitment includes a moving and relocation agreement.

VIRGINIA FREEDOM OF INFORMATION ACT (VFOIA)
REQUEST MANAGEMENT PROCESS

BACKGROUND

The Office of Financial and Program Audit conducted a review of the County's Virginia Freedom of Information Act (VFOIA) request management process. VFOIA is the state law governing access by citizens of Virginia, and representatives of the media, to public records, as defined in §2.2-3700 et seq. of the Code of Virginia. A public record is any writing or recording – regardless of whether it is a paper record, an electronic file, an audio or video recording or any other format – that is prepared, owned by or in the possession of a public body or its officers, employees or agents in the transaction of public business. VFOIA provides that all public records are open for public inspection, with specific exemptions and exceptions. Certain types of records including, but not limited to; personnel and medical records, vendor proprietary information, attorney client privileged records, records related to negotiations of a contract, acquisitions of capital property and equipment, etc. are exempt from disclosure under VFOIA or other laws.

The purpose of VFOIA is to promote an increased awareness and transparency of government activities. Under VFOIA, a response to a request for public records must be provided within five working days. A public body may provide the requested records in their entirety, withhold the records because they are exempt from VFOIA, respond that the records cannot be found, or request an extension of seven additional working days. VFOIA allows fee to be charged to recover the actual costs incurred in accessing, duplicating, supplying, or searching for public records. However, public bodies cannot impose any extraneous, intermediary, or surplus fees or expenses to recoup the general costs associated with responding to VFOIA requests.

Fairfax County (County) has a decentralized process for managing VFOIA requests. Individual departments/agencies are responsible for tracking and managing their own VFOIA requests. Other local jurisdictions have a centralized process for managing VFOIA requests. A centralized tracking process helps ensure compliance with statutory deadlines, consistent responses to the similar requests, standardized charges. For example, the City of Alexandria uses a centralized system (WebQA) to track and manage VFOIA requests. The WebQA system centrally tracks the status of the request, the responsible department, the statutory time limits, and any related payments. The following table shows the VFOIA request tracking methods for Fairfax County, the City of Alexandria, Loudoun County, and Montgomery County.

VFOIA Request Tracking Methods

	Fairfax County	City of Alexandria	Loudoun County	Montgomery County
VFOIA Request Management Process	Decentralized	Centralized	Centralized	Decentralized
VFOIA Tracking System	Excel spreadsheets, Word documents, Outlook Emails, etc.	WebQA	ACR/CRM (Active Citizens Request/Citizen Records Management)	Managed by the departments charged with responding.

Source: Fairfax County officials, City of Alexandria FOIA Administrator, Loudoun County FOIA Policy – Records Requests under FOIA (FOIA-03).

SCOPE AND METHODOLOGY

The scope of this study included a review of Fairfax County's VFOIA request management process. To gain an understanding of the County's VFOIA request management process, we interviewed managers from the County Executive's Office and the County Attorney's Office. We also requested and reviewed the VFOIA logs from the Department of Human Resources (DHR), Office of Public Affairs (OPA), the County Attorney's Office and the Fairfax County Public Libraries (FCPL). In addition, we analyzed VFOIA charges in the County's enterprise resource planning system (FOCUS) and the responses to the VFOIA requests provided by DHR and FCPL for calendar years 2013, 2014, and 2015 and the County Attorney's Office for 2015. The County does not have a separate policy that addresses VFOIA. Therefore, we reviewed a 2010 memo from the former County Executive to the Board of Supervisors regarding VFOIA charges. We also contacted the City of Alexandria's FOIA Coordinator and reviewed Loudoun County's published FOIA policy: Records Requests under FOIA (FOIA-03).

OBJECTIVES AND RESULTS

<table>
<tr><th colspan="2">Business Objective</th><th>Study Assessment</th></tr>
<tr><td colspan="2">Standardized Form Used to Assess VFOIA Charges (sample basis)</td><td>Satisfactory</td></tr>
<tr><td colspan="2">Consistent Accounting Treatment for VFOIA Payments</td><td>Needs Improvement</td></tr>
<tr><th colspan="3">Control Summary</th></tr>
<tr><th>Good Controls</th><th colspan="2">Weak Controls</th></tr>
<tr><td>• Based on our sample review, it appears that departments/agencies are using a standardized form to assess VFOIA charges.</td><td colspan="2">• VFOIA payments are inconsistently accounted for in the County's financial system (FOCUS).</td></tr>
</table>

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

<table>
<tr><th colspan="2">VIRGINIA FREEDOM OF INFORMATION ACT (VFOIA) REQUEST MANAGEMENT PROCESS</th></tr>
<tr><td>Risk Ranking</td><td>MEDIUM</td></tr>
<tr><td colspan="2">The County has established general guidelines for charging VFOIA fees to the public. As outlined in a 2010 memo from the former County Executive, departments/agencies may charge $.10 per page for copying public records, the actual cost of County staff time, and the actual costs for special computer runs to assemble the requested information, such as salary requests. The County has established a discrete General Ledger (GL) account for VFOIA payments: 443170 (Reimbursement for Recorded Tables/FOIA Fees). In fiscal year (FY) 2015, the total amount posted to the VFOIA payment GL in FOCUS for all departments/agencies was $13,161.25 Based on our sample review, we found that the FCPL posted their VFOIA fees to the correct GL (443170). However, we found that the DHR posted VFOIA payments to GL account: 471210 (Miscellaneous Recovered Costs) and the Office of the County Attorney posted VFOIA payments to GL account: 492010 (Litigation Proceeds). It is important to post payments to the correct GL account to help ensure accurate financial reporting. No assessment could be made as to the timeliness of the response time for the Office of the County Attorney as this information was not provided.</td></tr>
</table>

Recommendation		
VFOIA payments should be posted to the correct account 443170 (Reimbursement for Recorded Tables/FOIA Fees) in the County's financial system (FOCUS).		
Action Plan		
Point of Contact	**Target Implementation Date**	**Email Address**
Catherine Spage Peter Andreoli	Implemented	Catherine.Spage@fairfaxcounty.gov Peter.Andreoli@fairfaxcounty.gov

MANAGEMENT RESPONSE: The County Attorney's office and DHR has have begun to, and will continue to, post VFOIA payments to General Ledger 443170 (Reimbursement for Recorded Tables/FOIA Fees), as oppose to 492010 (Litigation Proceeds) or 471210 (Miscellaneous Recovered Costs).

FUEL PRICE FOR FISCAL YEAR 2016 BUDGET *(INFORMATIONAL)*

BACKGROUND

A Budget Q&A on the budgeted amount for fuel for FY 2016 was submitted by the Board of Supervisors and responded to by management. Staff worked with Department of Vehicle Services (DVS) and the Department of Management and Budget (DMB) to assess the information provided and give an update based on current information at the end of the first half of FY 2016. We also reviewed the trends to assess if there are any projected surpluses available in the County's fuel budget.

Fairfax County (County) is part of a cooperative purchasing program with the Metropolitan Washington Council of Governments (COG). The COG established a cooperative purchasing program in 1971, for the purpose of reducing cost for participating jurisdictions by buying in volume. COG works with numerous participating jurisdictions such as; Montgomery County, Arlington County, Prince William County and Washington DC. This practice has resulted in savings in excess of $2 million annually.

The County purchases approximately 10 million gallons of fuel annually through COG, the lead agency on the contract for diesel fuel is the Washington Metropolitan Area Transit Authority (WMATA) and Montgomery County is the lead for gasoline. Unleaded gasoline and diesel fuel are supplied to the County by Mansfield Oil. A combination of County employees and contractors deliver fuel to the County's 53 fueling sites.

Actual Fuel Prices

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
JUL	2.38	4.00	1.91	2.23	3.29	3.00	3.09	3.01	1.91
AUG	2.32	3.50	2.10	2.26	3.16	3.26	3.14	2.96	1.68
SEP	2.47	3.34	2.00	2.29	3.18	3.34	3.14	2.88	1.63
OCT	2.55	2.75	2.12	2.45	3.11	3.27	3.04	2.64	1.62
NOV	2.87	2.15	2.23	2.51	3.20	3.22	3.01	2.54	1.60
DEC	2.86	1.67	2.18	2.69	3.07	3.19	3.12	2.26	1.47
JAN	2.82	1.64	2.32	2.83	3.20	3.18	3.09	1.84	
FEB	2.89	1.56	2.22	3.01	3.34	3.39	3.26	1.94	
MAR	3.36	1.53	2.37	3.30	3.48	3.23	3.24	2.08	
APR	3.61	1.63	2.46	3.45	3.43	3.08	3.15	1.94	
MAY	3.86	1.69	2.35	3.28	3.16	3.02	3.12	2.12	
JUN	4.04	2.01	2.27	3.24	2.88	3.02	3.11	2.06	

Note: The exact average gallon cost may differ slightly as large differences exist in gallon usage from month to month.

SCOPE AND METHODOLOGY

The scope of this study was to assess the recommended budgeted fuel price for FY 2016, review current fuel prices and review fuel pricing trends for informational purposes.

Staff reviewed management responses to FY 2016 Budget Q&A's regarding the agency price per gallon for fuel. DVS and DMB management provided a fuel price log of past and current agency prices from FY 2008. The Office of Financial and Program Audit (OFPA) staff reviewed the information and followed up with management regarding any queries.

Lastly, management provided fuel information from the U.S. Energy Information Administration (EIA) which validates current and future fuel pricing trends. OFPA staff also reviewed this information to assess projected surpluses available to the County's fuel budget. [1]

The FY 2016 Advertised Budget assumed an agency price of $2.65 per gallon for blended fuel, which is twenty percent lower than the FY 2015 Adopted Budget. The blended rate is a combination of three-fourths diesel fuel and one-fourth unleaded fuel with a small mark-up for overhead and fuel related capital equipment expenditures.

Forecasting for fuel prices can be performed several ways; utilizing official projections and historical averages, analyzing trends or model based forecasting, and/or outsourcing to a consulting firm that specializes in oil forecasting. Forecasting fuel prices can be performed on a short-term basis (one year or less) or a long-term basis (greater than two years). Short-term forecasting depends on factors that are more easily predictable such as supply disruptions and demand. The County uses long-term forecasting which is more accurate and relies on historical price averages.

Fuel prices recently have been on the decline due to the conflict and disruption in supply in oil rich areas like Iraq and Libya. This has resulted in the US becoming one of the largest oil producing regions and less reliant on imported fuel.[2]

To reduce future fuel cost, counties are looking into fuel sources such as; ethanol, compressed natural gas, and biodiesel fuel as alternative fuel sources. DVS is in the process of replacing old vehicles with fuel efficiency vehicles such as flex-fuel and hybrid vehicles as feasible. As of FY 2016, DVS has a hybrid fleet of 121 vehicles which includes; five plug in hybrids, one heavy duty hybrid electric truck, and one plug in hybrid electric school bus.

OBJECTIVES AND RESULTS

Business Objective	Study Assessment
Routinely Review Fuel Prices	Satisfactory
Analyze Fuel Pricing Trends	Satisfactory

Control Summary

Good Controls	Weak Controls
• Fuel prices are routinely monitored and the budget is adjusted accordingly. • Fuel pricing trends are analyzed to project future prices.	• N/A

[1] U.S Government Accountability Office (2007) Defense Budget: review of DOD's Report on Budgeting for Fuel Cost Fluctuations

[2] U.S Government Accountability Office (2007) Defense Budget: review of DOD's Report on Budgeting for Fuel Cost Fluctuations

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

FUEL PRICES FOR FISCAL YEAR 2016 BUDGET	
Risk Ranking	**Informational Update**
The regular gasoline retail price, which averaged $3.12 per gallon in fiscal year FY 2014 and $2.44 per gallon in FY 2015, is projected to average $1.71 per gallon in FY 2016. The EIA expects a further decline in monthly average fuel prices in the coming months as refineries continue to produce high levels of gasoline and as the market transitions to lower-cost, winter grade gasoline.[3] Oil prices are steadily declining but there still remains significant uncertainties in the oil market. The County's, DMB and DVS continuously monitor fuel prices which can fluctuate greatly in a twelve month period. For budget purposes, future year's cost are projected 6 to 18 months before the advertised budget. As per DMB, if fuel prices remain relatively close to current levels or rise to the budgeted amount for part of the fiscal year, staff has projected a significant savings to the General Fund. If the average cost per gallon remains around $1.71 per gallon for the remainder of the fiscal year, staff **anticipates a cost savings of approximately $4 million (or 12%) of the $31 million in the FY 2016 Approved Budget - General Fund.** Based on the information provided by DMB, OFPA staff has gained reasonable assurance that the purported savings are fairly stated.	

[3] U.S. Energy Information Administration (November 2015) Short-Term Energy Outlook (STEO)

TAKE-HOME VEHICLE AND FLEET UTILIZATION

BACKGROUND

The OFPA conducted a study to review the County's Take-Home Vehicle Use Policies and to assess the departments' adherence to the guidelines. We also reviewed the; justifications, call log reports, and any pertinent documentation to support the operational needs for take-home vehicles; which included speaking with agencies that assign take-home vehicles to staff. As part of the study we reviewed the County's fleet utilization policies and procedures to assess if vehicles were either underutilized and/or the number of vehicles needed to conduct its operations were right-sized since the prior reviews of June and December 2009.

Take-home vehicles are assigned to County employees to enhance their ability to respond to emergencies after normal working hours. Currently there are 12 agencies in the County for which take-home vehicles are assigned to their employees. These employees potentially respond to call outs for both emergency responses and urgent needs after normal working hours.

At the end of FY 2015, the combined fleet of vehicles for the County and Fairfax County Public Schools (FCPS) were 6,098 of which 5,902 are maintained by the DVS. Of the total DVS-maintained units, 2,413 are owned by FCPS and 3,489 are owned by the County. Approximately 196 units are defined as "user maintained" where agencies are responsible for maintaining the units and providing evidence of maintenance to DVS. Examples include; FASTRAN buses, Fire and Rescue vehicles, human services vehicles, and equipment maintained by the Park Authority and Facilities Management Department.

The Fleet Utilization Management Committee (FUMC) which consists of representatives from DVS and DMB is responsible for making the decision to; retain, reassign, or dispose of vehicles when they are underutilized. Underutilization is characterized as vehicles that have an annual mileage rate of less than 4,500. In addition, the FUMC reviews requests from County departments and agencies to add vehicles to their fleet.

SCOPE AND METHODOLOGY

To facilitate this study we reviewed the County's vehicle policies and procedures regarding take-home vehicles. OFPA staff met with DVS to gain understanding of the take-home vehicle process. We also reviewed; a list provided by DVS of all take-home vehicles for FY 2016, procedural memorandums regarding County Vehicle Use, agency policies and procedures pertaining to take-home vehicles, agency reports, and information on call log reports.

Additionally we reviewed the fleet utilization policies and procedures to assess the appropriate number of County vehicles needed to conduct its operations. The assessment was performed whereby a linear approach was taken to compare source data such as the annual mileage. We also met with DVS to discuss; the low mileage review process for the fleet, and reviewed policies and procedures pertaining to fleet utilization, and reports on low mileage vehicles from FY 2012 to FY 2015.

TAKE-HOME VEHICLE LIST FOR FY 2016

Agency No.	Agency Name	Number of Vehicles	Number of Call Outs	Vehicles Residing Outside County
24	DPWES - Wastewater Collection Division	8	946	8
25	Department of Public Works and Environmental Services	2	0	Not Provided
27	DPWES - Wastewater Treatment Division	1	36	0
29	DPWES - Maintenance and Stormwater Management	3	25	3
38	Department of Housing and Community Development	11	856	5
67	Department of Family Services	12	200	0
79	Department of Neighborhood and Community Services	2	10	0
90	Police Department	420	Not Provided	333
91	Sheriff's Office	33	Not Provided	9
92	Department of Fire and Rescue	29	Not Provided	25
93	Office of Emergency Management	1	24	0
95	Department of Public Safety Communication	1	10	Not Provided
	Total:	**523**	**2,107**	**383**

Note: DFS uses the vehicles on a rotation basis and employees do not take the vehicles home.
Note: Call outs not included in the Sheriff's Office or Fire and Rescue Department take-home request based on their interpretation of the term "call outs".

The County's Vehicle Use Policies and Procedures states, in part; County agencies will submit their requirements to the Director of Equipment Management Transportation Agency (now DVS) whereby, they will screen agencies submissions to ensure compliance with intent of the policy. Agencies requesting vehicles should submit; the vehicle number, driver's name, vehicle description, type of take-home authorization, number of call outs during the past 12 months, and specific justification for the vehicle.

DVS provided OFPA a list of all take-home vehicles requested in FY 2016. A review of the list revealed that generalized justifications for agencies were provided. However, the public safety departments did not provide the number of call outs for their vehicles.

Based on the policies and procedures, agencies are responsible for maintaining documentation to support and validate their request for take-home vehicles, which is subject to review by DVS. County departments/agencies internally review and approve (their own) justifications for take-home vehicles and assign vehicles based on the operational needs of the department/agency. All above listed requirements are submitted to DVS annually for review.

Take-home vehicles for the County are primarily used in public safety for; the Police Department, Fire and Rescue Department, and the Sheriff's Office. The remainder of take-home vehicles in the County are assigned to; Department of Family Services (DFS), Department of Housing and Community Development (HCD), Department of Public Safety Communication (DPSC), Office of Emergency Management (OEM), and the Department of Public Works and Environmental Services (DPWES).

Public safety agencies are assigned 482 out of 523 take-home vehicles. Public safety agencies have developed internal policies and procedures pertaining to take-home vehicle use. The purpose of this program is to facilitate the delivery for law enforcement services in a cost efficient and effective manner. Public safety's internal policies and procedures detail; guidelines for monitoring the police radio frequency for the County, the allowable distance of an employee's residence to the County border, the time required for an employee to be en-route once notification is received, and personal use of the vehicle with passengers.

There are 12 take-home vehicles assigned to the Child Protection Service (CPS) unit. The regional offices are located in Alexandria, Annandale, Fairfax and Reston. CPS provides an after-hours program which requires staff to respond to reports of child abuse and neglect. Staff is on call 24-hours a day, seven days a week

CPS staff are assigned rotating shifts for on call after-hours duties. These employees are allowed to take a vehicle home when scheduled. When contacted after-hours most employees report to the closest regional office near their residence and sign-out a County vehicle. A vehicle trip report form is completed and returned to the office upon completion of the work.

There are 14 take-home vehicles assigned to DPWES. They responded to 1,007 calls for emergencies in FY2015 for; the Wastewater Collection Division, Wastewater Treatment Division, Maintenance and Stormwater Management. The Wastewater Collection Division had the most emergencies (946 calls for responses). DPWES provided their internal Sanitary Sewer Overflow Respond Plan that addressed the roles and responsibilities of staff. This document also detailed the policies and procedures for occurrences where emergency response is needed. Wasterwater call outs are typically for; overflow from blocked sewers, pipe failures, and/or mechanical malfunctions. These occurrences could result in health safety hazards for the community.

Of the 14 take-home vehicles assigned to DPWES for FY 2016, there were no call outs for two of the vehicles in the past 12 months. The two take-home vehicles without call out information are used the Director and Deputy Director (DPWES), for emergency response. While generally in the DPWES motor pool, the vehicles are used during potential storm events. The Director and Deputy Director (DPWES) utilizes these vehicles to conduct business at an Emergency Operation Center or the office.

The County Vehicle Use Policies and Procedures state employees utilizing take-home vehicles are subject to a tax liability. DHR distributed a memo dated July 2009 to; agency heads, payroll contacts, and DHR managers regarding the taxation for the personal use of County vehicles provided. The memo detailed the vehicle use code that should be entered into the payroll data and exceptions to the tax liability. Other exceptions that did not result a tax liability as stated in the memo were; clearly marked public safety vehicles, unmarked law enforcement vehicles, any vehicle with a gross weight over 14,000 pounds, a passenger bus with the capacity of at least 20 people, vehicles with permanently affixed decals, or special painting associated with the County.[4]

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[4] Source: Internal Revenue Service Publication 15B http://www.irs.gov/pub/irs-pdf/p_15b.pdf

We performed a review on the process of reporting tax liabilities for take-home vehicles. A random sample of related vehicle numbers and employee names was provided to DHR. The review revealed only 2 out of 50 employees were subject to tax liability. Upon review, these liabilities appear to be properly reported.

Low Mileage by Department and Fiscal Years

Agency No	Department Name	FY 2015	FY 2014	FY 2013	FY 2012
4	Department of Consumer Affairs	2	1	1	0
8	Facilities Management Department	6	0	3	7
10	Department of Vehicles Services	6	3	1	1
12	Department of Purchasing and Supply Management	0	1	0	0
22	DPWES – Construction	0	0	0	1
24	DPWES – Wastewater Collection	5	0	4	5
27	DPWES – Wastewater Treatment	0	0	1	2
29	DPWES – Stormwater Management	1	0	1	2
31	DPWES – Land Development Services	6	3	4	9
35	Department of Planning and Zoning	0	1	1	2
38	Department of Housing and Community Development	1	2	0	0
40	Department of Transportation	1	1	3	3
43	DPWES – Wastewater Planning and Monitoring	1	0	0	0
45	DPWES – Solid Waste Disposal/Recovery	4	0	0	0
46	DPWES – Solid Waste Collection	1	0	1	1
51	Park Authority	19	8	0	2
67	Department of Family Services	6	0	1	1
70	Department of Information Technology	2	3	0	0
71	Health Department	1	2	1	1
74	CSB – Mental Health Services	0	2	2	9
75	CSB – Intellectual Disability Services	0	1	1	3
76	CSB- Alcohol and Drug Services	11	2	1	1
79	Department of Neighborhood and Community Services	1	0	2	2
81	Juvenile and Domestic Relations District Court	2	0	1	0
90	Police Department	12	7	8	5
91	Sheriff Office	2	0	0	1
92	Fire and Rescue Department	4	3	2	4
93	Office of Emergency Management	1	0	2	1
95	Department of Public Safety Communications	0	0	0	1
97	Department of Code Compliance	0	0	0	1

	Total Low Mileage Vehicles:	**96**	**40**	**41**	**65**
	Total of Vehicles Requiring Justification:	**11**	**7**	**12**	**21**
	Total Low Mileage Vehicles Turned In:	**4**	**2**	**2**	**6**

Note: Vehicles in service less than a year: FY 2014, two vehicles and FY 2013, four vehicles

A review of the DVS's policies and procedures revealed that the FUMC performs an annual review of underutilized low mileage vehicles. Annually, DVS generates a report of all low mileage vehicles in the County, but excludes vehicles that fall into the following categories; vehicles that have been in service for less than one year, vehicles that are unique and have limited ability to be rotated (i.e. cherry pickers, heavy dump trucks), specialized vehicles assigned to public safety agencies (i.e. package vehicles tailored for the Police Department, Office of the Sherriff, etc.), Volunteer Fire and Rescue equipment, vehicles owned by FCPS, and vehicles previously identified by the FUMC as fully exempt because they are so specialized. Departments are notified of all underutilized vehicles and asked to justify the operational need for a vehicle on the list for two consecutive years, if they wish to retain it. The FUMC reviews management responses and notifies department directors if supporting documentation is required and, if vehicles are not approved for retention. If they are not approved, instructions for turning a vehicle into DVS is then provided. Vehicles that are turned in are evaluated by DVS and either disposed, sold, or absorbed by the County's motor vehicle pool.

OBJECTIVES AND RESULTS

Business Objective	Study Assessment
DVS Maintains Records for County Take-Home and Low Mileage Vehicles	Satisfactory
Tax Liability for Vehicle Use is Recorded for Applicable Employees	Satisfactory
County Vehicle Use Policies and Procedures (No. 10-01) to Reflect Current Practices and Department/Agency Name Change	Needs Improvement
Criteria to Eliminate Low Mileage Vehicles Should Be Enhanced to Include Other Elements, e.g. Vehicle Types	Needs Improvement

Control Summary

Good Controls	Weak Controls
• DVS maintains a list of all take-home vehicles for the County. • Agencies have developed internal policies and procedures for emergency response take-home vehicles. • DVS maintains a low mileage vehicle report to track vehicles which are underutilized. • DHR reports tax liability for applicable vehicles.	• Vehicle use policies and procedures are outdated based on current practices. • Justifications for low mileage vehicles are only required when the same vehicle number appears on the list two consecutive years. No consideration is given to vehicles which appear multiple times over several years.

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

STUDY AREA		
Risk Ranking	**LOW**	
Procedural memorandum number 10-01 (County Vehicle Use and Assignment Policies, Criteria and Procedures) detail the policies and procedures for take-home vehicles. The policies were last updated in June 1998. A memorandum was sent to agency heads and payroll contacts in July 2009 regarding taxation for the personal use of County provided vehicles. Many departments/agencies have developed their own internal policies and procedures regarding emergency responses regarding take-home vehicles.		
Recommendation		
We recommend that the County update its policies and procedures to support the take-home vehicle program. Consideration should be given to including guidelines regarding the number of emergency call outs to justify the operational need of vehicle for departments/agencies.		
Action Plan		
Point of Contact	**Target Implementation Date**	**Email Address**
Mark Moffatt	Summer 2016	Mark.Moffatt@fairfaxcounty.gov
MANAGEMENT RESPONSE: The DVS will review Procedural Memorandum No. 10-01 and propose changes that reflect current business practices.		

Fairfax County
Office of Financial and Program Audit

STUDY AREA	
Risk Ranking	**LOW**
Procedural Memorandum Number 10-06, requires low mileage vehicle justifications from departments when the exact same vehicle number is detailed on the report for two consecutive years. This process allows for the same type of vehicle to appear on the low mileage reports, in alternative years, without justification being required. Low mileage vehicle reports from FY 2012 to 2015 were provided to OFPA staff by DVS for review. Our review revealed the same vehicle appeared on low mileage reports in non-consecutive years.	

Therefore, departments/agencies were not required to provide a justification as the low mileage was not in consecutive years. All of these vehicles remained in the fleet.

Recommendation

Consideration should be given to updating the policies and procedures to include a review of the same type of vehicle appearing on the low-mileage report in alternative years.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Mark Moffatt	Summer 2016	Mark.Moffatt@fairfaxcounty.gov

MANAGEMENT RESPONSE: Procedural Memorandum No. 10-06, Amendment I, Fleet Utilization Policy, establishes a fleet utilization policy to ensure a minimum utilization of certain vehicle classes, and a procedure for approving new vehicle additions. In addition, the policy establishes the FUMC to ensure a well-coordinated review of the fleet between DVS and DMB. The FUMC leads the annual low-utilization review and agency requests for fleet additions and ensures that the assignment of a vehicle is the most cost-effective means of accomplishing the mission. The FUMC considers all vehicles assigned to a department/agency, regardless of mileage, when completing the low utilization review. However, information is only reviewed for a two year period. Staff will review the current process and identify a way to establish trends when reviewing low utilization.

TRAFFIC ENFORCEMENT

BACKGROUND

The OFPA conducted a study to review the efficiency and effectiveness of traffic enforcement. The study included working with management to assess staffing levels, coverage areas, and speed monitoring systems.

Fairfax County Police Department (FCPD) is accredited by the Virginia Law Enforcement Professional Standards Commission (VLEPSC) and plan to retain an accreditation from the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). The County has a population of 1,116,246 and spans over 399 square miles, which makes it impossible to provide service from one location. The FCPD operates from a headquarters in the City of Fairfax with eight district police stations. The FCPD has a total of 1,336 sworn officers of which 730 have traffic enforcement responsibilities.

The police districts officers are responsible for law enforcement within their district boundaries. Stations are run by a captain, the captain is aided by a first lieutenant who supervises patrol officers. Detectives are under the command of second lieutenants and sergeants at each of the districts.

2014 Calls for Service by District

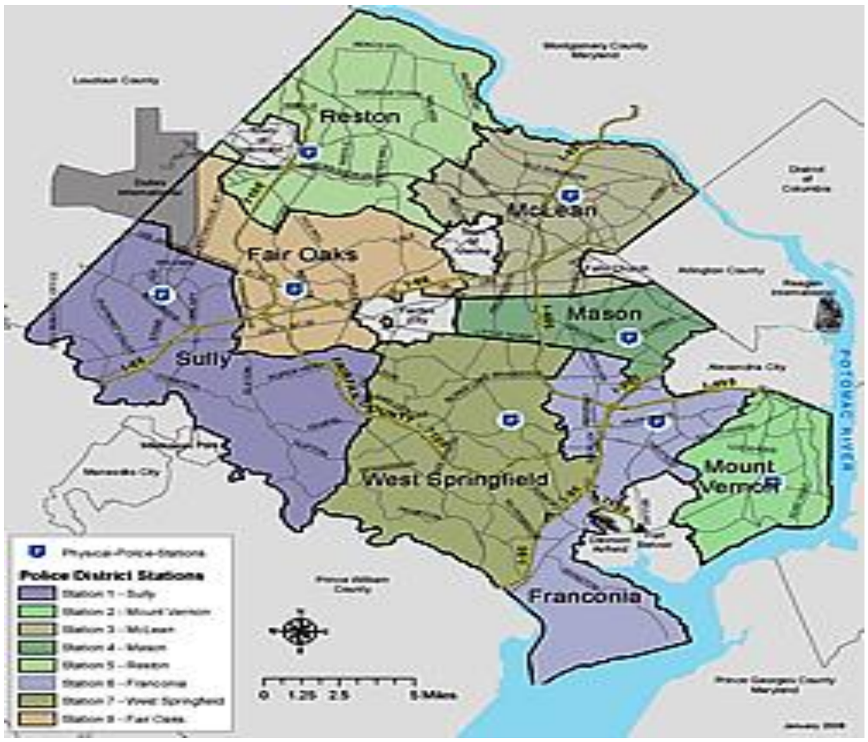
District	Total Employees	District Size (Miles)	Public Service Areas	Criminal Calls	Service Calls	Traffic Calls	Total Calls
Fair Oaks	155	37	5	7,299	22,494	21,827	51,620
Franconia	170	51	5	9,055	23,754	30,036	62,845
Mason	148	20	5	9,482	22,430	23,847	55,759
McLean	160	44	5	8,971	24,111	24,894	57,956
Mount Vernon	157	26	5	10,376	23,681	20,450	54,507
Reston	137	56	5	6,678	20,680	16,446	43,804
Sully	138	70	5	6,047	16,042	19,386	41,475
West Springfield	185	68	5	8,893	24,857	23,678	57,428
Other (Not Indicated)				1,225	8,025	13,154	22,404
Total:				**68,026**	**186,074**	**193,718**	**447,818**

SCOPE AND METHODOLOGY

The scope of this study was to monitor the efficiency and effectiveness of the traffic enforcement division for the FCPD. We also assessed the calibration process for speed monitoring systems to gain reasonable assurance that industry standards are being applied.

A main functions of the FCPD are; traffic enforcement, neighborhood patrol, and service call responses. Traffic enforcement is necessary to reduce traffic collisions and facilitate the safe flow of vehicular and pedestrian traffic. In FY 2015, the FCPD issued 119,977 traffic citations which was a 9.7% decrease from FY 2014.

The County is divided into eight districts with five Police Service Areas (PSA) per district. The PSA's are further divided into patrol areas. Patrol officers are responsible for one patrol area in their district. The districts are configured by population size, square mile footage, and historical data of calls for service. Some patrol areas may be smaller in square footage but denser in population; e.g. urban areas. These areas may historically experience more calls for service which require a greater presence from law enforcement.



I/Leads is a comprehensive law enforcement records management system. This system operates through single point of data entry for all law enforcement personnel. It is a virtual office for officers in the field as it can be accessed remotely. I/Leads provides accurate up to date data, real time and is integrated with the Computer Aided Dispatch (CAD) system. This records management system provides officers the ability to; manage and analyze service calls, identify trends, assist in staffing decisions, and monitor the effectiveness of program initiatives.

Patrol officers spend most of their time patrolling an assigned area in their district. Patrolling these areas results in safer roadways, reduction of property damage, fewer fatalities and/or injuries. Officers' have the discretion to focus on areas requiring the most need within their patrol area. They utilize information such as citizen complaints and program initiatives to assist them in making these decisions.

Officers' time in the field can be monitored through I/Leads by supervisors and commanders. I/Leads allows a supervisor to monitor an officers productivity during their shift, pinpoint vehicle location for safety, monitor an officers route during their shift, and review citation and report data. OFPA staff participated in a ride along with officers to gain understanding of the role and daily activity of police officers.

Fairfax County Police Department			
Countywide Traffic Citations			
	FY2013	FY2014	FY2015
Total Citations	138,230	126,253	119,977

Note: Officers do not have quotas for citations.

General Order Number 501.3[5], outlines the policies and procedures for use of speed measurement devices. The FCPD uses monitoring systems to assess the speed for moving vehicles. They also use RADAR and LIDAR (laser) devices which are handheld or mounted to the vehicle. Speed is detected by the change in frequency from a vehicle to the returned signal. The returned frequency signal indicates the speed of the vehicle.

By the Code of Virginia §2.2-1112 and 46.2-882, the speed monitoring systems must be calibrated ever six months. Only speed measuring devices approved by the state may be used. The certifications are forwarded to the Traffic Court Liaisons and filed for Officers to use in court appearances when tickets are contested. The FCPD uses Kustom Signals, Inc. and Communication Electronics of Virginia to repair devices and calibrate speed monitoring equipment. A review of the vendor invoices for FY 2015 was performed to ensure speed monitoring equipment was repaired and recalibrated as stated by the above mentioned code.

Before an officer can use a speed monitoring system they must successfully complete the Radar Operators Course. OFPA staff participated in a ride along and observed officers testing the radar systems to ensure they were working properly. The officer must verify the calibration of the radar system with two tuning forks (one is 35mph and the other is 65mph) before and at the end of each shift to ensure the system is working properly and the citations issued are valid.

The three "E's" of traffic safety are engineering, education and enforcement. The FCPD performs community outreach and educational programs for residents whereby they discuss; alcohol education, aggressive driving, pedestrian safety, public safety news, and provide an avenue for citizen complaints and concerns. The Public Affairs Bureau (PAB) is comprised of six officers and two civilians that encourage community outreach, engagement and feedback. The PAB provides interactive crime maps and public safety news to citizens. The FCPD also has a Citizens Advisory Committee that provides a forum for citizens to express their concerns, provide input on police services and officer interactions. Each district provides detailed information on meeting locations, dates and times on the respective district websites. The FCPD also has one officer assigned as a VDOT liaison. This officer coordinates road improvement requests at dangerous locations so engineering improvements, such as; better signage, lane markings, or traffic signals, can be implemented to reduce violations and associated vehicle crashes.

[5] General Order Number 501.3, Use of Speed Measurement Devices

Traffic enforcement is just one element of what a patrol officer does in his/her workday where 730 patrol officers responded to 447,818 calls for service in 2014. The FCPD has one of the lowest "police to citizen ratios," in the nation, this impacts discretionary time to write traffic tickets. Police Officer evaluation standards were recently revised and their evaluation template was verified by County DHR and served as a model in creating the general county employee evaluation.

While there is no set number of tickets that an officer must write weekly, monthly or annually, enforcement of traffic laws is an essential part of a police officer's job description. Officers provide essential law enforcement and public safety services to the community, acts to enforce criminal laws and traffic regulations, and maintain public order. They also; patrol designated area utilizing police vehicles, and conducts criminal and vehicle accident investigations, effects arrests and testifies in court.

OBJECTIVES AND RESULTS

Business Objective	Study Assessment
I/Leads Records Management System	Satisfactory
Calibration of Speed Monitoring Equipment	Satisfactory
Traffic Safety Programs	Satisfactory

Control Summary

Good Controls	Weak Controls
• I/Leads system reduces the time needed for officers to input ticket information. • Speed monitoring systems are recalibrated every six months. • Officers test speed monitoring system with tuning forks before and after each shift to ensure accuracy.	• N/A

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

STUDY AREA	
Risk Ranking	N/A
No reportable items were noted as part of this study.	

RISK MANAGEMENT – DPWES SAFETY AND INJURY CLAIMS

BACKGROUND

The OFPA conducted a review of DPWES workers' compensation claims. Under Title 65.2 of the Code of Virginia, the County is required to provide workers' compensation coverage for employees who sustain injuries or develop illnesses caused by their employment. The County has elected to fulfill this statutory obligation through self-insurance. The DOF – Risk Management Division is responsible for overseeing the County's Workers' Compensation Program. The County is under contract with a third-party administrator (CorVel Corporation) to provide claims management services for the Workers' Compensation Program.

The following tables show the claims paid and incurred for each division within DPWES for fiscal years 2013 through 2015. The "Paid" column represents the actual amount paid, including medical bills and investigations. The "Incurred" column represents an estimate of the total cost of the claim.

FISCAL YEAR 2013

Division/Business Area	Number of Claims	Paid	Incurred
Capital Facilities	1	$0	$0
Land Development Services	12	$6,560	$6,560
Solid Waste Management	38	$355,363	$373,605
Stormwater Management/Planning	21	$116,972	$116,972
Wastewater Management	25	$230,160	$281,033
TOTAL	**97**	**$709,054**	**$778,169**

FISCAL YEAR 2014

Division/Business Area	Number of Claims	Paid	Incurred
Capital Facilities	3	$99,658	$176,132
Land Development Services	7	$152,350	$225,376
Solid Waste Management	49	$377,424	$468,236
Stormwater Management/Planning	23	$160,429	$252,361
Wastewater Management	37	$309,124	$433,093
TOTAL	**119**	**$1,098,985**	**$1,555,198**

FISCAL YEAR 2015

Division/Business Area	Number of Claims	Paid	Incurred
Capital Facilities	2	$0	$0
Land Development Services	11	$276,235	$518,212
Solid Waste Management	41	$105,305	$283,974
Stormwater Management/Planning	24	$282,824	$408,607
Wastewater Management	36	$88,832	$166,946
TOTAL	**114**	**$753,196**	**$1,377,740**

Source: DOF - Risk Management Division - Risk Manager Report.

SCOPE AND METHODOLOGY

The scope of this study included a review of safety and injury claims for DPWES employees during fiscal years 2013, 2014, and 2015. The purpose of this study was to determine if there were adequate controls over claims payments. To gain an understanding of the County's risk management process, we reviewed the following manuals:

- Risk Management Division, Risk Management Manual: Loss Prevention and Safety
- Risk Management Division, Risk management Manual: Claims Management
- Risk Management Division, Risk Management Operations Procedures
- Risk Management Division, Workers' Compensation Claims Handling Procedures
- DPWES Safety Manuals

We also reviewed the Risk Management Division's internal website as well as a May 2015 memo from the Risk Management Division to Supervisor Penny Gross regarding the Worksafe Fairfax and Loss Prevention Program. Thirdly, we reviewed the County's contract with the Workers' Compensation Program third-party administrator (CorVel Corporation). Lastly, we reviewed Risk Manager Reports provided by the Risk Management Division and selected a sample of 30 DPWES workers' compensation claims from the Risk Management Division's Workers' Compensation Claims Detail reports. For each selected claim, we reviewed the online file in CorVel Corporation's claims management system, CareMC.

OBJECTIVES AND RESULTS

<table>
<tr><th>Business Objective</th><th>Study Assessment</th></tr>
<tr><td>Comprehensive Risk Management and DPWES Safety Manuals</td><td>Satisfactory</td></tr>
<tr><td>WorkSafe Fairfax and Loss Prevention Program (training and safety audits)</td><td>Satisfactory</td></tr>
<tr><td>Periodic Internal Claims Reviews and Audits of Workers' Compensation Claims</td><td>Satisfactory</td></tr>
<tr><td>Third-Party Administrator's Controls Over the Payment of Claims</td><td>Needs Improvement</td></tr>
<tr><th colspan="2">Control Summary</th></tr>
<tr><th>Good Controls</th><th>Weak Controls</th></tr>
<tr><td>• The Risk Management Division has established a comprehensive set of manuals covering loss prevention, claims management, and operating procedures; DPWES has established a comprehensive set of safety manuals.
• The Risk Management Division's WorkSafe Fairfax and Loss Prevention Program include training, safety audits, and injury prevention.
• Risk Management Division staff periodically review and audit workers' compensation claims.</td><td>• The claims management system for the County's third-party administrator allowed a claim to be paid prior to approval.</td></tr>
</table>

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

RISK MANAGEMENT

Risk Ranking	**MEDIUM**

We noted that one of our selected sample claims was paid prior to approval (confirming compensability) in the third party administrator's (CorVel) claims management system (CareMC). According to a representative from CorVel, a pharmacy payment was issued before the Claims Specialist documented the compensability decision in the file notes. The Claims Specialist had completed her investigation and made her decision on compensability. However, she had not documented the approval in the file notes appropriately. The total amount of the claim was $1,264.50. Since actual payments for all DPWES workers' compensation claims in FY 2015 totaled $753,196, it is important to implement controls in the claims management system that would prevent payments from being issued prior to approval.

Recommendation

The Risk Management Division should work with the third-party administrator (CorVel) to ensure that there are adequate controls in the claims management system (CareMC) that would prevent payments from being issued prior to documented approval.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Christopher Pietsch Teri Flynn	April 29, 2016	Christopher.Pietsch@fairfaxcounty.gov Teri.Flynn@fairfaxcounty.gov

MANAGEMENT RESPONSE: Risk Management and the vendor currently perform regular audits to ensure all controls, procedures, and workflows are met. In reviewing the findings in this report, we will further enhance and expand our processes, as noted:

1. Risk Management will work with the vendor to further review all controls in the claims management system, and will examine whether a system fix can be implemented to prevent payments from being made without specific system approval fields completed.
2. Risk Management will ensure that internal Workers' Compensation staff audits, which already look at payment approvals, are expanded to look at payment control features.
3. The claims supervisor for the vendor will expand the regular audits already being done to ensure that payment control features are properly addressed.
4. Risk Management will review with the vendor all documentation workflows to ensure that payment approval cannot take place until system fields have been completed and that sufficient payment control measures are in place.

FOCUS ACCOUNTS PAYABLE MODULE

BACKGROUND

The OFPA conducted a limited review of the Accounts Payable Module in FOCUS. The Accounts Payable module of FOCUS includes data related to open accounts and payments for goods or services purchased by the County. The County implemented the FOCUS system in November 2011. The implementation of FOCUS shifted the receipt and processing of invoices to a centralized function within the DOF.

The following table shows the top five department/agency accounts payable spend totals (excluding bond payments) for transactions that were processed by the DOF during fiscal year 2015 and the current year-to-date (10th November 2015).

Top Five Department/Agency Spend Totals for Transactions Processed by the Department of Finance

Department/Agency	Total Spend
DPWES – Wastewater	$ 250,361,092
Employee Benefits	$ 235,419,375
Department of Transportation	$ 233,602,886
Department of Information Technology	$ 109,475,121
DPWES - Office of Capital Facilities	$ 106,414,574

Source: DOF.

The following table shows the top five department/agency accounts payable transactions that were processed by the DOF during FY 2015 and the current year-to-date (10th November 2015).

Top Five Department/Agency Accounts Payable Transactions Processed by the Department of Finance

Department/Agency	Total Transactions
Department of Family Services	15,294
Housing and Community Development	12,296
Park Authority	11,120
Facilities Management	7,189
Health Department	6,116

Source: DOF.

SCOPE AND METHODOLOGY

The scope of this study included a limited review of the accounts payable module in FOCUS. The purpose of this study was: (1) to determine if there are external system with accounts payable data that do not interface with FOCUS, and (2) to determine whether the external system interfaces were automatic or manual. The scope of this study did not include an evaluation of the controls over accounts payable disbursements.

We reviewed the accounts payable policies and procedures published on the DOF's internal website: "Financial Policy Statement 630: Non-PO Payments" and "Accounting Technical Bulletin 60040, Vendor File." We also reviewed a list of external accounts payable systems that interface with FOCUS. In addition, we interviewed staff from the Department of Information Technology (DIT) to determine whether the external system interfaces with FOCUS were manual or automatic. Lastly, we reviewed system interface reports and documentation from departments/agencies that maintain the external accounts payable systems.

OBJECTIVES AND RESULTS

<table>
<tr><th>Business Objective</th><th>Study Assessment</th></tr>
<tr><td>Policies and Procedures Related to Non-Purchase Order Payments</td><td>Satisfactory</td></tr>
<tr><td>Centralized Processing of Accounts Payable Transactions</td><td>Satisfactory</td></tr>
<tr><td>Policies and Procedures Related to the Reconciliation of Accounts Payable Data Interfaces Between External Systems and FOCUS</td><td>Needs Improvement</td></tr>
<tr><th colspan="2">Control Summary</th></tr>
<tr><th>Good Controls</th><th>Weak Controls</th></tr>
<tr><td>The DOF implemented policies and procedures regarding non-purchase order payments.
Accounts payable transactions in FOCUS are centrally processed by the DOF.</td><td>Lack of policies and procedures related to the validation and reconciliation of accounts payable data interfaces between external systems and FOCUS.</td></tr>
</table>

OBSERVATIONS AND ACTION PLAN

The following table(s) present the observation(s) and recommendation(s) from the study along with management's action plan to address the issue(s).

Fairfax County
Office of Financial and Program Audit

<table>
<tr><th colspan="2">FOCUS ACCOUNTS PAYABLE MODULE</th></tr>
<tr><td>Risk Ranking</td><td>MEDIUM</td></tr>
<tr><td colspan="2">According to information provided by the DOF, there are 11 departments/agencies that maintain accounts payable data on external systems. The external systems include accounts payable data related to child care payments, housing assistance payments, retirement payments, jury duty payments, and election worker reimbursements. Of the 34 external systems, 19 systems automatically interface accounts</td></tr>
</table>

payable data with FOCUS. 15 of these systems require a manual interface of accounts payable data with FOCUS.

Summary of Departments/Agencies with External Accounts Payable (AP) Systems

	Department/Agency	A/P Data Interface?	Manual or Automatic
1	Circuit Court	Yes	Manual
2	Department of Finance	Yes	Automatic
3	Department of Purchasing and Supply Management	Yes	Manual
4	Department of Tax Administration	Yes	Automatic/Manual
5	Office of Elections	Yes	Manual
6	Office of Family Services	Yes	Automatic
7	Fairfax County Public Schools	Yes	Automatic/Manual
8	Department of Housing and Community Development	Yes	Automatic/Manual
9	Administration for Human Services	Yes	Automatic
10	Park Authority	Yes	Automatic
11	Retirement Administration	No	Manual (Summary Journal Entry)

Source: DOF and the DIT.

The DOF is responsible for providing centralized internal controls over the County's financial systems and accounts payable operations. Although the departments/agencies with external accounts payable systems perform reconciliations, the DOF has not developed specific policies and procedures that cover the validation and reconciliation of accounts payable data interfaces between the external systems and FOCUS.

Recommendation

The DOF should develop specific policies and procedures that cover the validation and reconciliation of accounts payable data interfaces between the external systems and FOCUS.

Action Plan

Point of Contact	Target Implementation Date	Email Address
Christopher Pietsch Deirdre Finneran	June 30, 2016	Christopher.Pietsch@fairfaxcounty.gov Deirdre.Finneran@fairfaxcounty.gov

MANAGEMENT RESPONSE: At the present time, the procedures in place for reconciliation of accounts payable related interfaces from external business systems managed by departments, while adhered to, are not formally documented. At FOCUS go-live the DOF, the DIT, and the FOCUS Business Support Group (FBSG) worked with agencies to establish their external business system interfaces in FOCUS and maintain the business practices for interface reconciliation already in place when those systems were interfacing with the County's legacy financial system, FAMIS.

Currently, upon transmission of an accounts payable interface from an external business system to FOCUS, an email notification is sent automatically to a pre-defined list of staff which includes DOF accounts payable staff, DIT FOCUS support staff, FBSG interface support staff, and the external business system owner contacts. The email provides the following information:

- Number of Documents Posted
- Total Records in the File
- Total FOCUS Records
- Total Value in the File
- Total Records Successfully Posted
- Posted Value
- Total Records Rejected
- Error Record Value

In instances where records fail to post successfully to FOCUS, DIT FOCUS support staff and FBSG interface support staff coordinate with the external business system owner contacts to resolve the posting issue.

The DOF, in conjunction with DIT and FBSG, will document written procedures for FOCUS accounts payable interface validation and reconciliation. The procedures will instruct agencies how to validate using the email notification and maintain a reconciliation log. Also, DOF will continue to partner with FBSG and DIT as part of a communication plan so the validation and reconcilement process can be disseminated to agencies when new interfaces are developed.

LIST OF ACRONYMS

CAD	Computer Aided Dispatch
CALEA	Commission on Accreditation for Law Enforcement Agencies, Inc.
COG	Council of Governments
CPS	Child Protection Service
DFS	Department of Family Services
DHR	Department of Human Resources
DIT	Department of Information Technology
DMB	Department of Management and Budget
DOF	Department of Finance
DPSC	Department of Public Safety Communications
DPWES	Department of Public Works and Environmental Services
DVS	Department of Vehicle Services
FBSG	FOCUS Business Support Group
FCPD	Fairfax County Police Department
FCPL	Fairfax County Public Libraries
FCPS	Fairfax County Public Schools
FOCUS	Enterprise Resource Planning System
FUMC	Fleet Utilization Management Committee
FY	Fiscal Year
GL	General Ledger
HCD	Department of Housing and Community Development
IRS	Internal Revenue Service
OEM	Office of Emergency Management
OFPA	Office of Financial and Program Audit
OPA	Office of Public Affairs
PSA	Police Service Area
VFOIA	Virginia Freedom of Information Act
VLEPSC	Virginia Law Enforcement Professional Standards Commission
WMATA	Washington Metropolitan Area Transit Authority