



PRINCE WILLIAM COUNTY, VIRGINIA

**Prince William County, Virginia  
Internal Audit of the  
Parks and Recreation Department**

**Prepared By:  
Internal Auditors**

**January 7, 2014**



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January 7, 2014

The Audit Committee of  
Prince William County, Virginia  
1 County Complex Court  
Prince William, Virginia 22192

Pursuant to the approved internal audit plan for fiscal year (FY) 2013-14 for Prince William County, Virginia (the "County"), we hereby present the internal audit of the Department of Parks and Recreation's transition to and compliance with County policies and procedures as it relates to cash handling, purchasing, timekeeping and inventory. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on February 11, 2014. Our report is organized in the following sections:

<b>Executive Summary</b>	This provides a summary of the issues related to our internal audit of the Department of Parks and Recreation.
<b>Background</b>	This provides an overview of the Department of Parks and Recreation covered as a part of this audit.
<b>Objectives and Approach</b>	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
<b>Issues Matrix</b>	This section gives a description of the items noted during our internal audit and recommended actions as well as management's response, responsible party and estimated completion date.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the internal audit of the Department of Parks and Recreation.

Respectfully Submitted,

**INTERNAL AUDITORS**

# **Executive Summary**

## Executive Summary

The objective of this audit were to assess the Department of Parks and Recreation transition and compliance to County policies and procedures as it relates to cash, purchasing/accounts payable, timekeeping, inventory, and the like. The Prince William Park Authority was established in 1977; during March 2012 the Park Authority Board and the Board of County Supervisors (“BOCS”) took action to merge the Park Authority into the Prince William County Government and thus created a new Department of Parks and Recreation. Effective July 1, 2013, the Department of Parks and Recreation is the governmental entity responsible for the delivery of park and recreational services in the County. The BOCS accepted ownership of all properties and assumed all contractual obligations of the Park Authority. The 5 locations with the highest cash collections were selected for testing during this internal audit.

### Financial Data

The following table represents the expenditures and revenue summary by program as represented in the County’s budget documents from FYs 2012-14:

EXPENDITURE	FY 2012 Actual	FY 2013 Adopted	FY 2014 Adopted	% CHANGE
Recreation	\$12,879,535	\$15,576,574	\$14,137,921	
Administration & Communication	4,898,509	4,286,864	5,748,741	
Ops. Planning & Supp.	10,389,623	9,934,500	10,802,754	
<b>TOTAL EXPENDITURE</b>	<b>\$28,167,667</b>	<b>\$29,797,938</b>	<b>\$30,689,416</b>	<b>2.99%</b>

### Transition to the County

Since the decision by the Board of County Supervisors to merge the Park Authority into County government, the Department of Parks and Recreation has been working with other County Departments to implement the merger. The Human Resource (“HR”)/Payroll function has been moved over from the Park Authority to the County Human Resource Information System (“HRIS”) payroll system. Although the Department of Parks and Recreation employees started following County leave and benefits policies as of July 1, 2013, the employees remained under the Park Authority classification system until December 31, 2012. Beginning January 1, 2013 the Department of Parks and Recreation Department employees were included into the County’s HRIS payroll system. During FY 2014 the Department of Parks and Recreation has 382 FTEs. Department of Parks and Recreation also has a large number of part-time/seasonal employees who help during the year but most do so in the busy summer season. The number of employees fluctuates considerably with 1,285 on the payroll in June 2013 and 750 making up the payroll in December 2013.

Effective January 1, 2014, the Department of Parks and Recreation has transitioned to the County’s financial system (“Performance”). Currently, the Department of Parks and Recreation extracts the financial data from Performance into their previous financial system (“FMS”) for the purpose of monthly budget analysis. Effective July 1, 2013, all new vendor contracts and vendor contracts up for renewal go through the County’s Purchasing Division and its approval process.

The Department of Parks and Recreation does not maintain any significant inventories of supplies. They follow the practice of ordering supplies as and when they are needed so that major stocks of inventories are not kept at sites that have to be secured and monitored. The physical verification of assets was included in the County’s annual asset inventory check for FY 2013.

More than 50% of Parks & Recreation Department’s revenue is cash or checks. As it is a significant component it is important that cash and cash like instruments are safeguarded properly and there are good controls around the cash collection process due to increased risk.

## Executive Summary - continued

The following section provides a summary of the Issues identified during our procedures. We have assigned relative risk factors to each Issue identified. A summary of issues identified and their relative risk rating is provided below. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider including financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the relative risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of these Issues are included within the Issues and Recommendations section of this report.

Issues	Risk Rating
<b>1. Cash - Frequency of Deposits</b>	<b>High</b>
<p>The Department of Parks and Recreation have scheduled deposit pick-ups by a third party vendor on a timeline appropriate for the locations depending on peak and non-peak season. Most locations have 3 day a week pick-up, which will increase to 5 days a week pick-up for some locations during peak season. We noted the following during our testing of deposits at the 5 selected locations :</p> <ul style="list-style-type: none"> <li>• One location had 12 missed pick-ups during the testing period. Two were from site closure due to weather and the remaining 10 were due to the vendor not showing up at the site for pick-up.</li> <li>• Due to the missed pick-ups noted above, the cash accumulation at this location prior to pick-up was high. The cash was safeguarded in the safe.</li> </ul> <p>Deposits not made timely could result in inaccurate records and misappropriated funds.</p>	
<b>2. Cash - Free Admission/Rain Check Vouchers</b>	<b>Moderate</b>
<p>We noted that the Department of Parks and Recreation does not have a documented policy on the safeguarding, issuance and reconciliation of free admission/ rain check vouchers.</p> <p>During our site visits, we noted the following:</p> <ul style="list-style-type: none"> <li>• 4 of 5 locations reviewed kept the vouchers in the safe and issued vouchers only after the manager's approval; and</li> <li>• 1 location had 20 blank free admission/rain check vouchers in the register, in which distribution is at the discretion of the cashier on duty. This is a segregation of duties issue.</li> </ul> <p>Free admission/rain check vouchers not properly controlled and monitored can result in loss of revenues.</p>	

## Executive Summary - continued

Issues	Risk Rating
<b>3. Timekeeping - Timesheet Accuracy, Verification, Authorization and Post Payroll Review</b>	<b>High</b>
<p>We noted the following during our testing of the Department of Parks and Recreation's timekeeping records:</p> <p><u>Accuracy of Employee Timesheets</u></p> <ul style="list-style-type: none"> <li>One employee was paid \$559.12 for 23.25 hours that were not worked. The employee voluntarily terminated employment with the County on 7/28/13, and the County's payroll cycle ran from 7/20/13 to 8/02/13. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have caught this overpayment, see below. <i>Note: Upon learning of this error, efforts were made by the County to recoup the funds from the employee. As of January 2014, the funds have been repaid by the employee.</i></li> </ul> <p><u>Timesheet Review and Approval</u></p> <ul style="list-style-type: none"> <li>Two timesheets out of 12 sampled were not signed by a supervisor.</li> </ul> <p><u>Post Payroll Review</u></p> <p>After payroll is processed for the pay period, the Payroll Office submits post payroll reports to the departments. We noted that this department does not perform a post payroll review, as this procedure is not required.</p> <p>Due to the manually intensive timekeeping process, adherence to County policies and procedures including the review of the timesheets to supporting documentation, time verification and post payroll review is critical in detecting erroneous time reporting and over/under payments, which may not be properly detected within a timely manner.</p>	
<b>4. Accounts Payable - Prompt Payment</b>	<b>Moderate</b>
<p>Code of Virginia, § 2.2-4352. Prompt payment of bills by localities states:</p> <p><i>The required payment date shall be either: (i) the date on which payment is due under the terms of the contract for the provision of the goods or services; or (ii) if a date is not established by contract, not more than forty-five days after goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later.</i></p> <p>County practice is payment of vendor invoices within 30 days of receipt in accordance with The Federal Register Part II Office of Management and Budget 5 CFR Part 1315.4 (g) (iv) Prompt Payment. During our testing of purchasing and accounts payable we noted the following:</p> <ul style="list-style-type: none"> <li>3 of the 30 payments tested were paid after the 30 day allowance, 46, 57 and 84 days, respectively; and</li> <li>That invoices are not date stamped upon receipt; as such the 30 day cycle starts from the date of the invoice.</li> </ul> <p>The County may be obligated to pay any late payment fees or penalties if demanded by vendor in case of late payments over 30 days.</p>	

## **Background**



# Background

## Overview

The Prince William Park Authority was established in 1977; during March 2012 the Park Authority Board and the BOCS took action to merge the Park Authority into the Prince William County Government and thus created a new Department of Parks and Recreation. Effective July 1, 2013, the Department of Parks and Recreation is the governmental entity responsible for the delivery of park and recreational services in the County. The BOCS accepted ownership of all properties and assumed all contractual obligations of the Park Authority.

Currently, the Department of Parks and Recreation has 67 fully or partially developed parks spread over nearly 4,000 acres of park land, with 100+ miles of trails, blueways and lakes that can accommodate more than 3 million visitors each year. The mission of the department is to provide quality recreation and leisure opportunities consistent with citizens' interest while effectively managing available resources. Prince William County has grown rapidly and so has the need of the citizens for more recreational opportunities. The County population is projected to grow to over 450,000 by 2015. The parks and public recreation system play a very important contributing role in providing a higher quality of life for residents. According to 2 nationally recognized organizations, the Urban Institute and the Wallace Foundation, who are involved with improving the quality of life in communities, the following are benefits gained from a parks and recreation system:

- Parks are a major contributor to physical and aesthetic quality of neighborhoods
- Park systems build partnerships that strengthens communities
- Parks and Open Space improve property values
- Park employment helps entrants to the workforce gain valuable experience
- Parks create opportunities for citizens that strengthen and reward civic participation
- Park programs build self-esteem of participants
- Recreation builds strength, health and stamina for people of all ages
- Park and recreation participation builds "social capital" in the community
- Recreation helps reduce the incidence of crime
- Recreation improves educational performance

## Financial Data

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<b>TOTAL EXPENDITURE</b>	<b>\$28,167,667</b>	<b>\$29,797,938</b>	<b>\$30,689,416</b>	<b>2.99%</b>

FUNDING	FY 2012 Actual	FY 2013 Adopted	FY 2014 Adopted	% CHANGE
General Fund Charges		\$1,103,456	\$1,109,540	
Enterprise Charges		\$13,399,247	\$13,789,319	
<b>TOTAL REVENUE</b>	<b>\$14,182,897</b>	<b>\$14,502,703</b>	<b>\$14,898,859</b>	<b>2.73%</b>
<b>NET GENERAL TAX SUPPORT</b>	<b>\$14,015,291</b>	<b>\$15,295,235</b>	<b>\$15,441,955</b>	<b>-0.96%</b>
<b>NET GENERAL TAX SUPPORT</b>	<b>49.76%</b>	<b>51.33%</b>	<b>50.32%</b>	

## Background - continued

### Financial Data – continued

The following represents the revenue collected by site from July 1, 2012 – June 30, 2013:

Location	Revenue Collected
Ben Lomond Community Center	\$ 285,925
Birchdale Recreation Center	177,964
Chinn Aquatics & Fitness Center	2,836,555
Forest Greens Golf Club	1,327,006
General's Ridge Golf Club	652,598
Graham Park	15,387
Hammill Mill	25,907
Lake Ridge Park	173,005
Lake Ridge Golf Club	148,211
Locust Shade Park	152,398
Prince William Golf Course	1,254,584
Sharron Baucom Dale City Recreation Center	1,514,376
SplashDown Waterpark	1,672,436
Veteran's Memorial Park	383,064
Waterworks Waterpark	296,781
Community Sports	802,569
Grounds	724,892
Miscellaneous*	919,273
<b>Total</b>	<b>\$ 13,362,931</b>

\*Fleet, Communications, First Tee, Play Foundation, Admin

### Transition to the County

Since the decision by the Board of County Supervisors to merge the Park Authority into County government, the Department of Parks and Recreation has been working with other County Departments to implement the merger. The HR/Payroll function has been moved over from the Park Authority to the County HRIS payroll system. Although the Department of Parks and Recreation employees started following County leave and benefits policies as of July 1, 2013, the employees remained under the Park Authority classification system until December 31, 2012. Beginning January 1, 2013 the Department of Parks and Recreation Department employees were included into the County's HRIS payroll system.

As a result of the merger some positions in Human Resources, Risk Management and Information Technology have been transitioned from the Park Authority to the County departments. During FY 2014 the Department of Parks and Recreation has 382 FTEs. Department of Parks and Recreation also has a large number of part-time/seasonal employees who help during the year but most do so in the busy summer season. The number of employees fluctuates considerably with 1,285 on the payroll in June 2013 and 750 making up the payroll in December 2013.

## Background - continued

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### Transition to the County – continued

Effective January 1, 2014, the Department of Parks and Recreation has transitioned to the County's financial system ("Performance"). Currently, the Department of Parks and Recreation extracts the financial data from Performance into, FMS, their previous financial system for the purpose of monthly budget analysis. Effective July 1, 2013, all new vendor contracts and vendor contracts up for renewal go through the County's Purchasing Division and its approval process. Purchasing has created a temporary site where all new Department of Parks and Recreation contracts are listed and monitored.

The Department of Parks and Recreation does not maintain any significant inventories of supplies. They follow the practice of ordering supplies as and when they are needed so that major stocks of inventories are not kept at sites that have to be secured and monitored. The major supplies are seed and fertilizer and they are ordered and consumed when needed. During fieldwork conducted at various Department of Parks and Recreation locations such as Recreation Centers and Water Parks, no significant quantity of inventories of supplies was observed. The physical verification of assets was included in the County's annual asset inventory check for FY 2013.

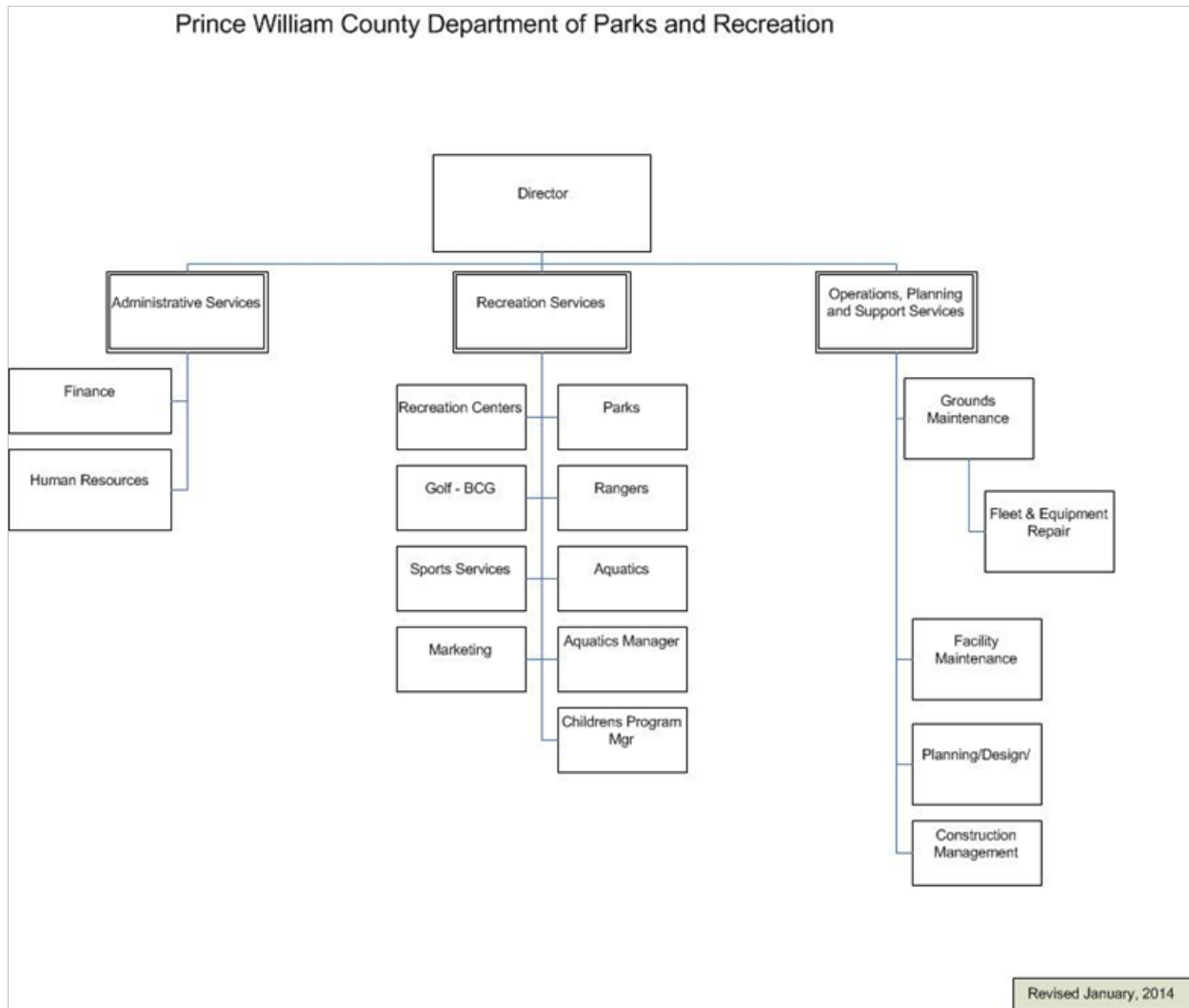
More than 50% of Parks & Recreation Department's revenue is cash or checks. As it is a significant component it is important that cash and cash like instruments are safeguarded properly and there are good controls around the cash collection process due to increased risk.

The Department of Parks and Recreation has a comprehensive internal audit program designed to ensure compliance with County policies, procedures and internal controls over accounting for cash and revenue processing. The objectives of the program is to provide reliable data to management, safeguard assets and records, establish accountability of assets, promote operational efficiency and ensure transactions are recorded in conformity with generally accepted accounting principles.

The Department of Parks and Recreation policy, in order to monitor and manage internal controls, requires managers to conduct a documented random audit of the revenue processing functions each season, or more frequently as deemed necessary. The Finance Division of the Department of Parks and Recreation is also required, in terms of the policy, to conduct documented random internal control audits of each revenue operation on an annual basis or more frequently as deemed necessary. The Finance Division conducted cash audits at 8 locations during FY 2013. The findings from their cash audits were not significant, but resulted in the self identification of additional recommendations for compliance with policies and procedures in order to improve internal controls.

# Background - continued

## Organizational Chart



## **Objectives and Approach**

# Objectives and Approach

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## Objectives

The objective of this audit were to assess the Department of Parks and Recreation transition and compliance to County policies and procedures as it relates to cash, purchasing/accounts payable, timekeeping, inventory, and the like. Our internal audit and testing focused on the following areas from July 1, 2012 to September 30, 2013:

### *Cash*

- Evaluate segregation of duties for collection, recording and reconciling cash.
- Evaluate the procedures and controls for collection and remittance of cash by the collection sites.
- Review the forms utilized for cash collection and reconciliation for completeness and adequacy.
- Ensure that customer deposits are properly tracked and returned within a reasonable period.
- Ensure that receipts, or other proof of payment, are issued to customers for payments collected.
- Evaluate monitoring and oversight of the collection sites by a centralized authority.
- Review the fee schedule and ensure that amounts collected were proper and in accordance with the approved fees.

### *Purchasing and Accounts Payable*

- Evaluate the Department's purchasing and accounts payable controls to determine effectiveness and compliance with County policies and procedures.
- Assess overall contract administration process and controls to determine effectiveness.
- Review a sample of invoices for selected contracts to determine:
  - Supporting documentation agrees to the payment amount and was mathematically correct;
  - Payment was made in a timely manner and in accordance with pricing terms of the contract; and
  - Performance under the contract was properly verified or monitored prior to payment of the invoice.

### *Timekeeping*

*\*\*An internal audit of the County's Timekeeping process was approved by the Audit Committee for the 2013-14 fiscal year. The Parks and Recreation Department was included in this internal audit and their specific results are noted within this report. The overall results for all of the selected departments are included in the Phase 2 – Internal Audit of Payroll/Timekeeping report dated December 20, 2013.*

- Validate that controls over timekeeping at the department include procedures and documents that assure the data used to generate payroll disbursements are adequate and in compliance with County policies and procedures.
- Identify and assess the effectiveness of accounting, administrative and user access controls over timekeeping and reporting at the department.
- Determine that the records and documentation for timekeeping at the department is sufficient to establish an audit trail for all transactions involving employees' time.

### *Inventory*

- Determine compliance, completeness and consistency with respect to property inventories maintained at the Department and recreation locations.
- Determine if reasonable controls are in place to track and safeguard the Department's recreational fixed assets, supplies and equipment.

## Objectives and Approach - continued

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### Approach

Our audit approach consisted of the following three phases:

#### Understanding and Documentation of the Process

During this phase we conducted interviews with representatives from the Department to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also obtained copies of standard operation procedures manuals and other documents deemed necessary. We reviewed the applicable County policies related to this internal audit. We then interviewed each individual process owner determined to be relevant to the cash management, accounts payable, purchasing, timekeeping and inventory processes to obtain an understanding of their duties, identify risks, identify applicable controls, and develop our test plan.

#### Detailed Testing

The purpose of this phase was to test compliance and internal controls based on our understanding of the cash management, accounts payable, purchasing, timekeeping and inventory processes. Our fieldwork testing was conducted utilizing a sample of invoices, contracts, time records, results of annual inventory of fixed assets as well as other audit procedures to meet our audit objectives outlined above. The time period covered by testing was July 1, 2012 through September 30, 2013. Specific procedures performed include:

- Gathering and evaluating background information on the Department's procedures and any required controls or documentation.
- Obtaining a complete population of FY2013 payments, all existing contracts and the Department's payroll records.
- Testing a sample of invoices, contracts and payroll payments to determine if County policies and procedures were followed, appropriate supporting documentation was obtained, proper approvals were made and transactions were recorded accurately and completely.
- Confirming that the location does not maintain any significant inventory.
- Testing of employee time tracking including accuracy, review, approval and overall monitoring.
- Assessing the Department's processes and controls to determine effectiveness and provide recommendations, where applicable.

#### Reporting

At the conclusion of this audit, we summarized our findings related to the Department of Parks and Recreation into this report. We have reviewed the results of our testing with the Management of the Department of Parks and Recreation.

## **Issues Matrix**



# Issues Matrix

## Cash

Rating	Issue
High	<b>1. Frequency of Deposits</b>
	<p>The Department of Parks and Recreation have scheduled deposit pick-ups by a third party vendor on a timeline appropriate for the locations depending on peak and non-peak season. Most locations have 3 day a week pick-up, which will increase to 5 days a week pick-up for some locations during peak season. We noted the following during our testing of deposits at the 5 selected locations :</p> <ul style="list-style-type: none"> <li>• One location had 12 missed pick-ups during the testing period. Two were from site closure due to weather and the remaining 10 were due to the vendor not showing up at the site for pick-up.</li> <li>• Due to the missed pick-ups noted above, the cash accumulation at this location prior to pick-up was high. The cash was safeguarded in the safe.</li> </ul> <p>Deposits not made timely could result in inaccurate records and misappropriated funds.</p> <p style="text-align: center;"><b>Recommendation</b></p> <p>We recommend that the Department of Parks and Recreation perform the following:</p> <ul style="list-style-type: none"> <li>• Determine the root cause of the missed pick-ups by the vendor and take action accordingly; and</li> <li>• Re-evaluate the frequency of cash collection at the locations to determine that there is sufficient coverage to follow the County’s policy of deposits and that there is no excess accumulation of cash at site.</li> </ul> <p style="text-align: center;"><b>Management’s Response</b></p> <p><b>Response:</b> DPR believes that the frequency of cash pick-ups by the third party vendor is adequate if the third party vendor does not miss any of the pick-ups. Two of the missed pickup were because the site was closed because of weather. The remaining ten missed pick-ups were a failing of the third party vendor. DPR notifies the third party vendor when there is a missed pickup and receives a credit to the monthly bill for these misses.</p> <p>The cash accumulation was because the third party vendor missed two pick-ups in a row.</p> <p><b>Responsible Party:</b> Department of Parks and Recreation</p> <p><b>ECD:</b> On-going. DPR will continue to hold the third party vendor accountable for missed pick-ups. If they become too frequent, DPR will work with PWC Purchasing to find another vendor.</p>

# Issues Matrix - continued

## Cash - continued

Rating	Issue
Moderate	2. Free Admission/Rain Check Vouchers
	<p>We noted that the Department of Parks and Recreation does not have a documented policy on the safeguarding, issuance and reconciliation of free admission/ rain check vouchers.</p> <p>During our site visits, we noted the following:</p> <ul style="list-style-type: none"> <li>• 4 of 5 locations reviewed kept the vouchers in the safe and issued vouchers only after the manager's approval;</li> <li>• 1 location had 20 blank free admission/rain check vouchers in the register, in which distribution is at the discretion of the cashier on duty. This is a segregation of duties issue.</li> </ul> <p>Free admission/rain check vouchers not properly controlled and monitored can result in loss of revenues.</p>
	<b>Recommendation</b>
	<p>We recommend that the Department of Parks and Recreation update current policies and procedures to include the safeguarding, issuance and reconciliation of free admission/rain check vouchers.</p>
	<b>Management's Response</b>
	<p><b>Response:</b> DPR agrees that rain checks should be kept in a safe and released only on approval by the manager. A policy will be adopted on the safeguarding, issuance and reconciliation of free admission/rain checks. All managers and staff will be trained on the policy. DPR has corrected the site that had the rain checks with the cashier</p> <p><b>Responsible Party:</b> Department of Parks and Recreation</p> <p><b>ECD:</b> April 1, 2014</p>

## Issues Matrix - continued

### Timekeeping

Rating	Issue
High	<b>3. Timekeeping - Timesheet Accuracy, Verification, Authorization and Post Payroll Review</b>
	<p>We noted the following during our testing of the Department of Parks and Recreation's timekeeping records:</p> <p><u>Accuracy of Employee Timesheets</u></p> <ul style="list-style-type: none"> <li>One employee was paid \$559.12 for 23.25 hours that were not worked. The employee voluntarily terminated employment with the County on 7/28/13, and the County's payroll cycled ran from 7/20/13 to 8/02/13. The department submitted the personal action form timely to HR, but the employee's profile was not updated as terminated. A post payroll review would have caught this overpayment, see below. <i>Note: Upon learning of this error, efforts were made by the County to recoup the funds from the employee. As of January 2014, the funds have been repaid by the employee.</i></li> </ul> <p><u>Timesheet Review and Approval</u></p> <ul style="list-style-type: none"> <li>Two timesheets out of 12 sampled were not signed by a supervisor.</li> </ul> <p><u>Post Payroll Review</u></p> <p>After payroll is processed for the pay period, the Payroll Office submits post payroll reports to the departments. We noted that this department does not perform a post payroll review, as this procedure is not required.</p> <p>Due to the manually intensive timekeeping process, adherence to County policies and procedures including the review of the timesheets to supporting documentation, time verification and post payroll review is critical in detecting erroneous time reporting and over/under payments, which may not be properly detected within a timely manner.</p>
	<p style="text-align: center;"><b>Recommendation</b></p>
	<p>The County's current timekeeping process entails the use of manual timesheets and manual entry of time by identified timekeepers in the field. As it is manually intensive it increases the risk of the function with opportunities for inefficiencies in the use of workforce production, increased risk of human error or mistake, and the potential for fraudulent reporting. We recommend the following:</p> <ul style="list-style-type: none"> <li>The results of the internal audit findings be provided to all locations as a reminder of the need for adherence to County policies and procedures around timekeeping.</li> <li>The appropriate department heads/managers perform a formal post payroll review by, at least, comparing aggregate totals on post payroll reports to the department's internal timekeeping records to verify accurate and complete processing. Any discrepancies identified from this review should be reported back to the Payroll Office in a timely manner. To facilitate appropriate segregation of duties, the person performing the post payroll review should not have access/authorization to enter time into HRIS.</li> </ul> <p>The above recommendations will help strengthen accountability of the employees, supervisors and department managers/heads to help ensure accurate reporting of employee time.</p>

# Issues Matrix - continued

## Timekeeping - continued

Rating	Issue
High	3. Timesheet Accuracy, Verification Authorization and Post Payroll Review - continued
	<p data-bbox="727 371 1049 401" style="text-align: center;"><b>Management's Response</b></p> <p data-bbox="358 420 1430 569"><b>Response:</b> For full-time employees only exception time reporting is done. That is, the DPR time entry person only enters leave. Because the employee that was overpaid was a full-time employee, there was no way for the DPR time entry person to know if the employee's schedule had been terminated properly by central payroll processing, which, in this instance, it was not.</p> <p data-bbox="358 604 1430 722">DPR will formalize a process for post payroll review but is also investigating ways to pro-actively prevent an incorrect posting of payroll hours. Based on the number of full –time staff, it is possible to predict the number of hours in a category and use that as a check figure before the payroll is posted.</p> <p data-bbox="358 758 1044 787"><b>Responsible Party:</b> Department of Parks and Recreation</p> <p data-bbox="358 823 634 852"><b>ECD:</b> March 30, 2014</p> <p data-bbox="358 867 1430 1016"><i>****An internal audit of the County's Timekeeping process was approved by the Audit Committee for the 2013-14 fiscal year. The Parks and Recreation Department was included in this internal audit and their specific results are noted within this report. The overall results for all of the selected departments are included in the Phase 2 – Internal Audit of Payroll/Timekeeping report dated December 20, 2013.</i></p> <p data-bbox="358 1052 751 1081"><i>Issue #1 Management Response</i></p> <p data-bbox="358 1117 1430 1352"><i>As of 9/23/2013, the HR Office now electronically scans all Personnel Action Form paperwork destined for the Payroll Office. These scans are batched at least twice a day and emailed as an attachment to two (2) separate Payroll staff members to print off and distribute to the remaining payroll staff members for processing. The Payroll staff member who opens the batch email sends a reply to the HR staff sender confirming receipt. The email file is also transferred from an incoming email box to an archived completed email box. This new procedure accounts for all mail being sent between HR and Payroll and eliminates any issues of mail being lost or otherwise delayed.</i></p>

# Issues Matrix - continued

## Purchasing and Accounts Payable

Rating	Issue
Medium	4. Prompt Payment
	<p>Code of Virginia, § 2.2-4352. Prompt payment of bills by localities states:</p> <p style="padding-left: 40px;"><i>The required payment date shall be either: (i) the date on which payment is due under the terms of the contract for the provision of the goods or services; or (ii) if a date is not established by contract, not more than forty-five days after goods or services are received or not more than forty-five days after the invoice is rendered, whichever is later.</i></p> <p>County practice is payment of vendor invoices within 30 days of receipt in accordance with The Federal Register Part II Office of Management and Budget 5 CFR Part 1315.4 (g) (iv) Prompt Payment. During our testing of purchasing and accounts payable we noted the following:</p> <ul style="list-style-type: none"> <li>• 3 of the 30 payments tested were paid after the 30 day allowance, 46, 57 and 84 days, respectively; and</li> <li>• That invoices are not date stamped upon receipt; as such the 30 day cycle starts from the date of the invoice.</li> </ul> <p>The County may be obligated to pay any late payment fees or penalties if demanded by vendor in case of late payments over 30 days.</p>
	<b>Recommendation</b>
	<p>We recommend that the Department of Parks and Recreation perform the following:</p> <ul style="list-style-type: none"> <li>• Receipt stamp all invoices when received; and</li> <li>• Continue diligence in ensuring that all invoices are paid timely in accordance with County practice.</li> </ul> <p>The above will reduce the risk of occurrence of late payments.</p>
	<b>Management's Response</b>
	<p><b>Response:</b> DPR has ordered time stamp clocks for all locations that receive invoices and will ensure timely payment of all invoices.</p> <p><b>Responsible Party:</b> Department of Parks and Recreation</p> <p><b>ECD:</b> February 1, 2014</p>

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