



# PRINCE WILLIAM COUNTY

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## Prince William County, Virginia Internal Audit Report – Office of Elections: Contract Compliance

June 21, 2021



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# TRANSMITTAL LETTER



June 21, 2021

The Board Audit Committee of  
Prince William County, Virginia  
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Pursuant to the internal audit plan for calendar year (“CY”) 2021 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BOCS”), we hereby present the internal audit of contract compliance specific to the Office of Elections (“Elections”). We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on July 20, 2021.

Our report is organized into the following sections:

<b>Executive Summary</b>	This provides a high-level overview and summary of the observations noted in this internal audit, as well as the respective risk ratings.
<b>Background</b>	This provides an overview of the function within the process, as well as pertinent operational control points and related compliance requirements.
<b>Objectives and Approach</b>	The objectives of this internal audit are expanded upon in this section, as well as the various phases of our approach.
<b>Observations Matrix</b>	This section gives a description of the observations noted during this internal audit and recommended actions, as well as Management’s response including the responsible party, and estimated completion date.
<b>Process Maps</b>	This section provides a visual depiction of the future state workflow of key processes.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

*RSM US LLP*

**Internal Audit**



## EXECUTIVE SUMMARY

### Background

The Office of Elections (“Elections”) is a Prince William County (“County” / “PWC”) general fund supported agency, not under the direct supervision of the Board of County Supervisors. As mandated by Virginia State Code: § 24.2-106 through § 24.2-122, the County Electoral Board and General Registrar operate the Office of Elections. The Office of Elections implements and manages all aspects of the election process in the County, including procurement of goods and services used during the elections process in the County’s seven election districts and 93 voting precincts. An election’s success hinges on the County’s ability to procure properly functioning goods and services, including voting equipment and software, from reliable vendors in a timely manner.

The process of contract compliance involves those activities performed after a contract has been awarded to determine how well the County and the vendor performed to meet the contract requirements. It encompasses all interactions between the County and vendor from the time the contract is awarded until the work has been completed and accepted or the contract has been terminated, payment has been made, and disputes have been resolved.

To facilitate timely, successful elections, the Virginia Public Procurement Act and the County’s procurement guidelines, regulate procurement activities. The decision to procure goods and services essential to elections by entering into new vendor agreements or utilizing existing, available state or local agreements is made by the Office of Elections, under the supervision of the General Registrar, and with the oversight of the Board of Elections.

### Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or ‘brand’ risk.

### Objective and Approach

The objective of this internal audit was to assess whether the system of internal controls is adequate and appropriate for effective contract compliance, with selected provisions of the contract as it relates to the procurement and payment for goods/services, management and administration of vendors and contracts, and to assess the department’s monitoring processes for opportunities for improvement. As part of our internal audit, we performed the following:

- Gained an understanding on Elections’ contract compliance and monitoring procedures and required controls or documentation;
- Requested background information on selected contracts, including contract copy, contract administrator information, and detail of expenditures under each contract during the audit period;
- Reviewed the procurement processes utilized for the selected vendors to validate compliance with applicable requirements;
- Attempted to test key controls mitigating risks such as invoices billed and paid in accordance with the requirements of the contract, and accuracy and timeliness of vendor invoices, reporting, and compliance with the requirements of the contract;
- Attempted to determine whether goods and services received under the contract were properly verified or monitored prior to payment of the invoice;
- Attempted to assess adequacy and compliance with select terms of the contract such as, certificate of insurance, right to audit, etc.; and
- Assessed the overall contract compliance process and controls to determine effectiveness.

Where applicable, the testing period used was July 1, 2019 to December 31, 2020.

Fieldwork was performed April 2021 through June 2021.

### Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
Elections: Contract Compliance	4	-	-

**We would like to thank all County team members who assisted us throughout this audit.**



**EXECUTIVE SUMMARY – CONTINUED**

Observations Summary

The following is a summary of the observations noted in the areas reviewed. Each detailed observation is included in the observation matrix section of the report. Improvement opportunities have been provided following the detailed observations section. Definitions of the rating scale are included below.

Summary of Observations	
Observation	Rating
1. Standardization of Procurement and Related Contract Compliance Procedures	High
2. Identified Contract Administrators	High
3. Supporting Documentation and Record Retention	High
4. Authorized Purchases	High

Provided below is the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.



## BACKGROUND

### Overview

The Office of Elections (“Elections”) is a Prince William County (“PWC”) general fund supported agency that implements and manages all aspects of the election process, including procurement of goods and services used during the elections process in the County’s seven election districts and 93 voting precincts. An election’s success hinges on the County’s ability to procure properly functioning goods and services, including voting equipment and software, from reliable vendors in a timely manner. Compliance with the provisions of executed vendor contracts is essential to the conduct of an election.

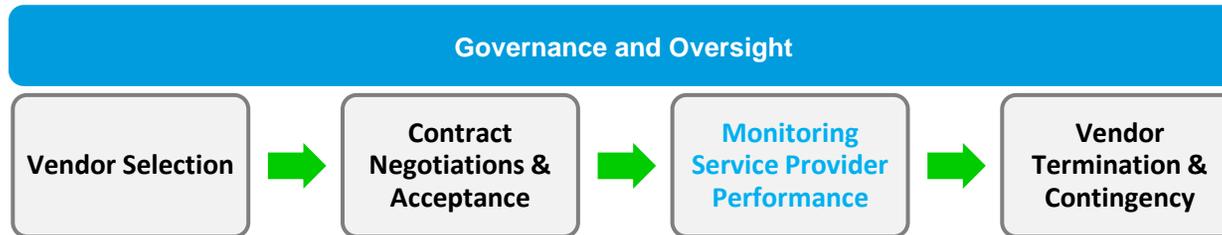
### Procurement Regulations

The Virginia Public Procurement Act governs the processes surrounding the County’s acquisition of goods and services. Section § 24.2-602 of the Code of Virginia provides a specific exemption for competitive procurement of ballots and election materials from certain purchasing and procurement requirements. Specifically: “The provisions... shall not apply to contracts for equipment, software, services, the printing of ballots or statements of results, or other materials essential to the conduct of the election.”

Further, Prince William County Purchasing Regulation § 300.09(F) provides an exemption from County purchasing regulations regarding competitive purchasing for goods and services necessary for conducting elections. Specifically: “Procurements by the General Registrar’s Office for equipment, software, services, the printing of ballots, statement of results, or other materials essential to the conduct of an election are exempted pursuant to Virginia Code § 24.2-602...”

### Contract Compliance

The process of contract compliance involves those activities performed after a contract has been awarded to determine how well the government and the contractor performed to meet the requirements of the contract. It encompasses all dealings between the government and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated, payment has been made, and disputes have been resolved.



Once a contract is executed, the contract performance must be monitored to ensure goods and/or services received are in compliance with the contract terms, pricing schedules and modifications, and with the applicable State and County Codifications, referenced herein. Monitoring activities include, but are not limited to the coordination for goods and/or services, inspection and testing of goods and/or services, verification of labor hours, certification of receipt of goods and/or services, certification of billing documents related to goods and/or services received, prompt communication of contract performance discrepancies to the Purchasing Department or other appropriate authority, and monitoring of overall contract performance.

The Contract Administrator is responsible for monitoring service provider performance. There is no formal process to select the Contract Administrator. Typically, the Contract Administrator is a manager or a subject matter expert (SME) from the requesting department/agency who served on the selection committee and was one of the leaders in the RFP process. The Contract Administrator is expected to monitor vendor performance and deliverables against service level agreements (“SLA”) as described in the preceding paragraph; however, there is no standard procedure or general guidance regarding the role and responsibilities of an assigned Contract Administrator.



**BACKGROUND – CONTINUED**

Financial and Other Data

Office of Elections Spend per Year

Historical and adopted disbursements data (less Salaries & Benefits) was utilized to gain an understanding of Elections spend trends for fiscal year (“FY”) FY17 through FY21.

<b>Expenditure by Program</b>	<b>FY17 Actuals</b>	<b>FY18 Actuals</b>	<b>FY19 Actuals</b>	<b>FY20 Adopted</b>	<b>FY21 Adopted</b>
Total Expenditures	\$2,913,542	\$1,927,983	\$1,988,554	\$2,633,866	\$3,780,113
Less Salaries & Benefits	\$1,498,273	\$1,292,316	\$1,340,964	\$1,343,285	\$2,877,146
<b>Net Spending</b>	<b>\$1,415,269</b>	<b>\$635,667</b>	<b>\$647,590</b>	<b>\$1,290,581</b>	<b>\$902,967</b>

Office of Elections Spend by Vendor

Data received captured all purchase order payments remitted to vendors by the Elections during the review period July 1, 2019 to December 31, 2020. Approximately 90% of the total elections-related costs are related to goods and services rendered from the top five vendors as shown below:

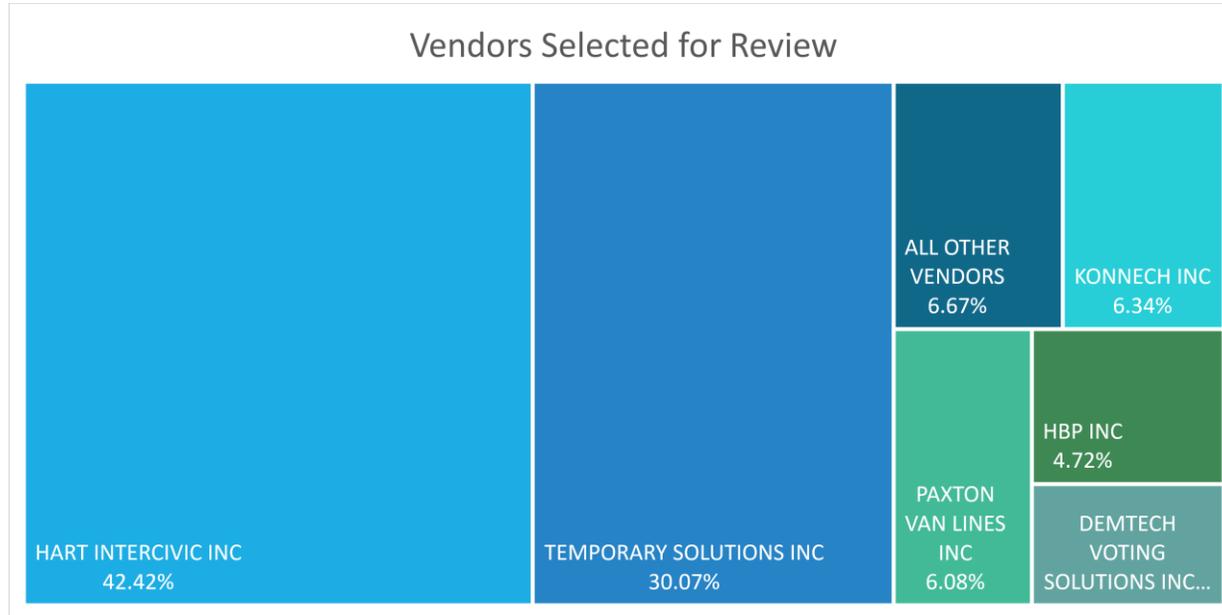
<b>Vendor Name</b>	<b>Vendor Spend</b>	<b>Percentage (%) of Total Vendor Spend</b>
HART INTERCIVIC INC	\$344,144.99	42.42%
TEMPORARY SOLUTIONS INC	\$243,945.77	30.07%
KONNECH INC	\$51,400.00	6.34%
PAXTON VAN LINES INC	\$49,343.00	6.08%
HBP INC	\$38,321.77	4.72%
DEMTECH VOTING SOLUTIONS INC	\$30,005.00	3.70%
STAPLES INC	\$19,424.00	2.39%
SUNBELT RENTALS INC	\$10,700.00	1.32%
KHAVARIAN ENTERPRISES INC DBA VISION COMMUNICATIONS COMPANY	\$9,650.00	1.19%
PITNEY BOWES GLOBAL FINANCIAL SERVICES	\$6,853.68	0.84%
SHARP COMMUNICATION SERVICES INC	\$2,700.00	0.33%
SPRINT COMMUNICATIONS CORP.	\$2,179.04	0.27%
ELECTEC ELECTION SERVICES INC	\$1,278.60	0.16%
DIGICON CORPORATION	\$1,107.71	0.14%
FIVE STAR SEPTIC INC	\$94.00	0.01%
BELTWAY OFFICE SOLUTIONS LLC	\$86.55	0.01%
<b>Grand Total</b>	<b>\$811,234.11</b>	<b>100.00%</b>



**BACKGROUND – CONTINUED**

Vendors Selected for Detailed Testing

We judgmentally selected six contracts, for which payments had been disbursed during the eighteen (18) month audit period of July 1, 2019 to December 31, 2020, for detailed testing. The vendor contracts selected represent approximately 93% of total Office of Elections spend during the review period.



Vendor Name	Vendor Spend	Percentage (%) of Total Vendor Spend
HART INTERCIVIC INC	\$344,144.99	42.42%
TEMPORARY SOLUTIONS INC	\$243,945.77	30.07%
KONNECH INC	\$51,400.00	6.34%
PAXTON VAN LINES INC	\$49,343.00	6.08%
HBP INC	\$38,321.77	4.72%
DEMTECH VOTING SOLUTIONS INC	\$30,005.00	3.70%
ALL OTHER VENDORS	\$54,073.58	6.67%
<b>Grand Total</b>	<b>\$811,234.11</b>	<b>100.00%</b>



## OBJECTIVES AND APPROACH

### Objectives

The purpose of the internal audit was to assess whether the system of internal controls is adequate and appropriate for effective contract compliance, with selected provisions of the contract as it relates to the procurement and payment for goods/services, management and administration of vendors and contracts, and to assess the department's monitoring processes for opportunities for improvement. The scope of this internal audit encompassed a sample of vendor contracts and related invoices from the audit period July 1, 2019 through December 31, 2020.

### Approach

Our audit approach consisted of the following three phases:

#### Understanding and Documentation of the Process

We conducted interviews with stakeholders from the Office of Elections to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We obtained and reviewed 1) applicable Elections procurement/contract compliance policies and procedures; 2) copies of financial information; 3) relevant guidance; and 3) other documents deemed necessary; and performed walkthroughs of the process(es) and key controls to gain an understanding of the function and assess the design of the processes/key controls.

#### Evaluation of the Design and Operating Effectiveness of Process and Controls

The purpose of this phase was to evaluate the design of the process and controls and test compliance of internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. Testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives. Procedures included the following:

- Gained an understanding on Elections' contract compliance and monitoring procedures and required controls or documentation;
- Requested background information on selected contracts, including contract copy, contract administrator information, and detail of expenditures under each contract during the audit period;
- Reviewed the procurement processes utilized for the selected vendors to validate compliance with applicable requirements;
- Attempted to test key controls mitigating risks such as invoices billed and paid in accordance with the requirements of the contract, and accuracy and timeliness of vendor invoices, reporting, and compliance with the requirements of the contract;
- Attempted to determine whether goods and services received under the contract were properly verified or monitored prior to payment of the invoice;
- Attempted to assess adequacy and compliance with select terms of the contract such as, certificate of insurance, right to audit, etc.; and
- Assessed the overall contract compliance process and controls to determine effectiveness.

#### Reporting

At the conclusion of this audit, we summarized our findings into this report. We have reviewed the results with the appropriate Management personnel, and have incorporated Management's response into this report.



**OBSERVATIONS MATRIX**

Observation	1. Standardization of Procurement and Related Contract Compliance Procedures
<p><b>High</b></p>	<p>During information-gathering discussions, we noted that Elections does not have existing procedural documentation that define and facilitate their processes and activities specific to the procurement of goods or services and related contract administration, including the monitoring of vendor performance. Processes are informal and undocumented.</p> <p>Although Elections is exempt from some Virginia and County procurement requirements for goods and services essential for conducting elections, without a comprehensive, current set of documented procedures to govern procurement and contract compliance activities and decisions, Elections is at an increased risk of:</p> <ul style="list-style-type: none"> <li>• Entering into agreements that could be disadvantageous to its function or non-compliant with regulations;</li> <li>• Receiving goods or services that don't meet desired levels of quality, and associated performance measures/deadlines, where applicable;</li> <li>• Paying invoices that include incorrect or unallowable charges, or payment for goods/services not received; and</li> <li>• Violations with State and County policy and contract terms.</li> </ul>
<p><b>Recommendation</b></p>	<p>We recommend the development of comprehensive procedures related to procurement and related contract administration management. Procedures should be developed based on existing County policies, practices and systems. Based on our experience, best practice contract administration policies typically address, at minimum, the following processes and functions:</p> <ul style="list-style-type: none"> <li>• The purpose, objectives, and scope of the contract administration process;</li> <li>• Categories of contracts which are subject to the policy (i.e. Service Agreements, Rental / Lease Agreements, Software License Agreements, etc.);</li> <li>• The roles and responsibilities of the user department, purchasing, and other relevant parties; and</li> <li>• Standard operating procedures for contract administration. Procedures should include guidance on the following:             <ul style="list-style-type: none"> <li>○ Contract initiation and planning                 <ul style="list-style-type: none"> <li>▪ Assignment of a contract administrator</li> <li>▪ Development of scope of work and specifications</li> <li>▪ Determination of procurement method or contract-type</li> </ul> </li> <li>○ Contract review, award, and vendor onboarding                 <ul style="list-style-type: none"> <li>▪ Evaluation of vendor proposals, bids, and quotations</li> <li>▪ Collection and review of applicable contract documentation, including documentation repository</li> <li>▪ Legal requirements</li> <li>▪ Administrative requirements (i.e. insurance, licensing, etc.)</li> </ul> </li> <li>○ Contract management                 <ul style="list-style-type: none"> <li>▪ Vendor management (i.e. important milestones, deliverables, contract expiration etc.), invoice review (see below for additional requirements) and quality assurance</li> <li>▪ Modifications or changes to the contract</li> <li>▪ Contract disputes and termination (i.e. vendor transition plan)</li> <li>▪ Contract completion and closeout (i.e. final payment, vendor evaluation, etc.).</li> </ul> </li> </ul> </li> </ul> <p>Subsequent to the development of policies and procedures, training should be provided for management, and individuals responsible for invoice review, payment, and general project management activities.</p>



**OBSERVATIONS MATRIX – CONTINUED**

Observation	1. Standardization of Procurement and Related Contract Compliance Procedures – Continued
<p><b>Recommendation</b></p>	<p>Development of a standardized checklist that includes all contractual requirements and elements, for use by a designated contract administrator in verifying that all requirements of the agreement are being met (both Elections and vendor obligations) would further enhance the process. The standardized checklist should include procedures required for proper invoice review, prior to authorizing invoice payment. The invoice review process should consider all required elements from the executed agreement, including (but not limited to):</p> <ul style="list-style-type: none"> <li>• The products or services to be provided;</li> <li>• The timing of delivery;</li> <li>• The quality and specificity of the products or services being delivered;</li> <li>• The agreed upon rates or pricing to be paid by Elections;</li> <li>• The information to be provided by the vendor on the invoice; and</li> <li>• The support provided by the vendor to substantiate the invoiced charges.</li> </ul> <p>The invoice review should be evidenced by the retention of all relevant supporting documentation along with the invoice, as well as the signature/date of the individual who performed the invoice review. Approval of the invoice should be evidenced by the signature/date of the individual who reviewed the invoice submission and approved the invoice for processing.</p>
<p><b>Management’s Action Plan</b></p>	<p><b>Response:</b> In anticipation of this report, I had started to review processes and determined that there no real processes in place. The view of the former General Registrar that the agency was ‘exempt’ and that was used throughout the operation of the department. With that thought process utilized, remaining staff who were responsible for procurement continued without question. As recent as 7/8 this department is in process of complying with mandatory security updates to voting machines (software) as well as electronic poll books (hard and software). I have been in communication with the Purchase department to review requirements, establish necessary procedures to complete the purchase while maintaining appropriate purchase process and being able to obtain these exempt materials. This will become the standard operating procedure.</p> <p><b>Responsible Party:</b> General Registrar/Director of Elections; Chief Deputy Registrar; Financial Specialist; Equipment/Operations Manager</p> <p><b>Estimated Completion Date:</b> FY 2022</p>



**OBSERVATIONS MATRIX – CONTINUED**

Observation	2. Identified Contract Administrators
<p><b>High</b></p>	<p>Through the information that we obtained related to the processes around contract management and invoice processing, we learned that Elections had not identified qualified personnel to effectively manage contracts, and to properly review and validate invoices prior to authorizing payment. During the audit period the personnel responsible for contract management and invoice processing were election-focused personnel who had been assigned these responsibilities, without having adequate training or preparation to perform in that role.</p> <p>The personnel who were responsible for managing vendor agreements and processing invoices were recently separated from Elections, as was the General Registrar, who would have been responsible for oversight, and other key Elections personnel. Remaining are personnel with other focuses and areas of expertise who are put in a position to have to assume these roles in the absence of expected training and preparation.</p> <p>As a result of the personnel limitations, Elections is not effectively able to provide copies of vendor agreements and evidence they're being effectively managed, or approved invoices and the support to evidence they're accurate, appropriate, and effectively reviewed prior to authorizing them for processing.</p> <p>If personnel responsible for managing vendor agreements and the resultant invoices are not trained and prepared, and are not qualified to act in that capacity, there is substantial risk that executed agreements are not beneficial to either Elections or the County – in their pricing, the quality and timeliness of goods or services to be provided, or in terms that may or may not be included in the agreement. Further, the lack of qualified personnel reviewing and validating invoices increases the risk that Elections is authorizing the payment of charges that may be inaccurate, unallowable, or representing goods or services not provided or accepted.</p>
<p><b>Recommendation</b></p>	<p>We recommend that Elections staff qualified personnel in positions where contract management and invoice review and validation are key roles and responsibilities. Selected personnel should be skilled in areas of expertise such as contract management, and invoice review and validation, and should receive adequate training in related Elections and County process and control requirements.</p>
<p><b>Management's Action Plan</b></p>	<p><b>Response:</b> The observations and recommendations are accurate. Interviews for the Financial Specialist have started this week and I anticipate a hiring within the next couple of weeks. Again, the processes will be maintained by the Financial Specialist who will be authorized to require all documentation and to then maintain permanent records. However, it is and will be, incumbent upon the incoming General Registrar, Chief Deputy and Operations Manager to jointly collaborate to make new permanent process to correct the noted matters. This can not be solved by hiring of one person</p> <p><b>Responsible Party:</b> General Registrar/Director of Elections: Chief Deputy Registrar; Operations Manager; Fiscal Specialist</p> <p><b>Estimated Completion Date:</b> FY 2022</p>



**OBSERVATIONS MATRIX – CONTINUED**

Observation	3. Supporting Documentation and Record Retention
High	<p><u>Vendor Contracts</u></p> <p>To conduct our contract compliance testing we selected a sample of six (6) vendors based on a review of vendor spending over the audit period. For each vendor selected, we requested copies of the executed agreement(s) that were in effect during our review period. There were two sets of vendor agreements selected: 1) Two (2) agreements that were executed by the County and used by Elections, and 2) Four (4) agreements that were executed outside of the County, and utilized by Elections. For the six (6) agreements requested, we were unable to obtain five (5) of six agreements to satisfy our testing requests. We noted the following:</p> <ul style="list-style-type: none"> <li>• For the two agreements executed by the County’s Procurement Services Department, we obtained copies of each of the agreements, along with applicable amendments, using the County’s procurement portal. <ul style="list-style-type: none"> <li>○ One temporary staffing vendor had two agreements with different rates. Although requested, Elections was not able to clarify which agreement/rates were being utilized for their temporary elections staffing.</li> </ul> </li> <li>• For the agreements selected that did not involve the County’s Procurement Services Department, Elections was unable to provide us with the executed agreements and amendments (as applicable) to cover the entirety of our audit period. Specifically: <ul style="list-style-type: none"> <li>○ One agreement requested was not provided by Elections;</li> <li>○ Two agreements requested were provided by Elections, but the effective dates of the agreements/amendments provided did not cover the entire audit period; and</li> <li>○ One agreement requested was not provided by Elections, but we were able to obtain the agreement and subsequent amendments from the outside locality that had executed the original agreement, which was subsequently utilized by Elections through cooperative purchasing.</li> </ul> </li> </ul> <p>If executed agreements and all subsequent amendments are not obtained and retained, Elections is unable to verify that each of the terms and conditions are being met, that the vendor and Elections are meeting all of the requirements of the agreement, and that invoiced amounts are accurate, appropriate, and allowable. This could result in either Elections or the vendor violating the terms of the agreement, or approving and paying invoices based on incorrect/unauthorized rates, or goods/services that were not delivered/provided.</p> <p><u>Vendor Invoices</u></p> <p>A component of our detailed testwork was the evaluation of a selection of invoices. To conduct our invoice testing we selected a sample of ten (10) invoices from the population of Elections vendor payments made during the audit period. Elections was not able to provide us with the requested invoices and support. As such, we were not able to perform this testing. The testing would have consisted of obtaining and reviewing evidence and support to evaluate the following elements:</p> <ul style="list-style-type: none"> <li>• The information included on the invoice compared to the applicable, executed agreement;</li> <li>• The goods and/or services included on the invoice were allowable;</li> <li>• The rates included on the invoice agree to the contracted rates;</li> <li>• The invoices were only paid after the receipt and acceptance of the goods and/or services; and</li> <li>• The invoices were properly approved for payment and coded to the appropriate GL account.</li> </ul> <p>If vendor invoices and related supporting documentation/evidence are not retained and cannot be provided, Elections is unable to substantiate that the amounts paid to vendors are accurate, appropriate, and allowable. This could result in Elections processing inaccurate or unallowable payments, and the potential loss of revenue.</p>



## OBSERVATIONS MATRIX – CONTINUED

Observation	3. Supporting Documentation and Record Retention – Continued
<b>Recommendation</b>	We recommend that Elections maintain a centralized repository for contract information, documents, invoices and vendor data by use of the County's procurement portal and the Ascend Financial Management System, where applicable. This should include those contracts Elections is riding from other agencies and jurisdictions outside of the County.
<b>Management's Action Plan</b>	<p><b>Response:</b> Record keeping, outside of the actual election process, is poor. The temperament of previous management fostered inaction. Staff has been included in conversations regarding the need for records management and appropriate record keeping for all phases of purchasing and other communications. This process is starting from the beginning and should continue with appropriate supervision.</p> <p><b>Responsible Party:</b> General Registrar/Director of Elections: Chief Deputy Registrar; Operations Manager; Fiscal Specialist</p> <p><b>Estimated Completion Date:</b> FY 2022</p>



**OBSERVATIONS MATRIX – CONTINUED**

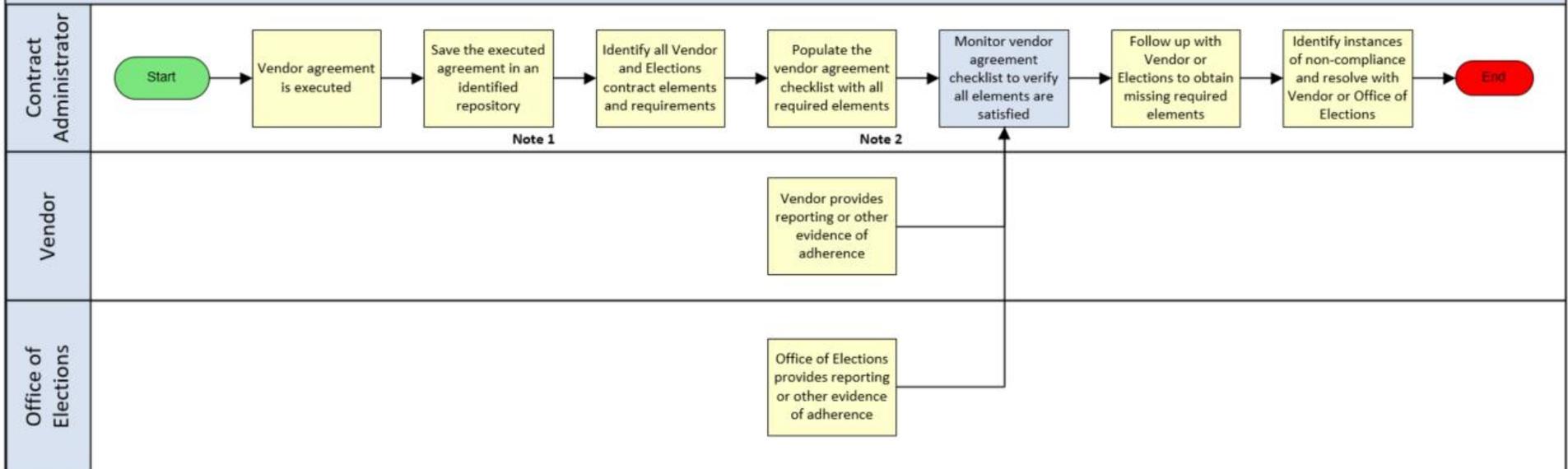
Observation	4. Authorized Purchases
<b>High</b>	Per County Procurement Regulation §300.09(A): <i>“Funds shall be properly encumbered before the good or service is procured.”</i>
	<p>Through our review of all payments made by Elections during the audit period, we identified two payments totaling \$6,103.60 that were labelled “Unauthorized”. Further examination of each of these payments found that expenses were incurred by Elections, and invoices received for payment, prior to a corresponding purchase order being approved for the purchase. As a result, in both cases Elections had to provide explanatory documentation for the unauthorized purchase.</p> <p>Unauthorized purchases increase the risk that Elections is committing funds to purchasing products or services that may not be authorized, and for which approved funding may not be available. There is also the increased risk of misappropriation of Elections or County funds, and that goods or services purchased do not meet desired levels of quality or the needs of the department.</p>
<b>Recommendation</b>	No purchases should be allowed without pre-authorization. A purchase order must be created and approved prior to committing the department, or the County, to purchasing goods or services. Any instances where a purchase order is not possible or practical prior to a needed purchase (i.e. an emergency purchase) should be appropriately documented and approved prior to the purchase.
<b>Management’s Action Plan</b>	<p><b>Response:</b> Response is repetitive in that there was minimal oversight. Without appropriate management guidance and experience, staff has proceeded at will. Extensive conversation regarding this anticipate report has brought forth thought processes that are already changing, and expenditures are not being approved without all appropriate documentation. Purchases include those that are purportedly authorized by previous bid processes or contracts. The communications within staff have been strongly stated that the processes will be actively supported by up to date documents before purchase orders are authorized. No purchases are authorized without the Purchase Order being issued prior to actual purchase.</p> <p><b>Responsible Party:</b> General Registrar/Director of Elections: Chief Deputy Registrar; Operations Manager; Fiscal Specialist</p> <p><b>Estimated Completion Date:</b> FY 2022</p>



## FUTURE STATE PROCESS MAPS

### Prince William County – Contract Compliance Office of Elections Page 1 of 2

#### Contract Administration



**Notes:**

1. Office of Elections executed agreements can be retained in the County's procurement portal, or the Ascend Financial Management System, depending on the frequency of use of each agreement.

2. Required Agreement elements could include, but are not limited to:

- The products or services to be provided;
- The timing of delivery;
- The quality and specificity of the products or services being delivered;
- The agreed upon rates or pricing to be paid by Elections;
- The information to be provided by the vendor on the invoice; and
- The support provided by the vendor to substantiate the invoiced charges.

**Legend:**

Start/End

Process Step

Database Step

**Color:**

Process Step

Key Control

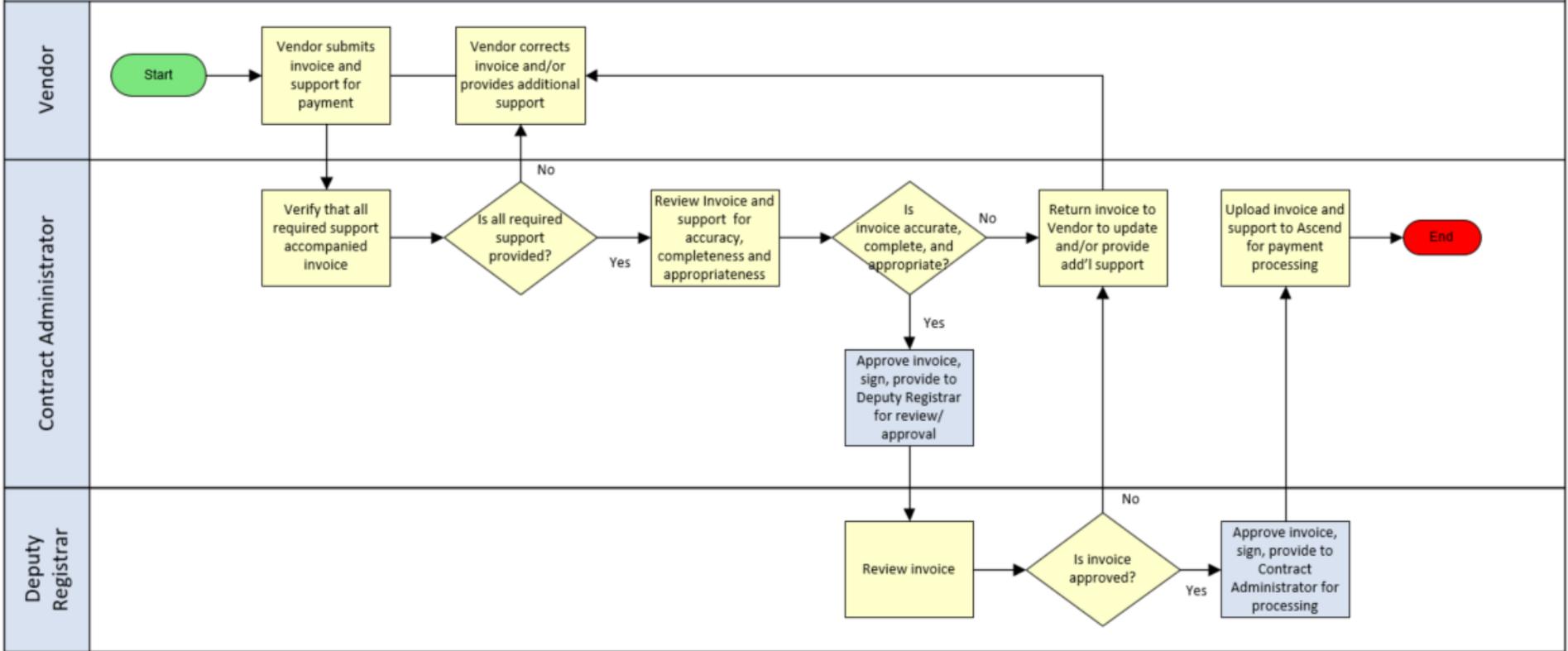
Automated Control



## FUTURE STATE PROCESS MAPS – CONTINUED

### Prince William County – Contract Compliance Office of Elections Page 2 of 2

#### Invoice Processing



Notes:  
1.  
2.

**Legend:**

- Start/End (Green rounded rectangle)
- Process Step (Yellow rectangle)
- Database Step (Cylinder icon)
- Color:
  - Process Step (Yellow)
  - Key Control (Blue)
  - Automated Control (Green)



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