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Management Review  
of  
Citywide VISA Procurement  
Card Program

**Report of Audit 05/06-XX-06**

**July 28, 2006**



Office of Management and Budget  
Internal Audit

**MEMORANDUM NO. 06-46**

**DATE:** July 28, 2006

**TO:** Director of Procurement Services/Kirk Buffington

**SUBJECT:** *Review of Citywide Visa Procurement Card Program*

Enclosed is the “subject” Final Report of Audit.



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Allyson C. Love  
Director, Office of Management and Budget

Attachment - Final Report of Audit 05/06-XX-06

c: City Commission  
City Manager/George Gretsas  
Assistant City Manager/Kathleen Gunn  
Assistant City Manager/Stephen Scott  
Assistant City Manager/David Hebert  
Director of Finance/Betty Burrell

ACL/vf

## REPORT OF AUDIT NO. 05/06-XX-06

**DATE:** May 8, 2006

**TO:** Director of Procurement Services/Kirk Buffington

**FROM:** Assistant Internal Audit Director/Renee Foley

**SUBJECT:** *Review of Citywide VISA Procurement Card Program*

### **BACKGROUND**

In May 2004, the City of Fort Lauderdale (City) entered into an agreement with SunTrust Bank to provide VISA procurement cards (P-cards). The procurement card program allows City employees/cardholders to purchase approved commodities and services directly from vendors that accept VISA credit cards. The program is designed to improve efficiency in the processing of small dollar purchases and allows employees to procure supplies as needed from multiple vendors convenient to their workplace. In fiscal year (FY) 2005, the City had over 1088 active cards issued to employees whose purchases totaled over \$4 million.

Cardholders are authorized to make purchases based on selected commodities and transactions restricted to certain dollar values. Cardholders must obtain and submit receipts supporting all transactions. Cardholders can only use the card for purchases related to City operations and no personal use is permitted. Each cardholder must support their expenditures and have their supervisor approve the monthly VISA statement charges. Each department determines individuals who need procurement cards and identifies a Coordinator responsible for the retention of the approved VISA statements.

The VISA P-card program was established to benefit the City and vendors by: 1) reducing the number of invoices processed departmentally and through accounts payable; 2) reducing the number of checks; thus, reducing accounting for checks and performing bank reconciliations; 3) reducing the necessity for departments to type and issue purchase requisitions and the need for the Purchasing Division to have to process (review/approve) these transactions; 4) providing staff with the ability to obtain supplies on demand to increase productivity; 5) reducing the need to stock items; 6) allowing the City to build a large vendor base; and, 7) vendors are paid immediately and a larger base of businesses are used.

The Procurement Services Department administers the program and is responsible for the establishment of policies and procedures, reviewing transactions and

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identifying savings that may be obtained from vendors with large dollar activity. City departments are responsible for the approval of expenses and to verify proper support documentation is retained.

In November 2002, the City entered into an agreement with Works Operating Company for the product entitled "Works," which in addition to providing real time access and reporting capabilities allows for reallocation by individual transaction. Primarily, it will allow for the proper distribution/reallocation of sub-object/index codes for transactions prior to the charges being exported to general ledger accounts in FAMIS. Works Payment Manager is a Web-based application that is connected to the VISA payment network that provides management a real time view of organizational spending as it occurs to improve planning and decision-making.

### **SCOPE**

Our overall objective was to evaluate the effectiveness and adequacy of the City's internal control systems and whether proper procedures were used over the program. We discussed policies and procedures, processes, and reviewed transactions and documentation. Judgmental sampling methods were used to review transactions and documents processed for the period October 1, 2004 through September 30, 2005. The review was performed in accordance to generally accepted government auditing standards and included such tests of internal controls considered necessary.

### **OVERALL EVALUATION**

Internal controls were not adequate to effectively manage and monitor the P-card Program. Not all City departments with activity were audited by the Procurement Services Department. Audits conducted were ineffective since they did not evidence cardholders' identification, transaction dates/amounts audited, and compliance with pertinent policies and procedures. Unqualified purchases were made using P-cards and other purchases were questionable since they lacked receipt and/or statement support detail. Cards were not cancelled in a timely manner for cardholders who separated from the City. Cardholders' name and P-card numbers were/are accessible on the City's shared drive. Various cardholders were issued multiple cards. Procurement can improve its overall management and monitoring over the program by performing comprehensive audits of all departments with P-card activity. Implementation of tighter security controls will strengthen accountability and safeguard the City assets.

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### FINDING 1

***All City departments participating in the P-card Program whose cardholders had activity were not audited quarterly as required. Furthermore, audits conducted by Procurement Services were not effective since evidence did not exist to identify cardholders' names/numbers, transaction dates/amounts audited, sample selection, and compliance with whether purchases made were proper to support P-card Audit Worksheets.***

*Policy and Standards Manual (PSM) 9.13.1.7, E.4. Review of Purchases by Department/ Division/Group Activity Directors: "Reports of purchasing card activity will be reviewed by the Procurement Services Department quarterly for adherence to established City policies and procedures."*

*Procurement Memorandum No: 02-28 dated July 25, 2002 states, "...it will be the responsibility of each Procurement Specialist to audit the P-Card activity of their respective departments on a quarterly basis. A report will then be submitted to the P-Card Program Administrator with the results of each audit. In order to perform an audit, run your Seagate report for the department in question and choose 25%, or a minimum of 25, users at random. When you meet with the Department Coordinator, have them pull the statements for the users you selected and check that there are receipts attached for each purchase and there is a supervisor's signature approving the statement.... You can also include any miscellaneous information found such as improper purchases, etc. Send a copy of the report to the Department Coordinator and the Department Head."*

*Report of Audit No. 01/02-XX-15<sup>1</sup> Management Comment to Recommendation 1: "...Procurement Specialist shall be required to, at a minimum, visit each of their respective Department Coordinators, and conduct a physical check and audit of all files and procedures pertaining to the P-card within that respective department. In addition, the Procurement Specialists shall be required to conduct monthly spot "surprise" checks of each department."*

Based on our review of 20 departments with P-card activity, we noted 2 (10%) were not audited during the 3<sup>rd</sup> Quarter and 6 (30%) were not audited during the 4<sup>th</sup> Quarter of 2005 according to P-card Audit Worksheets, as follows:

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<sup>1</sup> Review of the Visa Procurement Card Program dated April 22, 2002.

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Department	Audit Worksheet Completed by Procurement Specialist	3 <sup>rd</sup> Quarter (Jul-Sep 2005) P-card Activity (\$)	3 <sup>rd</sup> Quarter Audited?	4 <sup>th</sup> Quarter (Oct-Dec 2005) P-card Activity (\$)	4 <sup>th</sup> Quarter Audited?
ATT	Richard Ewell		Yes		Yes
BLD	David Nash		Yes	22,556.14	No
BUS	Richard Ewell		Yes		Yes
CLK	Richard Ewell		Yes		Yes
COM	Richard Ewell		Yes		Yes
EDV	James Hemphill		Yes	4,474.90	No
FIN	Richard Ewell		Yes		Yes
FIR	James Hemphill		Yes	26,545.83	No
HRD	Richard Ewell		Yes		Yes
ITS	Richard Ewell		Yes		Yes
MGR	James Hemphill		Yes	2,407.74	No
OMB	Richard Ewell		Yes		Yes
OPS	Carrie Keohane	1,316.28	No		Yes
PAR	James Hemphill		Yes		Yes
PBS	David Nash		Yes	483,282.79	No
PKR	Carrie Keohane AnnDebra Diaz		Yes		Yes
PLN	Carrie Keohane		Yes		Yes
PMM	AnnDebra Diaz	1,705.32	No	2,638.65	No
POL	James Hemphill		Yes		Yes
PUB	Richard Ewell		Yes		Yes
<b>Grand Total</b>		<b>\$3,021.60</b>		<b>\$541,906.05</b>	

Furthermore, P-card Audit Worksheets used to conduct audits revealed pertinent information was not captured to sufficiently perform a comprehensive audit of cardholder activity and/or adherence with P-card policies and procedures was not followed.

- No system was established to track and monitor all departments who had card activity to verify Procurement Specialists conducted required quarterly audit for each of their assigned departments.
- No requirement existed to show that sample selection of 25% or 25 users met compliance since P-card reports of department activity were not evidenced/attached to audit worksheets to identify sample selection from population.
- Cardholders' name/number, transaction dates and amounts audited were not identified on or attached to the P-card Audit Worksheet; thus, repeat offenders would not be tracked and could go undetected without identification of the cardholder.

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- No evidence exists to support Procurement Specialists performed a verification of compliance with policies and procedures to determine whether a purchase was proper (e.g., whether sales tax was paid, spending limits were exceeded or purchases were qualified, etc.) (**Schedule 1**).
- No physical or “surprise” checks were conducted when audits were performed; instead, advance notification via e-mail was given to Department Coordinators requesting account statements with supporting receipts for a month within the quarter audited.

Monitoring all departments’ P-card activity by performing comprehensive audits will assist in the prevention of improper purchases, card misuse and effectiveness of the P-card Program.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Director of Procurement Services* should require the *Program Coordinator* to:

**Recommendation 1.** *Obtain P-card report on a quarterly basis via the Works system, of spending detail by department, in order to validate which departments had activity and verify the Procurement Specialist assigned to those departments conducted an audit and submitted the results.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Director is currently given a report quarterly advising on which departments were not audited. Director will be more proactive in assuring audits are completed. Procurement Specialists will be held accountable for all audits under their purview being completed on a timely basis.” **This item is closed.**

**Recommendation 2.** *Verify the Procurement Specialists run quarterly reports of P-card activity by their assigned Departments as required. At a minimum, downloaded reports should depict department/index code, cardholder name/number, transaction date and amount. Sample selection of 25% or 25 users of population should be evidenced and accompanying Audit Worksheets.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Current software program (WORKS) does not

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provide functionality as an option for a report which includes the index code, all other information is included. Procurement Services can pursue creating a specific report either via WORKS or in conjunction with IT. The WORKS report will be attached to the audit worksheet to verify that 25% or 25 of the active cardholders were audited.” **Estimated completion date September 1, 2006.**

**Recommendation 3.** *Revise the P-card Audit Worksheet to either include the additional information depicted in red on Schedule 1 or create a spreadsheet to capture each cardholder name/number, transaction dates/amounts audited, and compliance with pertinent policies and procedures. Furthermore, revise memorandum to Director to include summarizing areas in the modified P-card Audit Worksheet (e.g., sales tax, unqualified purchases, spending limits exceeded).*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “A separate worksheet for each cardholder seems inefficient and will create additional storage issues. A modified worksheet with the WORKS report attached should give the information required in a more concise form. Memorandum to Director will be modified to include changes on the worksheet.” **Estimated compliance date September 1, 2006.**

**Recommendation 4.** *Distribute and monitor revised P-card Audit Worksheets used by Procurement Specialists and verify sample selected from population is evidenced and meets compliance.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Will comply.” **Estimated compliance date September 1, 2006.**

**Recommendation 5.** *Require Procurement Specialists conducting audits to at a minimum periodically enforce meeting with the Department Coordinators to perform unannounced audits (Schedule 1), physical checks of their assigned departments.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Will comply.” **Estimated compliance date October 1, 2006.**



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### FINDING 2

***P-cardholders made unqualified purchases, exceeded the single purchase spending limit, and appropriateness of purchases made could not be determined. Furthermore, cardholders' supervisors approved these transactions.***

*PSM 9.13.1.1, A.1.f Assignment and Control of the Purchasing Card states, "When the Purchasing Card Manager receives a purchasing card from the card issuer, the cardholder will be required to personally take receipt of the card and sign an Agreement to Accept form. The cardholder will be given a copy of the purchasing card Policies and Procedures Guide and an oral review of the program. Each cardholder is responsible for knowing and understanding the policies and procedures."*

*PSM 9.13.1.5 C.6.b. Procedures for Making and Paying for Purchase: Payment and Invoice Procedures state, "By signing the statement, the employee's supervisor is certifying that all charges are appropriate and have been authorized, and are evidenced by attached receipts."*

Our review revealed \$6,986 (14%) of \$50,457 was due to unqualified purchases, one exceeding the single-purchase spending limit, and we questioned the appropriateness of other purchases made during August through September 2005.

*See tables on Pages 8 and 9*

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<i>Unqualified Purchases</i>				
<b>Departments/ Index Codes</b>	<b>Date</b>	<b>Item Purchased</b>	<b>Per PSM/VISA P-card User Guide</b>	<b>Transaction Amounts</b>
PBS090701	9/5/2005	Fuel Purchase	PSM 9.13.1.3 Section B.5a	\$ 20.04
PBS660506	7/20/2005	Fuel Purchase		40.47
PMM010101	8/27/2005	Sales Tax	PSM 9.13.1.4 Section C.4 & P-card User Guide p. 8	0.47
PBS090501	8/19/2005	Sales Tax		1.49
CD1206	9/4/2005	Sales Tax		16.43
PKR010601	8/18/2005	Sales Tax		7.68
PLN010101	8/29/2005	Sales Tax		5.40
POL020401	9/2/2005	Sales Tax		11.27
POL030406	9/7/2005	Sales Tax		0.74
POL030411	7/19/2005	Sales Tax		0.61
POL030411	7/25/2005	Sales Tax		0.65
POL030411	8/8/2005	Sales Tax		0.63
POL030411	8/13/2005	Sales Tax		0.64
POL030411	8/17/2005	Sales Tax		0.42
POL030411	8/17/2005	Sales Tax		0.40
POL030411	8/16/2005	Sales Tax		1.95
POL030411	8/19/2005	Sales Tax		2.55
POL030411	8/30/2005	Sales Tax		2.34
POL030411	9/7/2005	Sales Tax		2.39
POL030411	9/13/2005	Sales Tax		0.81
POL030411	8/17/2005	Sales Tax		0.41
POL030411	8/19/2005	Sales Tax		0.11
POL030411	8/19/2005	Sales Tax	1.71	
POL030411	9/7/2005	Sales Tax	0.74	
POL030411	9/9/2005	Sales Tax	2.03	
POL030411	8/19/2005	Sales Tax	2.42	
POL030411	9/8/2005	Sales Tax	2.31	
CLK010101	8/17/2005	Floral Arrangement	PSM 9.2.3 p. 3 Section 7	159.25
EDV020102	8/19/2005	Floral Arrangement		*190.00
PLN010101	8/29/2005	Floral Arrangement		90.00
PBS010404	8/17/2005	Food/Beverage	PSM 9.2.3 p. 1-3	6.10
PBS010404	8/23/2005	Food/Beverage		11.59
PBS010404	7/27/2005	Food/Beverage		10.71
PBS010404	Illegible	Food/Beverage		10.71
PBS010404	8/10/2005	Food/Beverage		10.98
POL020210	7/22/2005	Food		50.63
POL020210	7/25/2005	Food		52.92
POL020210	7/27/2005	Food		35.16
POL030406	8/1/2005	Beverage/Cups		167.58
<b>Single Purchase Spending Limit Exceeded</b>				
PKR010601	8/30/2005	SLE/Field Marking Paint	PSM 9.13.1.3 Section B.3	2,462.40
<b>TOTAL</b>				<b>\$3,385.14</b>

**Legend:**

	<i>Gifts/Flowers: Exceptions to this policy must have the written approval of the appropriate Assistant City Mgr or City Mgr.</i>
	<i>* An \$ 11.40 credit (sales tax) was applied on 8/20/05 to the original item amount of \$201.40 reducing the charge to \$190.00.</i>
	<i>Unqualified Purchases: Gasoline, fuel or oil and sales tax.</i>
	<i>Exceeded \$1,000 spending limit for a single purchase.</i>
	<i>Food/Beverage: Proper support documentation not evidenced to meet exceptions to general rule.</i>

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<i>Questionable Purchases (Appropriateness)</i>				
Department/ Index Code	Date	FAMIS/Statement Transaction Description	Item Purchased/Condition Found	Amount
PBS090501	8/19/05	Texaco Inc. 91002178011	Unable to determine item purchased from receipt (non-fuel)	\$ 24.78
PBS090701	9/4/05	RaceTrack 665 00006650	Unable to decipher receipt	50.00
CD1206	9/5/05	Western Sizzlin	Food/Beverage-Scuba Club Field Trip	500.00
CD1206	9/4/05	McDonald's	Food/Beverage- "	252.80
CD1206	9/9/05	Devil Den LC	Scuba Diving Rental- "	428.00
CD1206	9/3/05	Group Ticket Sales-Disney	31 Tkts @ \$28/3 comp- "	868.00
CD1206	9/4/05	Leaning Palms	Food/Beverage- "	202.35
PBS010601	9/9/05	Barnes & Noble	Missing statement/No receipt <sup>1</sup>	494.95
PKR061301	8/5/05	American Recycled Plastic	No receipt <sup>2</sup>	772.69
<b>TOTAL</b>				<b>\$3,593.57</b>

<sup>1</sup>Missing Receipt Documentation form was not completed.

<sup>2</sup>Missing Receipt Documentation form was completed.

Cardholders and supervisors who approve their statements have not familiarized themselves with the criteria in the P-card User Guide and PSM concerning spending limitations, qualified/unqualified purchases, and proper support documentation to substantiate appropriateness of items purchased, etc. Furthermore, we were unable to determine if Procurement Specialists audited purchases above since cardholders were not identified and transaction dates and amounts audited were not evidenced.

Developing a proper understanding of the established P-card policies and procedures and performing a thorough review of statements and support documentation for compliance thereof, protects the cardholder, authorizing supervisor, and the City from improper card usage, which will enhance the program's effectiveness.

### RECOMMENDATIONS AND MANAGEMENT COMMENTS

The *Director of Procurement Services* should require the *Program Coordinator* to:

**Recommendation 6.** *Require cardholders who paid sales tax to either contact the vendor and obtain a credit equal to the amount of the sales tax (PSM 9.13.1.4, Section C.4) or personally repay the sales tax to the City (P-card User Guide, p. 8).*

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**Management Comment.** *Management concurred with the finding and recommendation and stated:* “This is currently being done, however a follow up procedure will be created to ensure compliance. However there will continue to always be sales tax charges for the gasoline purchases made by authorized city personnel (PD/Motorcycle Unit & FIR/Marine Unit). These tax charges are comprised of sales, excise & other Fed taxes, which a retail station cannot break out. The PD motorcycle unit is specifically granted allowance to purchase fuel at retail stations due to the high octane fuel needed for the motorcycles.” **Estimated compliance date September 1, 2006.**

**Recommendation 7.** *Provide training to new cardholders, Department Coordinators, and Procurement Specialists who conduct audits, including reinforcement of their responsibilities for knowledge and understanding of policies and procedures contained in the PSM and P-card User Guide. Department Coordinators should be required to train current cardholders.*

**Management Comment.** *Management concurred in principle with the finding and recommendation and stated:* “This is already being done and will be continued with greater emphasis on follow through and compliance. Management disagrees with training being done by Department Coordinators for quality control issues. A program will be created for additional training for cardholders found non-compliant.” **Estimated compliance date October 1, 2006.**

**Recommendation 8.** *Further investigate questionable purchases to ascertain whether qualified/unqualified and/or appropriateness. If unqualified/inappropriate, take necessary action of the cardholders’ failure to follow proper policies and procedures.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Procurement has always investigated purchases to ascertain whether it is a qualified/appropriate, however a process of better documenting such transactions will be created. The new weekly WORKS report on questionable transactions will aid in this endeavor (sample attached).” **Estimated compliance date October 1, 2006.**

**Recommendation 9.** *During training (Recommendation 6), reinforce the necessity of having proper support documentation accompanying account statements and sales receipts, when it involves exceptions to the general rules and proper approvals, if necessary.*

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**Management Comment.** *Management concurred with the finding and recommendation and stated: “Will comply.” Estimated compliance date October 1, 2006.*

### **FINDING 3**

***SunTrust VISA P-cardholder Information and Agreement to Accept the Card Forms were not always evidenced and completed in full.***

*PSM 9.13.1.1, A.1.b Assignment and Control of the Purchasing Card states, “Requests for new cardholders or for changes to current cardholders shall be made by submitting a completed Cardholder Information Form to the Procurement Services Department’s Program Manager. By signing the form, the supervisor is confirming the employee’s status as a full-time permanent employee....” A.1.f Assignment and Control of the Purchasing Card states, “When the Purchasing Card Manager receives a purchasing card from the card issuer, the cardholder will be required to personally take receipt of the card and sign an Agreement to Accept Form. The cardholder will be given a copy of the purchasing card Policies and Procedures Guide and an oral review of the program....”*

Our review revealed SunTrust VISA Purchasing Information Forms were not signed and one not evidenced, as well as Agreement to Accept Visa P-card Forms were not signed and dated (**Schedule 2**).

The Program Manager is neither verifying completeness of both the SunTrust VISA P-cardholder Information and Agreement to Accept forms, nor consistently using the most current version of both forms. Furthermore, Visa P-card User Guide does not reference PSM chapters/sections relating to the P-card.

Obtaining required form(s) and signature approvals provide evidence that cardholder information was confirmed, reviewed for completeness and authorized by the appropriate official; Program Manager’s signature shows review of both forms for completeness, card issuance, and who gave cardholder P-card policies and procedures guide and performed the oral review of the program.

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**RECOMMENDATIONS AND  
MANAGEMENT COMMENTS**

The *Director of Procurement Services* should require the *Program Manager* to:

**Recommendation 10.** *Perform a thorough review of both SunTrust VISA Purchasing Information and Agreement to Accept the VISA P-card forms for completeness.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: “Will continue to comply.” This item is closed.*

**Recommendation 11.** *Revise SunTrust VISA P-cardholder Information Form to include a date field beside each signature field.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: “Will comply.” Estimated completion date July 26, 2006.*

**Recommendation 12.** *Revise Visa P-card User Guide to include reference to the City’s Lauderlink website for the applicable PSM Chapters/Sections relating to P-card usage they are responsible for knowing and understanding and inform users of same during training.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: “Will comply.” Estimated compliance date October 1, 2006.*

**FINDING 4**

*P-cards were not always cancelled on cardholders’ termination dates to prevent any unauthorized purchases from occurring beyond separation dates of employment with the City.*

*PSM 9.13.1.2, A.3 Termination or Transfer of Cardholder states, “a. When an employee ends his or her employment or is transferred to another Department/division/group activity; If leaving, the employee’s supervisor shall collect the Purchasing card, destroy*

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*it (cut it in half), and submit the destroyed cards to the Purchasing Card Program Manager. If transferring, the employee's supervisor shall contact the Finance Department to have the index code changed; b. If the supervisor is unable to collect the purchasing card when an employee is terminated, retires or otherwise leaves the employment of the City, he/she shall immediately notify the Purchasing Card Program Manager by telephone or e-mail. The Purchasing Card Program Manager will ensure that the card is cancelled."*

Our review revealed it took on average 32 days before P-cards were cancelled for 26 cardholders who separated from the City during 10/1/04 through 9/30/05.

Department	Cardholder Name	Termination Date	Date Card Cancelled	Days Elapsed
PBS	Barnes, D	04/14/2005	04/25/2005	11
PKR	Barnette, G	04/30/2005	05/16/2005	16
PBS	Bechtel, J	02/18/2005	03/08/2005	18
PBS	Buglione, A	05/31/2005	06/06/2005	6
ITS	Contento, B	04/22/2005	04/25/2005	3
PBS	Cook, W	04/29/2005	06/06/2005	38
PBS	Coxbill, C	01/03/2005	01/04/2005	1
PKR	Dell, S	08/22/2005	08/23/2005	1
PKR	Dodson, C	12/17/2004	01/03/2005	17
PBS	Garcia, S	04/15/2005	04/22/2005	7
PBS	Gorski, Joseph	04/29/2005	06/06/2005	38
PBS	Greto, J	04/29/2005	06/06/2005	38
PBS	Harp, H	10/31/2004	11/09/2004	9
PUB	Hibbert, A	04/08/2005	05/03/2005	25
BLD	Hill, J	12/29/2004	01/05/2005	7
PBS	Jarvis, T	02/28/2005	03/08/2005	8
PBS	Kluttz, J	01/31/2005	03/08/2005	36
PKR	Payne, R	04/30/2005	05/16/2005	16
PBS	Robinson, T	10/01/2004	10/04/2004	3
BUS	Sarcione, P	05/20/2005	05/27/2005	7
POL	Sheehan, S	10/22/2004	11/17/2004	26
BUS	Smith, B	10/10/2004	07/27/2005	290
PUB	Squartino, N	06/24/2005	06/27/2005	3
PKR	Thom, J	03/31/2005	05/16/2005	46
PBS	Thornburgh, G	05/31/2005	09/16/2005	108
PBS	Williams, R	04/29/2005	06/06/2005	38
<b>Average Days Elapsed</b>				<b>32</b>

The Program Manager indicated when cardholders' separated from the City, notification was provided via e-mail from the department, Procurement Specialist assigned to audit a department or Human Resources, as well as by interoffice mail, which is not consistent. No specific expectation of when the notice should be given was outlined in the policy established.

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Cancellation of P-cards immediately upon cardholders' termination will prevent card numbers from being used by ex-employees and loss of City funds.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Director of Procurement Services* should require the *Program Manager* to:

**Recommendation 13.** *Revise the language in PSM 9.13.1.12, A.3 for Supervisors and/or Department Coordinators to notify via e-mail the P-card Program Manager immediately (within the same day) of cardholders who have separated from the City in order for cards to be cancelled expeditiously.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: "Will comply." Estimated compliance date October 1, 2006.*

**Recommendation 14.** *Cancel P-cards immediately (within the same day) upon notification of cardholders' termination by their respective Supervisors.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: "Procurement will continue to comply, as we have always canceled the card the same day we are notified. As of this date, no fraudulent charges have been made due to cards not being cancelled." Estimated completion date July 26, 2006.*

**Recommendation 15.** *Issue a memorandum to the Human Resources Department requesting the "P-card" be added to the list of items an employee, who is a cardholder, has to turn in on the Separation Notice (Form J-120). Furthermore, require all supervisors of cardholders to utilize said form to evidence P-card retrieval.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: "Will comply." Estimated compliance date October 1, 2006.*

**Recommendation 16.** *Request in above memorandum to Human Resources to receive a monthly report listing all employees who have separated from the City in order to proactively verify whether any were cardholders. If yes, action should be taken to immediately cancel card(s).*



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**Management Comment.** *Management concurred with the finding and recommendation and stated: “Will comply.” Estimated compliance date October 1, 2006.*

### **FINDING 5**

*The P-card Listing is available on the City’s shared drive, which can be accessed by other employees and could result in unauthorized purchases.*

*PSM 9.13.1.2, B.1 Cardholder Use of Purchasing Card Cardholder Use Only states, “The purchasing card may only be used by the employee whose name is embossed on the card. No other person is authorized to use the card. The cardholder is responsible and accountable for all transactions that occur on his/her card.”*

Our review revealed cardholders’ P-card numbers are accessible to employees via a file on the shared drive.

No security system is in place to protect/restrict access of the above file, which allows for ease of retrieval and usage of credit card numbers to make purchases by unauthorized persons.

Protection of file(s) with credit card numbers listed will prevent unauthorized purchases from occurring by an individual other than the cardholder accessing P-card numbers to make purchases via phone or Internet for personal use.

### **RECOMMENDATION 17**

*The Director of Procurement Services should immediately limit/restrict access of this file to only applicable Procurement staff or remove it from the shared drive.*

### **MANAGEMENT COMMENT**

*Management concurred with the finding and recommendation and stated: “File has been removed from shared drive.” Estimated completion date July 26, 2006.*

## REPORT OF AUDIT NO. 05/06-XX-06

### FINDING 6

*Current cardholders have the ability to make purchases using multiple P-cards, which could affect accountability, increased workload to properly track and monitor transactions made, as well as exposure of card misuse to the City.*

Our review revealed 22 cardholders were issued multiple P-cards. Twenty cardholders had two cards and two had three cards issued in their names (**Schedule 3**).

According to Procurement Specialist II, cardholders were issued more than one P-card because in the past they were unable to reallocate transactions to the appropriate subobject.

Issuance of multiple cards to employees diminishes asset accountability and efficiency for Procurement Specialists to track/monitor purchases made.

### RECOMMENDATION 18

*The Director of Procurement Services should require the Program Coordinator to cancel all cards for cardholders who have multiple cards issued in their name with the exception of the most germane card and only issue one P-card to cardholders in the future.*

### MANAGEMENT COMMENT

*Management concurred with the finding and recommendation and stated: "Multiple cards have been cancelled with the exception of cardholders responsible for their department Ghost Travel Card." Estimated completion date July 26, 2006.*

### ADDITIONAL MANAGEMENT COMMENTS

#### FINDING 1

FIR, MGR and PBS were all audited 4<sup>th</sup> quarter 05. 4<sup>th</sup> Quarter Audited column above should state yes for these departments.

## **REPORT OF AUDIT NO. 05/06-XX-06**

### **FINDING 2**

Spending limit of \$1,000 is only increased with the approval of the Director. Management believes the above (Table on page 9) were acceptable charges and within the guidelines of each department. However better records for audit purposes showing policy compliance or approval by appropriate department head will be retained in the future. A separate report regarding both unqualified and questionable purchases will be completed and distributed. Better records will be kept in the future to show proper justification.

### **FINDING 3**

This is not correct. If necessary information is missing it is sent back. Some of the non-compliant forms referenced go back four years. We have occasionally received an older version of the form, but it does not seem customer service oriented to send it back if all information is available. The current Acceptance form does not require Program Manager signature, only cardholder signature, but can be added if required.

### **FINDING 4**

PSM currently states that when an employee leaves the City, their supervisor should collect the card, cut in half and send to Program Manager. If they are unable to collect the card, they are to IMMEDIATELY notify the Program Manager so the card can be cancelled.

## **EVALUATION OF MANAGEMENT COMMENTS**

Management comments provided and actions taken and/or planned are considered responsive to the recommendations.

P-CARD AUDIT WORKSHEET

DATE AUDIT CONDUCTED: \_\_\_\_\_ QTR. 1 2 3 4  
Circle one ANNOUNCED/UNANNOUNCED (JAN-MAR) (APR-JUN) (JUL-SEPT) (OCT-DEC)

DEPARTMENT: \_\_\_\_\_ MONTH/YR. AUDITED: \_\_\_\_\_

CARDHOLDER'S NAME: \_\_\_\_\_

PROCUREMENT SPECIALIST: NAME & SIGNATURE

NUMBER OF CARDHOLDERS AUDITED: \_\_\_\_\_

WAS THERE A STATEMENT FOR CARDHOLDER? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, DOCUMENT REASON FOR MISSING STATEMENT(S). ~~LIST NAMES OF THOSE MISSING~~  
\_\_\_\_\_  
\_\_\_\_\_

WERE THERE RECEIPTS FOR EACH TRANSACTION? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, WAS A MISSING RECEIPT FORM FILLED OUT? \_\_\_\_\_ YES \_\_\_\_\_ NO

HOW MANY RECEIPTS WERE MISSING? \_\_\_\_\_. ATTACH COPY OF STATEMENT(S);  
HIGHLIGHT ITEM(S) WITH MISSING RECEIPTS. ~~LIST THE NAME(S) OF CARDHOLDER(S)~~  
~~WHO HAD MISSING RECEIPTS:~~  
\_\_\_\_\_  
\_\_\_\_\_

WAS THERE A SUPERVISOR'S SIGNATURE ON EACH STATEMENT? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, HOW MANY STATEMENTS WERE MISSING A SIGNATURE? \_\_\_\_\_. ATTACH A COPY  
OF STATEMENT(S) WITH MISSING SIGNATURE. ALSO, LIST THE NAMES OF SUPERVISOR(S)  
WHOSE SIGNATURE WAS MISSING:  
\_\_\_\_\_  
\_\_\_\_\_

WAS SALES TAX EXEMPTED? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, DID CARDHOLDER OBTAIN A CREDIT FROM VENDOR? \_\_\_\_\_ YES \_\_\_\_\_ NO  
IF NO, DID CARDHOLDER PERSONALLY REPAY THE CITY \_\_\_\_\_ YES \_\_\_\_\_ NO

WERE PURCHASES QUALIFIED? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, LIST THE ITEM(S) AND THE AMOUNT(S):  
\_\_\_\_\_  
\_\_\_\_\_

WAS CARDHOLDER WITHIN SPENDING LIMITS? \_\_\_\_\_ YES \_\_\_\_\_ NO

IF NO, STATE THE AMOUNT EXCEEDED: \_\_\_\_\_

COMMENTS  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Department Coordinator Advised:  Date: \_\_\_\_\_  
Department Head Advised:  Date: \_\_\_\_\_

Legend:  
Items in red, indicate changes to enhance original worksheet.  
Item with strikethrough should be deleted from original worksheet.

**Review of Citywide P-card Program  
Verification of Completeness of  
Information Form and Agreement to Accept SunTrust VISA P-card**

**Schedule 2**

Item #	Cardholder's Employee Number	Index Code	SunTrust VISA Purchasing Information Form Complete?	If no, field(s) with missing information Signature(s) for the following:	Agreement to Accept VISA P-card complete?	If no, field(s) with missing information	Full time, permanent employee?
1	020595	PUB010101	NO	Program Manager	NO	Program Manager's Signature/Printed Name/Date	YES
2	023659	FIR010501	YES		YES		YES
3	024151	OPS010101	YES		YES		YES
4	010538	PMM010101	YES		YES		YES
5	022418	PBS010101	NFE		YES		YES
6	015407	PKR010203	YES		YES		YES
7	010361	OMB030101	NO	Program Manager	YES		YES
8	010762	PAR020102	YES		YES		YES
9	016448	POL080101	YES		NO	Program Manager's Signature/Printed Name/Date	YES
10	020033	POL010201	YES		YES		YES
11	023687	PLN010101	YES		YES		YES
12	022848	PKR033101	YES		YES		YES
13	020683	MGR010101	YES		YES		YES
14	022156	PAR030101	YES		NO	Program Manager's Signature/Printed Name/Date	YES
15	012150	PBS030401	YES		NO	Program Manager's Signature/Printed Name/Date	YES
16	020126	BLD010201	YES		YES		YES
17	023740	COM010101	YES		YES		YES
18	011533	ITS020101	YES		YES		YES
19	020702	PAR020102	YES		NO	Program Manager's Signature/Printed Name/Date	YES
20	010052	BUS010101	YES		YES		YES
21	013770	PAR020101	NO	Program Manager	NO	Program Manager's Signature/Printed Name/Date	YES
22	020169	CLK010101	NO	Dept/Division/Grp. Director	YES		YES
23	021272	PBS010601	NO	Program Manager	NO	Program Manager's Signature/Printed Name/Date	YES
24	017513	EDV020102	YES		YES		YES
Non-Compliance Total			6		7		
Non-Compliance Variance			25%		29%		
<b>Legend:</b>							
NFE	No Form Evidenced						



## PROCUREMENT - SAMPLE

MCC Audit

Date Range: 07/16/2006 to 07/22/2006

card holder	card number	group	posted date	transaction date	reference #	transaction description	mcc	amount
ALI, SAFEEA	3814	City Commission Cardholders	07/16/06	07/13/06	24013396195003088769068	DOUGHBOYS PIZZERIA & ITAL	5812	68.70
ALI, SAFEEA	3814	City Commission Cardholders	07/20/06	07/18/06	24013396200003212746282	DOUGHBOYS PIZZERIA & ITAL	5812	63.45
ALMY, MARK	9019	Parks Cardholders	07/16/06	07/14/06	24224436196473095200050	YOUNGS POWER CENTE	7699	702.67
ARIAS, JULIO	6601	Fire-Rescue Cardholders	07/17/06	07/14/06	24158136197101912660157	BOAT OWNERS WAREHOUSE 100	4468	12.18
BARBER, BARBARA	2643	Recreation Cardholders	07/17/06	07/15/06	24721876198019702205215	NOTHING BUT WINGS	5814	45.95
BEAUREGARD, JEFF	3540	Police Cardholders	07/17/06	07/16/06	24610436197004094071597	SUNSHINE #30000 Q39	5542	14.88
BEAUREGARD, JEFF	3540	Police Cardholders	07/16/06	07/13/06	24610436195004109409545	7-ELEVEN 23498 Q39	5542	15.44
BEAUREGARD, JEFF	3540	Police Cardholders	07/21/06	07/20/06	24610436201004125617420	SUNSHINE #30010 Q39	5542	13.54
BOWEN, KALEE	7344	Public Works Cardholders	07/16/06	07/14/06	24158136195004911880085	LAUDERDALE MARINA	4468	61.74
CRANDALL, JAMES	9233	Public Works Cardholders	07/20/06	07/18/06	24418006200200025832400	WEST MARINE #32	4468	59.98
DAVIS, JEFFERY	0068	Police Cardholders	07/19/06	07/18/06	24455016199080000592138	AUTO GLASS SPECIALI	7538	25.00
DEAL, DAVID	3772	Recreation Cardholders	07/16/06	07/13/06	24418006195195028124507	WEST MARINE #141	4468	199.98
DODD, DANIEL LEE	4747	Police Cardholders	07/17/06	07/16/06	24625126197461518071464	TEXACO 00302966	5542	54.32
DODSON, MICHAEL	8532	Police Cardholders	07/19/06	07/17/06	24692166199000280612279	SHELL OIL 27541533306	5542	11.48
FATOUT, THOMAS	7773	Public Works Cardholders	07/21/06	07/20/06	24210736201286975400067	MARTINO TIRE CO OF FT LA	5532	337.35
HAIR, JOYCE	4639	Police Cardholders	07/19/06	07/17/06	24492806199118000184198	SUNPASS OPERATIONS	9399	30.00
HAIR, JOYCE	4639	Police Cardholders	07/19/06	07/17/06	24492806199118000184263	SUNPASS OPERATIONS	9399	50.00
HOUSE, SAMUEL H	4911	Police Cardholders	07/16/06	07/14/06	24455016196710004176180	HESS 09304	5542	34.07
HOUSE, SAMUEL H	4911	Police Cardholders	07/20/06	07/18/06	24455016200710003472261	HESS 09302	5542	40.41
HOUSE, SAMUEL H	4911	Police Cardholders	07/21/06	07/19/06	24164076201799200390017	AMOCO OIL 02901866	5542	13.23
HOUSE, SAMUEL H	4911	Police Cardholders	07/21/06	07/20/06	24610436201004125617404	SUNSHINE #30010 Q39	5542	10.91
LANCASTER, LAWRENCE	4977	Recreation Cardholders	07/16/06	07/14/06	24301336195118000100023	RICE PUMP & MOTOR REPAIR	7699	853.92
MAURA, JORGE A	4648	Police Cardholders	07/17/06	07/12/06	24224436198275914100132	WARD BEACH EXPRESS	5542	20.01
MAURA, JORGE A	4648	Police Cardholders	07/18/06	07/16/06	24164056198378000021606	EXXONMOBIL75 04230405	5542	41.71

## PROCUREMENT - SAMPLE

MCC Audit

Date Range: 07/16/2006 to 07/22/2006

card holder	card number	group	posted date	transaction date	reference #	transaction description	mcc	amount
MAURA, JORGE A	4648	Police Cardholders	07/20/06	07/18/06	24164076200799199 980027	AMOCO OIL 00019307	5542	41.18
MAURA, JORGE A	4648	Police Cardholders	07/20/06	07/18/06	24164076200799199 280113	AMOCO OIL 02901866	5542	14.02
MCALLISTER, SUZANNA	2840	Recreation Cardholders	07/20/06	07/19/06	24453516201980000 079183	BIG LOUIE'S- GATEWAY	5812	500.00
MCALLISTER, SUZANNA	2840	Recreation Cardholders	07/20/06	07/19/06	24453516201980000 079100	BIG LOUIE'S- GATEWAY	5812	475.00
PALLEN, ANDY	2484	Police Cardholders	07/20/06	07/19/06	24492806200118000 120553	BOMBARDIER MOTOR CORP OF	5551	720.18
PALLEN, ANDY	2484	Police Cardholders	07/16/06	07/14/06	24418006196196025 874309	WEST MARINE #32	4468	14.62
PENTTILA, GLADYS	2551	Recreation Cardholders	07/16/06	07/14/06	24453516197980000 079189	BIG LOUIE'S- GATEWAY	5812	232.00
PENTTILA, GLADYS	2551	Recreation Cardholders	07/20/06	07/19/06	24453516201980000 079142	BIG LOUIE'S- GATEWAY	5812	475.00
PENTTILA, GLADYS	2551	Recreation Cardholders	07/20/06	07/19/06	24453516201980000 079134	BIG LOUIE'S- GATEWAY	5812	500.00
PENTTILA, GLADYS	2551	Recreation Cardholders	07/20/06	07/19/06	24453516201980000 079118	BIG LOUIE'S- GATEWAY	5812	228.00
Reyes, Cristobal	4845	Police Cardholders	07/21/06	07/20/06	24610436201004125 617412	SUNSHINE #30010 Q39	5542	10.20
Reyes, Cristobal	4845	Police Cardholders	07/17/06	07/15/06	24610436197004108 245245	SUNRISE CITGO MART Q39	5542	14.99
Rhodes, Kimberly	4928	Police Cardholders	07/18/06	07/17/06	24492806198118000 120151	BOMBARDIER MOTOR CORP OF	5551	5.99
Rhodes, Kimberly	4928	Police Cardholders	07/20/06	07/18/06	24610436200004017 200450	FL DRIVER LIC/VEH SVCS	9399	4.90
ROSE, JOHN	4498	Police Cardholders	07/16/06	07/14/06	24158136195004911 930138	LAUDERDALE MARINA	4468	612.79
SAITH, RAMNARACE	6668	Parks Cardholders	07/21/06	07/20/06	24224436202472746 300030	POWER CENTER	7699	944.99
SCHOEN, GAYLE E	6387	Police Cardholders	07/17/06	07/12/06	24224436198275914 100173	WARD BEACH EXPRESS	5542	13.60
SCHOEN, GAYLE E	6387	Police Cardholders	07/20/06	07/19/06	24610436200004140 425206	701 GAS CORP. Q39	5542	14.23
SOLINGER, DONALD G	4853	Police Cardholders	07/20/06	07/18/06	24164076200799199 280055	AMOCO OIL 02901866	5542	14.31
STILPHEN, TODD	8771	Recreation Cardholders	07/18/06	07/17/06	24453516199980000 079179	BIG LOUIE'S- GATEWAY	5812	120.00
SULLIVAN, SANDRA	9217	Recreation Cardholders	07/21/06	07/19/06	24129426201100004 291975	MAX'S CAFE- SAWGRASS MI	5812	108.29
UEBRIG, SEBASTIAN	3508	Police Cardholders	07/20/06	07/18/06	24164056200378000 036790	EXXONMOBIL34 01355734	5542	9.44
UEBRIG, SEBASTIAN	3508	Police Cardholders	07/21/06	07/20/06	24610436201004125 617446	SUNSHINE #30010 Q39	5542	7.15
UEBRIG, SEBASTIAN	3508	Police Cardholders	07/16/06	07/14/06	24455016196710005 476944	HESS 09539	5542	9.05



PROCUREMENT - SAMPLE

MCC Audit

Date Range: 07/16/2006 to 07/22/2006

card holder	card number	group	posted date	transaction date	reference #	transaction description	mcc	amount
WILLIAMS, TONY	5164	Public Works Cardholders	07/21/06	07/20/06	24210736201286975 400042	MARTINO TIRE CO OF FT LA	5532	337.35