



AUDIT HIGHLIGHTS

Purchasing Card Controls

August 19, 2022

Audit No. 2205

WHY WE DID THIS AUDIT

An audit of *Purchasing Card Controls* was included on the City Council-approved fiscal year (FY) 2021/22 Audit Plan. The audit objective was to review access and supervisory controls over and use of the City's purchasing cards, including the transition to the new system.

BACKGROUND

The purchasing card (P-card) program, administered by the Purchasing department, is designed to help maintain control of authorizing, tracking, paying, and reconciling small purchases. As of June 2022, the program had about 330 active cards.

In February 2020, the City contracted with BBVA USA (now PNC Bank) for commercial card services, including P-cards and virtual card payments. Starting in June 2020, the Purchasing department began transitioning P-card users to the new system, and all users changed over by June 2021.

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WHAT WE FOUND

Purchasing card documentation requirements need to be enforced and monitoring practices can be strengthened.

A significant number of cardholders had not submitted supporting documentation for purchases during the past two years. We identified 309 missing monthly transaction logs for the new P-card system and requested these from cardholders and their supervisors.

- Of the 309 missing logs, cardholders or supervisors did not submit 56.
- Of the 253 reviewed, 20% had not been signed by the supervisor, and another 52% were signed when submitted for this audit. About 23% of the transactions did not have invoices or receipts.
- Policies need to be more consistently enforced. Four cardholders were each missing as many as 12 or 13 supporting logs.
- Tracking procedures could be improved by automating and expanding system reporting functions.

Other aspects of program administration can be improved.

- Closeout procedures need to be clarified. Supervisors did not notify the P-card administrator of cardholders transferring departments so that their P-cards could be deactivated and ensure documentation was submitted.
- Completion of required annual training has not been verified, and a number of P-cards had little or no use.

WHAT WE RECOMMEND

We recommend the Purchasing department:

- Enforce documentation and review requirements, including escalating to card suspension or termination based on policy.
- Establish procedures for prompt deactivation and verification of all necessary documentation when a cardholder leaves or transfers, and monitor completion of training requirements. As well, annually review the need for low-use cards.

MANAGEMENT RESPONSE

The Purchasing department agreed with the recommendations and plans to implement changes by December 2022.