

INTEROFFICE MEMORANDUM



TO: Anthony Nicks, County Auditor
FROM: Felicia Strong-Whitaker, Director *FSW*
Department of Purchasing & Contract Compliance
DATE: March 18, 2024
SUBJECT: FY2022 Purchasing Card Follow-up Audit

Thank you for the opportunity to review and respond to the FY2022 Purchasing Card Follow-up Audit Report dated February 22, 2024.

The Department of Purchasing & Contract Compliance has reviewed the findings and recommendations and our responses are provided below:

FINDINGS AND RECOMMENDATIONS

Finding 1 – Violation of Purchase Card Standards and Controls

Purchasing Response:

The Department of Purchasing & Contract Compliance concurs with the finding that the current P-Card Administrator could not retrieve all Purchase Cardholder Agreement records from the previous Coordinator who abruptly retired with 5 days' notice. Moving forward, all Purchase Cardholder Agreements will be signed and executed via DocuSign and will be maintained by the Purchasing & Contract Compliance Records Administrator. Additionally, we do not agree that this one issue is a violation of the broad statement of Purchase Card Standards and Controls. There are numerous standards and controls associated with the Purchasing Card Program.

Finding 2 – Failure to Obtain Proper Signatures for Reconciliation Reports

The Department of Purchasing & Contract Compliance concurs with the findings.

Finding 3 – Failure to Approve Reconciliation Reports by Evidence of Signature

Purchasing Response:

The Department of Purchasing & Contract Compliance does not concur with the finding. The P-Card Administrator does conduct a thorough assessment of all reconciliation documents submitted. The P-Card Administrator reviews and cross references the purchasing reconciliation report package submitted and the PRCC entry in AMS to verify the following information is provided:

- Allowable object code
- Invoice/receipt attached
- Amount on invoice/receipt matches billing statement
- Purchase description matches invoice/receipt
- Any additional supporting documentation that maybe required based on the purchase is

provided.

The P-Card Administrator must electronically hit the “Approve” button in AMS for each cardholders PRCC in order for the PRCC to move forward to Accounts Payable for payment processing. Purchasing will review the language in the Purchasing Manual to ensure that it is not requiring two forms of approval for the same process.

Finding 4 – Separation of Duties not Enforced for Cardholders and Liaisons

Purchasing Response:

The Department of Purchasing & Contract Compliance concurs with the finding. This continues to be a major issue due to staffing shortages experienced by many User Departments. Some user department/divisions only have two employees, thereby making it difficult for compliance. This issue was addressed and included in the Purchasing Card Manual revision of 1/2021, page 14, Monthly Reconciliation Process, Item 5:

“After reconciling and reviewing all purchase transactions, the monthly reconciliation form and monthly cardholder statement must be approved by the authorized cardholder, Department Purchasing Card Liaison, and Department Head. **Note:** Any deviations or special circumstances regarding the signature approval process will require approval from the Chief Purchasing Agent.”

Finding 5 – Failure to Conduct an accurate review of P-Card Transactions

Purchasing Response:

The Department of Purchasing & Contract Compliance concurs with the one finding of payment of sales tax. We do not agree with the broad statement of “Failure to conduct an accurate review of P-Card Transactions.” The Department of Purchasing & Contract Compliance and the Department of Finance reviews between 10,000 – 12,000 transactions annually. This one finding should not negate that both departments are performing their due diligence on all transactions.

Finding 6 – Untimely Payment of Invoices

The Department of Purchasing & Contract Compliance concurs with the finding. The P-Card Administrator has and will continue to reiterate instruction to Cardholder(s) and Purchasing Card Liaisons during the P-Card Refresher Training, Quarterly and One-on-One Trainings to pay invoices in a timely manner and that the use of the purchasing card to pay for outstanding invoices is an improper use of the card and will be noted as a policy violation. Additionally, instructions were also provided for invoices dated 60 days or older must include a memo that includes an explanation of reason(s) for the late payment with the reconciliation. The memo is to be addressed to Hakeem Oshikoya and signed by the Department Head. Invoices dated over 90 days are not allowable on the departmental purchasing cards and these transactions are considered a violation of card policy. A notice of non-compliance will be issued by the P-Card Administrator and signed by Chief Purchasing Agent.

In January 2024, the County completed the implementation and training for the Bank of America Work® System (“Works”). Works is a web-based application that automates the existing processes for purchasing goods and reconciliation of the purchasing card accounts. Works provides real-time purchasing card administration, purchase request approval workflow, and a post-purchase reconciliation process that adheres to the County’s existing payment process workflow and internal purchasing policies. The Department of Purchasing & Contract Compliance and the Department of Finance looks forward to providing Internal Audit a demonstration of Works.

cc: Sharon Whitmore, CFO

Attachment 1

Attachment 2