



Council Auditor's Office

Follow-up Report on the Purchasing Card (P-Card) Audit

Report #732A

Released on: November 27, 2017

OFFICE OF THE COUNCIL AUDITOR
Suite 200, St. James Building



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Honorable Members of the City Council
City of Jacksonville

The purpose of this report is to document our follow-up review of past report #732, Purchasing Card (P-Card) Audit, to determine whether or not corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards.

We sent a follow-up letter to the Treasurer, Director of Finance, and Chief of Procurement inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees' responses to the recommendations, and the auditees' responses to our follow-up letter. We then performed limited testing on a judgmentally selected sample of findings to verify that our recommendations have been implemented as stated in the responses. The following is a brief summary of the results of our follow-up inquiry and testing.

Based on the responses received from the Treasurer, Director of Finance, and Chief of Procurement and our follow-up testing of a judgmentally selected sample, it appears that each area has complied with our audit recommendations with the following exceptions outlined below. The following table details the original number of issues and how many have been resolved as of this follow up.

Types of Issue	Original Number of Issues	Issues Cleared	Remaining Issues
Internal Control Weaknesses	4	3	1
Findings	5	4	1
Opportunities for Improvement	2	2	0
Total	11	9	2

Finding 1 – 3 *Insufficient Cardholder Information on File with the Program Administrator*

During the initial audit we found that P-Cards had been issued for authorized personnel, but were being kept in the Treasury safe if they had not been picked up. We recommended that cards not picked up by personnel within a specified time frame be cancelled and destroyed due to the number of cards that were inactive. Our follow-up found that the P-Card Program policies and procedures now state that if after being notified by email the P-Card has not been received/picked up by the cardholder within 15 working days, the card will be destroyed and the application must be

resubmitted. At the time of our follow-up, Treasury was holding six P-Cards – two had documentation that the email had been sent 14 working days prior, but we also noted four email notifications were greater than fifteen working days. These four P-Cards had not been destroyed by the Program Administrator.

Treasury Response to the Follow-Up of Finding 1 - 3

Agree

Disagree

Partially Agree

The follow up Audit took place in April 2017, just after the City transferred the P-Card System from Bank of America to Wells Fargo. The six cards were from the initial issuance upon conversion of providers. Since then, Treasury does not hold cards past 15 days after the notification by email to the Card Holders. Current process is as follows: (1) Send an initial email of the Card arrival, (2) Flag the email and place a reminder for a week later in case the card is not picked up, (3) Remind the Card Holder multiple times up until the 15 days have passed, (4) Destroy the card at the end of business on the 15th day, (5) Notify the Card Holder to submit a new application if they still need a City issued Purchase Card.

ICW 1 – 1 *The Frequency of Card Usage is Not Reviewed and Cards are Potentially Issued to Personnel Without Their Knowledge*

As part of our initial audit, we found that there were no reviews of how often P-Cards were being used to determine if cards should be cancelled or destroyed. Due to the recent transition to a new bank for P-Card use, we did not feel as if enough time had elapsed from the issuance of new cards to indicate whether an adequate review of card usage was being performed. This item will be followed up on in the future.

The internal control weakness of P-Cards having been issued to personnel without their knowledge has been addressed by requiring signatures of cardholder personnel on the P-Card application.

We would like to thank the Treasury, Accounting, and Procurement Divisions for their cooperation in conducting this follow-up.

Sincerely,

Kyle S. Billy

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Council Auditor