



Audit Follow-Up

Period Ending March 31, 2022

Report #AR-2203
July 29, 2022

Audit of Purchase Card Administration

Issued December 23, 2021

Summary from Original Report #2201

We conducted this audit to review and evaluate Purchase Card (P-Card) activity within selected City departments. The scope of our audit included testing transactions for compliance with City P-Card policy and good business practices, evaluating controls over the use of City P-Cards, and reviewing the City P-Card policy for completeness and adequacy for fiscal years 2018 and 2019. The audit objectives were to determine: 1) whether policies and procedures governing the City's Purchase Card program (Program) provided adequate internal controls to reasonably ensure the Program's goals and objective would be accomplished, and 2) did operations of the Purchase Card Administration (Admin) section of Procurement Services comply with applicable policies and procedures.

We concluded that overall, City P-Card policies and procedures provided adequate internal controls to reasonably ensure P-Card transactions were accurate, properly approved and recorded, served a public purpose, and Program goals would be achieved. However, our audit also identified opportunities for improvement to strengthen controls over the Program's administration.

A total of 9 action plan steps were established by management in response to our audit recommendations, 4 of which were due for completion by March 31, 2022. All 4 steps were in progress during the current audit period. This status report is the 1st follow-up on audit report #2201.

Complete
0

In Progress
4

Needs Attention
0

Action Plan Step 1.1

Prepare business process guides and flowcharts for the P-Card processes. Review current security role assignments in PSFIN.

Action Plan Status: IN PROGRESS

Disbursement Services management is finalizing business process documentation, reviewing security roles for Disbursements and P-Card staff, and working to document the current role permissions and access levels to facilitate the review of security role assignments. Management anticipates completion of these tasks prior to the next follow-up audit.

Action Plan Step 1.2

Evaluate results in 1.1 and develop a new process that segregates duties including detective, compensating, and mitigating controls in place to ensure process integrity when duties cannot be segregated. Update PSFIN security roles as part of this process.

Action Plan Status: IN PROGRESS

Management reported the new business process(es) developed based on the results of the review in Action Plan Step 1.1 will provide mitigating/compensating controls to address any remaining inadequate segregation of incompatible duties and include updates to PSFIN security roles as necessary. Additionally, Disbursements Services management is working on automating the process(es) to further mitigate this risk. These tasks are scheduled to be completed prior to the next follow-up audit.

Action Plan Step 2.1

Review Bank of America (BOA) software tools and deploy any that will help mitigate risk.

Action Plan Status: IN PROGRESS

Disbursement Services management will review, assess, and deploy appropriate BOA software tools during P-Card reimplementation. Management anticipates completion of this task prior to the next follow-up audit.

Action Plan Step 4.1

Develop an interim gift card guidance communication regarding requirements when purchasing gift cards with a P-Card. Establish a threshold when the dollar amount equates to the establishment of a petty cash fund. Provide documentation requirements for P-Card documentation and reimbursement requests for petty cash funds.

Action Plan Status: IN PROGRESS

Disbursement Services management is reviewing and evaluating other local government policies for best practices. Upon the completion of those reviews, decisions will be made as to the best approach for controlling the purchase and use of gift cards. Management anticipates completion of this task prior to the next follow-up audit.

Conclusion

Management developed 9 action plan steps to address the recommendations in the original audit report #2201. As of the end of this follow-up period, March 31, 2022, the 4 steps due for completion were in progress. We will follow up and report on the status of the action plan steps as part of the 2023 follow-up reporting cycle.

Appointed Official's Response

City Manager: We have reviewed the comments included in the Audit Follow-Up of Purchase Card Administration, and overview of in-progress actions during the audit period. We are pleased to share further and additional progress achieved on action items including the automation of the transfer of the BOA file into PeopleSoft Financials. Additionally, reimplementation of the Purchase Card module in PeopleSoft Financials is in progress and should be complete by the next follow-up cycle. Reimplementation will require a complete reengineering of associated business processes to ensure a smooth system integration. The entire operation is currently being evaluated to maximize efficiencies, controls, and to establish performance measures for the program. I would like to thank the Office of the Inspector General and his staff for their collaboration, and the Grants & Enterprise Resources Department for their diligent professional effort on our program.

Acknowledgements

We appreciate the cooperation and assistance provided by management and staff during this audit follow-up.

Project Team

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Statement of Accordance

The Office of Inspector General's mission is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit follow-up in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

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