



Report # 2020-02 P-Card Controls - Facilities Management Division

**Department of Inspector General
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Polk County, Florida

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INSPECTOR GENERAL AUDIT REPORT
Report #2020-02 P Card Controls - Facilities Management Division

The Honorable Board of County Commissioners

We have conducted an audit of P-card transactions between August 2018 through September 2019 for the Facilities Management Division.

Our audit objectives were to determine if the Facilities Management Division exercised adequate controls over P-cards, if proper documentation was obtained for P-card purchases, and if P-card purchases were approved in accordance with county procurement policies.

We appreciate the cooperation and assistance provided by the Facilities Management and Procurement Divisions, and the Clerk's Accounts Payable Department during the course of our audit.

We hope you find this report useful in ensuring Polk County government provides the best possible services to our residents.

Respectfully submitted,

Lita McHugh, CPA, CIG, CIGI
Inspector General

Approved:

Stacy M. Butterfield, CPA
Clerk of the Circuit Court and County Comptroller

BACKGROUND

The P-card program is designed to improve efficiency in processing purchases from any vendor who accepts the Visa credit card. This program allows the cardholder to purchase approved goods and services directly from vendors. The Procurement Division administers and monitors the performance of the P-card program.

The Facilities Management Division's programs include Architectural Services, Building Maintenance, and Facilities Administration. There are 83 full time employees (FTEs): Six in Architectural Services, eight in Facilities Administration, and sixty-nine in Building Maintenance. As a whole, the Facilities Management Division builds and maintains facilities that enable efficient and quality delivery of public services which addresses the needs and priorities of Polk County employees, residents, and visitors. The Division develops and manages the County's vertical construction Community Investment Program (CIP) which includes coordination of the design and construction of new buildings, as well as renovations to existing facilities. A summary of responsibilities of each program in the Facilities Management Division is listed below:

Building Maintenance and Facilities Administration Programs

- Maintenance and repairs for county-owned buildings
- Custodial services
- Utilities within County buildings
- Contracts for preventative maintenance
- Fire alarm repair, monitoring, fire extinguisher inspections
- Pest control
- Elevator and grounds maintenance

Architectural Services Program

- Project management and coordination with County divisions and Constitutional Offices in the construction of major and minor Polk County vertical construction remodeling projects
- Development of the scope of services, contract negotiations and project administration for CIP
- Feasibility studies and reports
- Project budgets, progress and status reports, letters, files and other documentation related to projects
- Monitoring of the project schedule and the quality of the work during the design and construction of county vertical projects
- Monthly invoices and/or pay requisitions from the consultants and contractors
- Records of project reports, construction documents and files for all completed county vertical construction project

SCOPE AND METHODOLOGY

The scope of our audit included:

- Interviews with Facilities Management Division personnel
- Interviews with Accounts Payable personnel
- Evaluation of the procedures and controls exercised over P-cards
- Review of 2018-2019 P-card vendor information
- Testing various P-card transactions

Our audit objectives were to:

- Determine if the Facilities Division exercised adequate controls over P-cards,
- Determine if proper documentation was obtained for P-card purchases, and
- Determine if P-card purchases were approved in accordance with County procurement policies.

Initial testing was performed for the month of March 2019, but the transactions and processes reviewed were not limited by this audit period.

We conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Principles and Standards for Offices of Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS

To gain information about the p-card process, we reviewed the internal controls over P-cards and made note of the following key controls:

- The P-card has the employee's name, division, and the county's sales tax exemption certificate number embossed on the face of the card.
- Each cardholder profile contains a single purchase limit, a 30-day limit, and approved merchant category codes.
- The cardholder must retain the charge slip and original receipt/invoice, which must detail item(s) purchased.
- The cardholder is responsible for signing the statement which certifies that: all charges are appropriate and authorized; detailed receipts have been attached for all charges; goods/services charged were received prior to the statement date.
- The group accountant, or other designated employee, prepares and signs cardholder summary for all statements, obtains the division director signature, attaches all signed statements and original receipts, and forwards to Accounts Payable in the Clerk's Comptroller Division.

When the vendor at the point-of-sale requests a purchase authorization, the Visa purchasing card system checks the transaction against preset limits established by the employee's division. Transactions are approved or declined electronically based on the card authorization criteria established. The authorization criteria has been established through profiles which contain single purchase spending limits, monthly spending limits and approved merchant category codes. Division directors will determine which spending profile each cardholder is assigned to. Division directors may assign a cardholder who is a frequent traveler to a permanent travel profile. Any changes to a cardholder's profile must be submitted in writing by the appropriate division director to the purchasing card administrator.

FINDINGS AND RECOMMENDATIONS

Overall, we found that the Facilities Management Division applied adequate controls to adhere to the county's objectives intended for the P-card program. Examples of good controls included verification of tax-exempt status, purchases calculated correctly when split between account codes, and adequate descriptions listed with transaction summaries. Additional examples of strong controls were evidenced by including work order numbers with supporting documentation, and transactions were reviewed timely.

However, our review also disclosed additional measures (described below) that should be considered to further strengthen the County's commitment to providing an efficient method of paying for goods and services.

Finding #1 – Two out of seven district superintendents did not sign monthly statement summaries during the time period tested.

The majority of district superintendents reviewed and signed monthly statement summaries. However, there were 2 district superintendents that consistently did not sign monthly summaries. Based on our follow-up conversations with division staff, we determined that both district superintendents were assigned in their current roles all year, and were not new to the division.

We recommend all district superintendents review and sign monthly statement summaries to minimize the risk of unauthorized, excessive, or inappropriate charges. If the district superintendent will be out of the office for an extended period of time or otherwise would not be able to timely review monthly statement summaries, we recommend that the division implement controls that will ensure each monthly summary will be reviewed and signed by a pre-appointed person who is familiar with the type of purchases that typically occur within the district.

Management response:

Management agrees.

All seven district superintendents have been reminded of their responsibility to review and sign off on all P-card statements. Reyna Kassman or a future designee will be responsible for notifying management of any future lapses in fulfilling the superintendents' duties to sign off on all employee P-card purchases.

Finding #2 – Proper procedures were not followed regarding Information Technology (IT) purchases.

Before certain IT purchases are made on an employee's P-card, proper approval is to be obtained from the IT Division. We identified several different items that were possible IT purchases that

required approval prior to purchasing. We verified with the IT department that these particular items would need to be approved prior to purchase and had not been approved by IT. Examples of the types of items purchased were flash drives, monitors, a digital camera and wireless mice. According to our understanding of the IT approval process as it relates to Facilities Management Division, sometimes purchases have to be made as soon as possible in order to get the work done timely.

We recommend that the division coordinate with the IT Division to gain a better understanding of the policies and procedures required when purchasing IT items to reduce the likelihood of improper IT purchases.

Management response:

Management agrees.

Facilities Management's division fiscal officer will work with Polk County IT Division to ensure all future electronic device purchases fall within the guidelines set forth by the Polk County IT Division.

ACTION PLAN

Recommendation	Responsible Employee	Target Date
<p>Recommendation #1 - <u>We recommend</u> all district superintendents review and sign monthly statement summaries to minimize the risk of unauthorized, excessive, or inappropriate charges. If the district superintendent will be out of the office for an extended period of time or otherwise would not be able to timely review monthly statement summaries, we recommend that the division implement controls that will ensure each monthly summary will be reviewed and signed by a pre-appointed person who is familiar with the type of purchases that typically occur within the district.</p>		
<p>All seven district superintendents have been reminded of their responsibility to review and sign-off on all P-card statements. Reyna Kassman or a future designee will be responsible for notifying management of any future lapses in fulfilling the superintendent’s duties to sign-off on all employee P-card purchases.</p>	<p>Reyna Kassman or future designee</p>	<p>February 12, 2020</p>
<p>Recommendation #2 - <u>We recommend</u> that the division coordinate with the IT Division to gain a better understanding of the policies and procedures required when purchasing IT items to reduce the likelihood of improper IT purchases.</p>		
<p>Facilities Management’s Division Fiscal Officer will work with Polk County IT Division to ensure all future electronic device purchases fall within the guidelines set forth by the Polk County IT Division.</p>	<p>Division Fiscal Officer</p>	<p>February 12, 2020</p>