

DEKALB COUNTY, GEORGIA



**SUPERIOR COURT ADMINISTRATION**

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**PURCHASING CARD AUDIT REPORT**

**JANUARY 1, 2015 THROUGH JUNE 30, 2015**

**PREPARED BY  
FINANCE - INTERNAL AUDIT DIVISION**

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**Finance Department**  
**Internal Audit**

**Interim Chief Executive  
Officer**

Lee May

**Board of Commissioners**

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District 6

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Stan Watson

**Transmittal Memorandum**

**DATE:** November 19, 2015  
**TO:** Gwen Brown-Patterson, Interim Chief Financial Officer/Financial Director  
**FROM:** Cornelia Louis, Deputy Director of Finance - Internal Audit Division  
**SUBJECT:** Purchasing Card Audit  
**RE:** Superior Court Administration

Attached is the report on Superior Court Administration unannounced Purchasing Card (P-Card) audit.

If you would like to provide comments or respond to the report, you may do so by sending the information directly to Gwen Brown-Patterson, Interim Chief Financial Officer/Finance Director.

We appreciate the cooperation and assistance we received from the Superior Court Administration staff and Finance P-Card Administrator during the course of this review. If you have any questions about the audit or this report, please feel free to contact me at 404-371-2639.

Sincerely,

Cornelia Louis

cc: Appendix C

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## **Executive Summary**

### **General Information**

On November 17, 2015, the Division of Internal Audit (DIA) conducted a P-Card unannounced audit as part of the DIA's program of regularly compliance review of purchase card transactions.

### **Purpose and Scope**

The purpose of this audit was to determine compliance with County P-Card Program Policies and Procedures (P-Card P&P). Our scope included Samuel Taylor's (Cardholder) P-Card transactions for the period January 1, 2015 through June 30, 2015.

We reviewed the cardholder transactions, signoff reports, invoices/receipts, and other supporting documentation to determine if:

- 1) Transactions were reasonable for the department's business activities
- 2) Purchases were within individual and monthly transaction spending limits (\$1,000 and \$2,000, respectively)
- 3) Cardholder performed monthly reconciliation of P-Card purchases with supporting documents
- 4) Transactions were properly authorized
- 5) Transactions were assigned to the appropriate expenditure category
- 6) Cardholder met P-Card training requirements

### **Summary Observation/Opinion**

In our opinion, although most purchases reviewed were reasonable and had supporting documentation, the Cardholder did not comply with County P-Card P&P. Noted below are observations made during the audit:

- 1) P-Card Transaction Logs and reconciliations were not prepared by the Cardholder
- 2) P-Card Transaction Logs are missing key information
- 3) Two of nineteen transactions reviewed did not have adequate supporting documentation
- 4) Sales Tax was included on three P-Card transactions
- 5) All participants of the P-Card program was not offered training on P-Card P&P

### **Overall Recommendation**

We recommend those involved in the P-Card process review the P-Card P&P to ensure an understanding of their role and responsibilities of the P-Card program.

## **Findings**

Based on the documents reviewed and discussions with key stakeholders, opportunities for improvement are outlined below.

### **(1) P-Card Transaction Logs and reconciliations were not prepared by the Cardholder**

The Cardholder and Department Purchase Card Representative (DPCR) disclosed that supporting documents for purchases were sent to the DPCR to prepare and reconcile the Transaction Log each month. Afterwards, the log and supporting documents were given to the Cardholder to review and sign prior to the DPCR forwarding to the Department Head for their review and approval. Furthermore, we noticed that the Cardholder did not date any of the six logs to show when the review was completed.

This process does not comply with the P-Card P&P, which requires the DPCR to review the reconciliation package after preparation by the Cardholder and approval from the Department Head or Designated Approver as shown in Appendix J of the P-Card P&P. In addition, P-Card P&P states that as P-Card transactions occur, the Cardholder must record all purchases and credits on a Transaction Log and reconcile their P-Card activity on a monthly basis. It also states that the Cardholder must sign-off on all expenditures and then obtain their Department Director or Designated Approver sign-off/approval on the P-Card Transaction Logs (with attached receipts) and monthly electronic Cardholder statement. The Department Head or Designated Approver should then forward the signed-off and approved documents to the DPCR to approve the transactions in the Bank of America Works (BOA Works) system.

Monthly completion and reconciliation of the Transaction Log by the Cardholder helps to identify transaction discrepancies, and ensures the accuracy of the information recorded on Bank of America's monthly electronic Cardholder statement. It also assists the Cardholder in staying within the established purchasing limits of the P-Card. In addition, the prepared date on the Transaction Log helps determine if the Cardholder reconciled transactions timely. Timely reconciliation of charges by cardholders strengthens controls, which enhances the P-Card program. Lastly,

following the processes outlined in the P-Card P&P for the various roles helps to ensure overall adherence to the P-Card program, including that proper review and approvals are obtained prior to approval of transactions into the BOA Works system.

**(2) Transaction Logs were missing key information**

Five of the six (84%) Transaction Logs were incomplete; required fields such as the general ledger account name and number, quantity, and bank statement total were not filled in. According to Section 10.1 of the P-Card P&P, the Transaction Log must be used to capture information such as general ledger account name/number, amount of purchase, signature/date of Cardholder, etc. Completion of all fields on the Transaction Log helps to ensure purchases are accurately charged to the appropriate general ledger account and correct quantities are received. It also supports the efficiency of the reconciliation process.

**(3) Inadequate supporting documentation provided for purchases**

Two of the nineteen (11%) purchases reviewed did not have adequate supporting documentation. One purchase was made for a Social Recovery Initiative (SRI) sponsored event that required approval from the grantor. However, there was no written documentation of the approval. The Cardholder stated a verbal approval was given by the grantor.

Another purchase was for an event in which tickets were purchased for participants of the SRI program. The supporting documents included a list with signatures of those who attended the event, along with unused tickets; however, the Cardholder could not account for a missing unused ticket. Section 10.2 of the P-Card P&P states receipts are expected to accompany every transaction incurred on the Cardholder's P-Card. If receipts do not provide sufficient details to identify the purchase and the purpose for the purchase, the Cardholder should include additional details on the Transaction Log or other supporting documentation. Having adequate supporting documentation accompanied with the Transaction Log helps to ensure accuracy of transaction amounts, justifies the business purpose, and supports a more efficient review and approval process.

**(4) Sales Tax Included on P-Card Purchases**

Three of nineteen (16%) transactions reviewed had sales tax added to the purchases that totaled \$4.16. Although the amount charged was nominal, Section 2 of the P-Card P&P states that DeKalb County is not required to pay Sales Tax to any supplier. Paying sales tax increases the cost of making business related purchases.

**(5) All participants of the P-Card program was not offered training on P-Card P&P**

Internal Audit requested copies of training documents for the Department Director or Designated Approver for the Cardholder. The P-Card Administrator noted that the Department Director or Designated Approver was not a Cardholder or a DPCR; therefore, they did not require training. Moreover, the recent P-Card training provided January 2015 did not cover the roles and responsibilities of the Department Director or Designated Approver as noted on the training material provided by the P-Card Administrator. However, Section 6.0 of the P-Card P&P states that each person with a role in the P-Card program will be expected to attend P-Card training to ensure they are aware of their specific roles, program policies and procedures, the basics of P-Card administration and monitoring. Without training, the Department Director or Designated Approver may not be aware of their roles and responsibilities as well as allowable or prohibited purchases or practices. This may result in ineffective monitoring and potential sign-off on inappropriate transactions.



## **Recommendations**

(1) The Cardholder should review the most current P-Card P&P to understand their role and responsibilities of the P-Card program, which requires signature and signoff date on the Transaction Log, performance of the monthly reconciliation, obtaining adequate supporting documentation for purchases, and ensuring exemption of sales tax on purchases made. Once the Cardholder has adequately completed the reconciliation package, the Cardholder should seek written approval from his/her Department Director or Designated Approver.

The Department Director or Designated Approver and the DPCR should review the most current P-Card P&P to obtain an understanding of the P-Card process regarding their role and responsibilities for review and signoff activities.

- (2) The Cardholder should ensure the Transaction Log is completed in its entirety. This exhibits that the Cardholder has properly reconciled the transactions to the electronic monthly bank statement; and provides adequate information for review by the Department Director and DPCR.
- (3) The Cardholder should ensure when allowable transaction types are not clearly defined in the P-Card policy and a valid business-related purpose exist, additional documentation and/or approvals should be supplemented with the receipt to provide justification of the business expense.
- (4) The Cardholder should present the Sales Tax Certificate of Exemption to vendors when purchases are made to ensure exemption of sales tax on business related purchases.
- (5) The P-Card Administrator, Finance department should revise the P-Card training presentation to include the responsibilities of the Department Director or Designated Approver as well as to further clarify the roles and responsibilities of the Cardholder and DPCR as it relates to sign-off, approval, and review of the reconciliation package.

**Comments**

The Finance department, which develops P-Card training program, advised Internal Audit that the P-Card policy and procedures are currently in process of being revised, and that consideration will be given to clarifying the training needs of all responsible parties including the Department Director or Designated Approver.

## **APPENDIX A – ACKNOWLEDGEMENTS**

We would like to take this opportunity to thank the management and staff of Superior Court-Administration for their assistance during this engagement.

### **Conducted by:**

Camilla Cannon  
Finance Department - Internal Audit Division

### **Reviewed by:**

Lavois Campbell  
Cornelia Louis  
Finance Department - Internal Audit Division

## APPENDIX B – DEFINITIONS AND ABBREVIATIONS

### Acronyms and Abbreviation

<b>BOA WORKS</b>	Bank of America Works Application
<b>DPCR</b>	Department Purchase Cardholder Representative
<b>P-Card</b>	Purchasing Card

### Key Definitions

<b>BOA WORKS</b>	Web-based, electronic card payment management service offered by Bank of America, the P-Card Service vendor
<b>RECONCILIATION PACKAGE</b>	Consists of the Monthly Cardholder Cycle Charge, the Transaction Log and supporting documentation

## **APPENDIX C – DISTRIBUTION LIST**

This report has been distributed to the following individuals:

DeKalb County Board of Commissioners

Lee May, Interim Chief Executive Officer

Zachary L. Williams, Chief Operating Officer/ Executive Assistant

Gwendolyn Brown-Patterson, Interim Chief Financial Officer/Finance Director

Tangela Barrie, Chief Judge

Cathy W. McCumber, Court Administrator

Claudette Leak, Assistant to Chief Operating Officer

Robert Atkins, Treasurer

Yvette Pitts-Ayo, Purchasing Card Administrator