



Finance Division of Internal Audit & Licensing
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DATE: September 9, 2011
TO: Kelvin Walton – Director of Purchasing & Contracting
FROM: Acting Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: Purchasing Card (P-Card) Audit
RE: Office of the Public Defender

General Information

On September 9, 2011, Internal Audit (IA) conducted a Purchasing Card (P-Card) compliance audit of the Office of the Public Defender. Internal Audit reviewed the Office of the Public Defender's P-Card transactions for the period December 1, 2010 through May 31, 2011.

Purpose and Scope

The purpose of this audit was to determine if the Office of the Public Defender complied with County P-Card policies and procedures.

We reviewed cardholder transactions, signoff reports and invoices/receipts to determine that:

- (1) Cardholder maintained the transaction log on a monthly basis and attached applicable receipts.
- (2) P-Card Administrator properly maintained and reconciled transactions on a monthly basis.
- (3) Transactions were appropriate for the department's business.
- (4) Individual transactions did not exceed the amount specified by County P-Card policies and procedures (\$1,000 maximum per individual purchase).
- (5) Total monthly transactions did not exceed amount specified by the County P-Card policies and procedures (\$2,000 maximum per month).
- (6) Cardholders were not using the P-Card for non-business related goods and services.
- (7) The transactions were approved (Manager and/or Department Head).

Opinion

In our opinion, the Office of the Public Defender did not comply with DeKalb County P-Card policies and procedures.

Deficiencies

- (1) Supporting documentation for some P-Card transactions was not available.
- (2) Transaction Logs (Logs) were not completed and maintained. However, we noticed blank Logs filed with P-Card receipts. IA found no evidence of monthly reconciliation, as receipts were dated back to 2005 and not kept in a systematic order.

Deficiencies (continued)

- (3) No separation of duties exists in that the Cardholder also serves as the Department Purchasing Card Representative (DPCR). The DPCR approves transactions online in the Bank of America Works Application.


Recommendations

- (1) To ensure expenditures incurred are in compliance with the P-Card policy all transactions should have adequate supporting documentation.
- (2) As per P-Card policy, the Logs (section 9.0) are to be completed and reconciled monthly, with all applicable receipts attached to the Log. In addition, the Logs should be approved by the Cardholder's Manager or Director. This ensures that authorized purchases are approved, unauthorized charges are corrected, and charges are posted to the appropriate general ledger account. The Log serves as a method to keep track of P-Card expenses.
- (3) We recommend that all transactions are reviewed and approved by a subsequent organizational level of authority to the DPCR. A Cardholder cannot serve as his/her own Approving Official/DPCR. The DPCR exercises critical control by ensuring authorized and appropriate P-Card use, and correct allocation of expenses in accordance with the County's P-Card policy.

Comments

Internal Audit observed a significant number of receipts for dry cleaning, although the receipts did not appear to be for the specified audit period. IA has confirmed that dry-cleaning, as well as postage expenses, are a normal course of business, and therefore germane to office operations. Transactions for postage and dry cleaning were recorded under the general ledger account for Operating Supplies (object code 531101). Postage and dry cleaning expenses should be budgeted and recorded under object codes 523201 (postage) and 531107 (uniforms & clothing), respectively.

Please feel free to contact me if you have any questions or concerns relating to this audit report.



Cornelia Louis

CL/KRW

cc: Richard Stogner, Executive Assistant/Chief Operating Officer
Joel Gottlieb, Chief Financial Officer/Finance Director
Claudia Saari, Acting Public Defender
Dale Dague, Purchasing Card Administrator