



## Finance-Internal Audit & Licensing

Cornelia Louis  
Acting Deputy Director of Finance

Chief Executive Officer

W. Burrell Ellis, Jr.

Board of Commissioners

District 1  
Elaine Boyer

District 2  
Jeff Rader

District 3  
Larry Johnson

District 4  
Sharon Barnes Sutton

District 5  
Lee May

District 6  
Kathie Gannon

District 7  
Stan Watson

**DATE:** October 6, 2011  
**TO:** Kelvin Walton, Director of Purchasing and Contracting  
**FROM:** Acting Deputy Director of Finance, Internal Audit & Licensing  
**SUBJECT:** P-Card Audit  
**RE:** Public Works- Roads and Drainage

### General Information

On October 6, 2011, Internal Audit conducted a Purchasing Card (P-Card) compliance audit of Public Works- Roads and Drainage. Internal Audit reviewed Public Works- Roads and Drainage 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 Public Works- Roads and Drainage 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, Public Works- Roads and Drainage did not comply with County P-Card policies and procedures.

### **Deficiencies**

- (1) A Roads and Drainage P-Card holder allowed another County employee to use their P-Card to purchase three (3) items totaling \$734.41; management's approval was granted for this purchase. This is a violation of the P-Card policy and may "result in the termination of card privileges." Moreover, the cardholder can be liable for all unauthorized charges.
- (2) Some Transaction Logs (Logs) were not completed monthly.

### **Recommendation**

- (1) Although management's approval was given for this action, DeKalb County P-Card Policy states that, "The P-Card is a charge card and must be used in such a manner that ensures the security and safekeeping of the card." Cardholders are not allowed to give their "card or card number to any other individual to place orders with the supplier."
- (2) Logs are to be completed and reconciled monthly with all applicable receipts attached. This ensures that authorized purchases are approved, unauthorized charges are corrected, and charges are posted to the appropriate general ledger account.

### **Observation**

The three (3) items, mentioned above, totaling \$734.41 were a microwave oven, refrigerator, and a coffeemaker. These purchases were solely intended for the use of County employee (s) at the One DeKalb Office. The current P-Card policy does not provide an explanation of what constitutes non-business or personal use items.

One DeKalb is a part of Planning and Sustainability's Neighborhood Empowerment. Internal Audit was informed that One DeKalb does not have a designated cost center; therefore, some County departments share the cost of funding the different needs of One DeKalb.

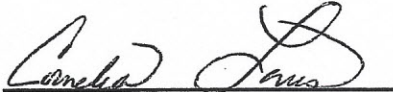
### **Recommendation**

These items are questionable purchases and may be considered non-business related or personal use items. Purchasing and Contracting should establish P-Card program guidelines to clearly define inappropriate usage of the P-Card. These guidelines should provide a list of prohibited expenditures that cardholders should not purchase, such as refreshments, equipment, and office furnishings for the personal use or personal convenience of County employees. This will ensure proper utilization and program management for P-Card holders.

## Comments

1. We observed that sales taxes were charged on a few receipts. To ensure the County receives tax exempt status, the certificate of exemption should be presented to the vendor upon payment.
2. We reviewed the corresponding general ledger accounts to ensure that all transactions are classified in the appropriate account. The "Maintenance and Repair," classification was used on all transactions; therefore most transactions were not classified correctly. Each transaction should be charged to its appropriate general ledger account.
3. During the January 2011 Winter Storm, food purchases for employees totaled \$2,316.26. However, pre-purchase approval was given by management to accommodate employees that worked 16 hour shifts. These employees were called upon to assist with salting the roads during the storm.

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



Cornelia Louis

CL/TG

cc: Richard Stogner, Executive Assistant/Chief Operating Officer  
Joel Gottlieb, Chief Financial Officer/Finance Director  
William (Ted) Rhinehart, Deputy COO of Infrastructure  
Michael Anderson, Interim Director of Public Works- Roads and Drainage  
Dale Dague, Purchasing Card Administrator