



Finance-Internal Audit & Licensing

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DATE: August 12, 2011
TO: Kelvin Walton – Director of Purchasing & Contracting
FROM: Acting Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: P-Card Audit
RE: Purchasing & Contracting Department

General Information

On August 12, 2011, Internal Audit conducted a Purchasing Card (P-Card) compliance audit of the Purchasing & Contracting Department. Internal Audit reviewed the Purchasing & Contracting Department's P-Card transactions for the period December 31, 2010 through May 31, 2011.

Purpose and Scope

The purpose of this audit was to determine if the Purchasing & Contracting Department 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 Purchasing & Contracting Department did not comply with DeKalb County's P-Card policies and procedures.

Deficiencies

- 1) Supporting documentation was not available for some transactions.
- 2) Some Transaction Logs (Logs) were not available. Other Logs were either not reconciled monthly and adequately or listed multiple Cardholder transactions.
- 3) Some Transaction Logs were not approved by the Cardholder's Manager or Director. The Manger/Director is a Cardholder; therefore, the Manager/Director approved their Transaction Log.

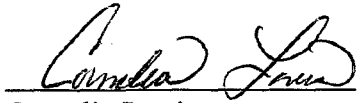
Recommendations

- 1) All P-Card transactions should have supporting documentation. Adequate documentation ensures that expenditures incurred are in compliance with the P-Card policy.
- 2) As stated in the P-Card Policy, Logs are to be completed and maintained monthly by the Cardholder for all P-Card transactions; the log provides detail information as well as the purpose of the purchase. Each Cardholder should print the Transaction Log at the end of the statement period, check for accuracy, and reconcile transactions against the Electronic Cardholder Statement. All fields of the Transaction Log should be adequately completed to ensure a thorough review. These controls ensure that authorized purchases are approved, unauthorized charges are corrected, and charges are posted to the appropriate general ledger account.
- 3) To ensure management's review for compliance with the P-Card policy, completed Logs are to be reviewed and approved by the Cardholder's Manager or Director. Cardholders should not approve their Logs. Approvers should be higher-level employees than the Cardholder employee; this allows the approver to challenge transactions when the business purpose is not readily apparent.

Comments

- 1) The Purchasing Card Administrator is an assigned Department Purchasing Card Representative (DPCR). To ensure proper segregation of duties exist, key duties and responsibilities should be divided or segregated among different people to reduce the risk of error or fraud.
- 2) Sales tax was charged on a few transactions. To ensure that the County receives tax-exempt status, the certificate of exemption should be presented to the vendor.
- 3) We reviewed the corresponding general ledger accounts to ensure that all transactions were classified in the appropriate general ledger account. Items relating to education and training were charged to "operating supplies."
- 4) We noticed that the policy was last updated in 2004. Since then, procedures have been changed or amended, Cardholders and DPCRs use the Works System to retrieve information, and personnel involved with the P-Card program are no longer with the County. The P-Card policy should be updated to reflect the changes.
- 5) We encourage periodic training sessions for Cardholders and DPCRs. In addition, communication should be sent to existing Cardholders and DPCRs regarding updates to the policy. Such practices would ensure adherence to the P-Card policy.

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



Cornelia Louis

CL/CCH

CC: Richard Stogner, Executive Assistant/Chief Operating Officer
Joel Gottlieb, Finance Director/Chief Financial Officer
Debra B. Brewer, Assistant Director of Purchasing & Contracting
Dale Dague, Purchasing Card Administrator