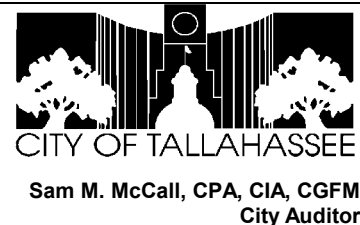


# Audit

## Follow Up

As of September 30, 2000



### “Audit of the City’s Purchase Card Program”

(Report #9914, Issued November 5, 1999)

Report #0112

January 25, 2001

#### Summary

**The Department of Management and Administration has made progress to implement action plan steps identified in our previously issued report #9914, Report on an Audit of the City’s Purchase Card Program.** In that report, issued November 5, 1999, we identified some areas in which the Purchase Card (P-Card) Program should be improved. Management was receptive to the issues identified in the audit and has implemented most of the scheduled action plan steps to date. However, action still needs to be taken to define performance measures that can be applied to all periods. Furthermore, as of September 30, 2000, citywide procedures addressing meal allowances and other miscellaneous expenses had not been finalized and issued.

- there were adequate internal controls in place related to the P-Card Program, and
- P-Card purchases had been made properly and complied with City policies and procedures

#### Report #0112

The purpose of this audit follow up is to report on the progress and/or status of the efforts to implement the recommended action plan steps due as of September 30, 2000. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation.

The audit and this subsequent follow up were conducted in accordance with generally accepted government auditing standards, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

#### Scope, Objectives, and Methodology

##### Report #9914

The scope of report #9914 was a review of the City’s Purchase Card Program for the period February 1998 to June 1999.

The primary objectives of the audit were to determine whether:

#### Previous Conditions and Current Status

In report #9914, we identified three main areas that needed to be addressed: planning, controls, and the development of guidelines for meal allowances and other miscellaneous expenses. The Department of Management and Administration has completed 6 of the 7 (85%) action plan tasks that were due to be completed by September 30, 2000. Action has been initiated but not completed for the remaining action plan step. Table 1 provides a summary of the conditions and tasks due.

**Table 1**  
**Conditions Identified in Report #9914 and Current Status**

Previous Conditions	Current Status
<b>Planning Issues:</b>	
<ul style="list-style-type: none"> <li>• Management should develop and approve additional performance measures to ensure continued success of the P-Card program and</li> </ul>	<ul style="list-style-type: none"> <li>★ Management established performance goals for the P-Card Program during FY 2001. These goals should be redefined to represent</li> </ul>

the efficient use of City resources.	performance measures that can be applied to any time period.
<ul style="list-style-type: none"> <li>Management should review the new FMS and evaluate whether it will reduce the lag time from transaction date to posting date, or evaluate alternative systems to reduce the lag time.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Management has decided to utilize PeopleSoft Financials for P-Card transactions. The interface between that system and the P-Card system should reduce the lag time to no longer than 7 days.</li> </ul>
<b>Control Issues</b>	
<ul style="list-style-type: none"> <li>Develop, approve, and issue P-Card Program administrative procedures.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Administrative Procedure # 603 was developed, approved, and implemented. The procedures define the program requirements and limitations as well as the roles and responsibilities of everyone involved with the program.</li> </ul>
<ul style="list-style-type: none"> <li>Revise cardholder guidelines to include a requirement to notify vendors to include method of payment on all invoices (i.e., as a control to preclude duplicate payments for the same purchase).</li> </ul>	<ul style="list-style-type: none"> <li>✓ Cardholder guidelines have been revised to include instructions for the cardholder to notify the vendor that the method of payment should be indicated on any invoices that may be submitted to the City.</li> </ul>
<b>Meal Allowances and Miscellaneous Expenses</b>	
<ul style="list-style-type: none"> <li>Develop guidelines for departments to follow for meal allowances and other miscellaneous expenses.</li> </ul>	<ul style="list-style-type: none"> <li>✗ Management indicated that guidelines had been drafted but not yet approved/finalized.</li> </ul>

**Table Legend:**

- Issue addressed in the original audit
- ★ Original issue resolved but additional actions needed
- ✓ Issue addressed and resolved
- ✗ Issue not resolved

### Significant Outstanding Issues

As noted in Table 1, performance goals established for FY 2001 should be redefined to represent performance measures that can be applied to any time period. Furthermore, guidelines for all departments to follow for meal allowances and other miscellaneous expenses had not been finalized and issued.

We appreciate the assistance and cooperation provided by the Department of Management and Administration during this audit follow up.

### Appointed Official Response

**City Manager Response:**

We appreciate the opportunity to work with the Auditing staff on the purchase card program. Now that the implementation phase is complete and applicable benchmarks met, staff will be redefining performance goals to insure the continued success of the program. Regarding the development of guidelines for employee food/meal allowances, on October 17 I forwarded a memorandum to the Leadership Team which provided administrative direction on the provision of food for meetings or events, purchased using City funds, and asked for input. Comments are now being incorporated into the draft guidelines, and this will be finalized in the near future and placed in the Administrative Procedures Manual.

Copies of this Audit Follow Up or audit report #9914 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@mail.ci.tlh.fl.us).

Audit Follow-Up conducted by:  
 Dennis R. Sutton, CPA, Senior Auditor  
 Sam M. McCall, CPA, CIA, CGFM, City Auditor