
**OFFICE OF FISCAL SERVICES
PURCHASING DIVISION
AUDIT OF PURCHASING CARDS**

August 2000

Prepared by:
Internal Audit Division
Clerk of the Circuit Court

August 2, 2000

The Honorable Carlton Henley,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of the county's Purchasing Card Program.

Management's responses have been incorporated into the final report. Based on those responses, management is responding to the conditions noted in the report, and the planned corrective actions are noted in the report. Internal Audit will conduct a follow up audit at a later date to ascertain if corrective actions taken by County management are effective.

I would like to thank the men and women of the Purchasing Division, for their cooperation and assistance throughout the course of this audit. I especially would like to acknowledge the help of Mr. Charles Irvin. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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Attachment 1

Management's official response to the Audit Report

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**Seminole County
Department of Fiscal Services
Purchasing Division**

Audit of the Purchasing Card Program

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed an audit of the Purchasing Card Program. Seminole County initiated the Purchasing Card Program in September 1998. A Purchasing Card is a commercial credit card (i.e. a Visa credit card).

Purpose

The purpose of the audit was to determine if the county's purchasing card program is operating adequately and efficiently and has adequate internal controls to ensure that credit card purchases are authorized and made for official county purposes. The audit also was performed to ensure that the program is in compliance with the applicable rules and regulations of Seminole County.

Background

In September 1998, the Seminole County Board of County Commissioners (BCC) implemented a commercial credit card program for both the purchases of small-dollar goods and services and travel by employees. The program was implemented under the guidelines of Chapter 220 of the Seminole County Purchasing Code. Chapter 220 of the code requires that county departments use the Purchasing Card as the preferred method to purchase and pay for small-dollar purchases under \$750. The use of the purchasing cards is intended to save on administrative costs by avoiding the issuance of purchase orders; and to allow employees to pay for travel expenses with the card.

County procurement procedures do not require competitive bids or the verification of price "reasonableness" unless the credit cardholder has reason to believe the vendor's price is not reasonable. Generally, procurement through the use of credit cards involves a tradeoff: the loss of a certain degree of internal control in exchange for lower costs (i.e. eliminating the use of requisitions and purchase orders). To compensate for the loss of internal controls, the countywide program requires the designation of an "approving official", often the cardholder's supervisor, to review cardholder purchase activity. There are four basic internal controls over the credit card program:

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- First, there is programming by Bank of America to preclude purchases from certain merchant categories;
- Second, the “approving official” is responsible for oversight of cardholders purchasing activity and also is responsible for reviewing and approving the cardholder’s credit card statement to ensure that all purchases are for “official county business”;
- Third, County Finance and the Purchasing Division program administrator are responsible for oversight of the program. County Finance reviews the cardholder statements to ensure that all statements are properly supported and signed off by cardholders and “approving officials”; and,
- Fourth, credit cards assigned to specific employees for travel also require specific approval to use the card from the county manager and/or the Board of County Commissioners.

The results of the audit are included in the report that follows.

Scope

The scope of this audit included a review of credit card statements processed for the period September 1998 to February 2000. All records relating to these cards were subject to our review.

The audit included:

- Review of procedures used to ensure compliance with established purchasing policies and procedures, Florida Statutes, and other applicable regulations;
- Review of internal controls used to ensure that all credit card transactions are in accordance with established terms, conditions, laws, and regulations;
- Review of cardholder statements to ensure that statements are properly supported and that purchases are made for official county business and in accordance with county purchasing code;
- Review of cardholder statements to ensure that the cardholders and the approving officials are properly reviewing and approving statements;

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- Review of the cardholder statements to ensure that purchases were in accordance with county purchasing code;
- Review of the county policy regarding travel, meals, and entertainment, and the Florida Statutes;
- Review of the travel card request forms to ensure that all travel was properly authorized by the county manager and/or Board of County Commissioners;
- Review of the procedures regarding employee terminations as it relates to cardholders; and,
- Any other procedures considered necessary under the circumstances.

Fieldwork began February 9, 2000, and was completed March 17, 2000. Pat Tindel, Gail Joubran, and Bill Carroll performed the audit.

Overall Evaluation

It is our opinion that the credit card program is an effective tool in reducing administrative time and costs associated with processing formal purchase orders. However, the system of internal control needs to be strengthened to minimize the violations of the Seminole County Purchasing Code. County code outlines the procedures to be followed in the event cardholders are abusing their credit card privileges. Seminole County has not, and is not, enforcing these disciplinary guidelines and, as a result, the program is subject to abuse. The following conditions warrant management's attention:

- Single dollar limits (the amount a cardholder can spend on any one purchase) have not been posted to 91 percent of the cardholder accounts. Single dollar limits are required by code;
- Monthly cardholder statements are not always reviewed and approved by the cardholder and the approving official;
- Monthly cardholder statements are not always properly supported;
- Cardholders are purchasing items that might or might not be for official county business;
- Bank of America cardholder account records are not in agreement with County Finance and County Purchasing cardholder account

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records;

- Approving officials are not notifying the program administrator of all terminations;
- Cardholders are allowing other employees to use their credit cards for purchases;
- Credit cards are issued to employees with credit limits higher than needed or used;
- Travel Request Forms did not contain enough detail to determine whether or not the traveler attended a conference;
- Nineteen of 77 (25 percent) credit card statements for travel called into question did not have a timely resolution of unsupported receipts and/or charges;
- Actual dates of travel do not always agree with Travel Card Request Forms;
- Travel cards are being used to pay for meals and entertainment in Seminole County; public purpose of this entertainment is not recorded on receipts;
- Credit cards for travel expenses were picked up early or returned late in 30 of 154 (19 percent of the time) instances; and,
- Request for New/Change or Delete Forms are not maintained.

Our detailed findings and recommendations are included in the report that follows.

FINDING NO. 1

Single dollar limits (the amount a cardholder can spend on any one purchase) have not been posted to 91 percent of the cardholder accounts. Single dollar limits are required by code.

According to Chapter 220, Article XV, Section 181(6)(A) of the Seminole County Purchasing Code **“The County’s single purchase limit is not to exceed Seven Hundred Forty-Nine and 99/100 Dollars (\$749.99) without the approval of the County Manager.”** When the purchase exceeds the single purchase limit, the divisions are required to submit a purchase requisition to the

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Purchasing Division for processing through normal purchasing procedures.

Bank of America's computer software program allows the County to limit both the number of daily transactions and the total dollar value of a single transaction. For example, if the county limits a single dollar transaction limit to \$749.99; any attempt at a purchase of over \$749.99, the credit card is rejected. Without single transaction dollar limits imposed by the County, a cardholder could purchase any item, at any price, until the cardholder's credit limit is exceeded.

Bank records indicate that the County has not posted single dollar transaction limits for 248 of 273 (91 percent) cardholder accounts. Of the 25 with limits, eight had limits over the County established rate of \$749.99. For example, four cardholders had single dollar limits of \$10,000.00; another had a \$5,000.00 limit; yet another had a limit of \$3,000.00.

From our sample of 1,062 cardholder statements, encompassing eight months, 133 statements had single transactions that exceeded \$749.99. By not following the purchasing code as approved by the BCC, and by not establishing the single dollar transaction limits within the bank's system, the commercial credit card program is subject to abuse.

Recommendation

1. Enforce the purchasing code by limiting the amount a cardholder can spend on single dollar transactions to \$749.99; and,
2. Add the single dollar transaction limits to the bank's computer software program.

Management Response

There are two issues concerning the \$749.99 threshold. We concur with the single item purchase threshold of \$749.99, which is stated on each application when a cardholder is registered with Bank of America. A letter was faxed to Kim Jarvis, Seminole County Customer Service Representative, Bank of America to ensure that the single item transaction limit for all current and future cardholders do not exceed \$749.99. We do not concur that the total dollar transaction of a purchase cannot exceed \$749.99. Part 1, Section 220.4 (definitions) states under the Purchasing Card Program: "A program designed to improve efficiency in processing low dollar purchases of commodities or services under SEVEN HUNDRED FIFTY AND NO/100 DOLLARS (\$750.00) per item from any vendor that accepts a credit card." The program was designed to prevent a single item of greater than \$749.99 because that is the threshold for a Capital Improvement Item. We will be taking action to change the Purchasing Manual to clearly state that the \$749.99 threshold only applies to a per item restriction and does not apply to the total purchase transaction.

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FINDING NO. 2

Monthly cardholder statements received from the bank are not always reviewed and approved by the cardholder and the approving official (supervisor).

Per Chapter 220, Article XV, of the Seminole County Purchasing Code states:

“The approving official will be responsible for receiving completed statements from all cardholders, reviewing them along with the itemized receipts, resolving any questions on the purchases, signing the statements, and forwarding complete cardholder statements with all attachments to the Finance Department within five work days after receipt from the cardholders. In addition, certification of all purchases is required by each cardholder...”

The cardholder, by signing these statements, certifies that the items on the bill were purchased; the approving official’s signature indicates that the items on the bill were for official county business.

We noted monthly statements totaling \$325,842.54 that were not certified by the cardholder. Additionally, we noted monthly statements totaling \$330,356.54 that were not certified by the cardholder’s supervisor. Three hundred fifteen of 1,139 (27.7 percent) of the statements reviewed either did not have the cardholder’s signature or the approving official’s signature.

An example of purchases on a credit card statement that were not certified include hotel charges both in and out of state, car rental expenses, and meals that were not supported by itemized receipts. We also found seven examples where the cardholder signed and approved his own statement. One cardholder that signed and approved his own statement had charges of \$5,305.55. Another cardholder that approved his own statement had used the card to buy computer software.

Review of the monthly statements by the cardholders would detect unauthorized purchases and would allow any disputed charges to be questioned in a timely manner. Supervisory review of the monthly statements would deter any excessive or abusive type purchases. By not having these statements properly reviewed and approved each month, there is no assurance that the charges are legitimate, accurate, and for official county business.

Recommendation

Cardholder statements that are not properly signed by the cardholder and approved by the supervisor should be sent back to the department administrator for signature and appropriate disciplinary action should be taken.

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Management Response

A Purchasing Update letter will be sent to all Departments/Divisions to remind the approving officials that per Chapter 220, Article XV of the Seminole County Purchasing Code, "all approving officials must review all statements along with the itemized receipts, resolving any questions on the purchases, sign the statements and forward the complete statements with all attachments to the Finance Department within five (5) working days after receipt from cardholders." Additionally, the Purchasing Card Administrator will be conducting training for the approving officials to stress how important their job responsibilities are in supporting the Purchasing Card Program. We request that cardholder statements that are not properly signed by the cardholder and approving official be returned by Finance so that appropriate disciplinary action may be taken per Chapter 220, Section 182.

FINDING NO. 3

Monthly cardholder statements submitted to County Finance with proper signatures are not always properly supported with adequate documentation.

One hundred seventy four of 1,062 (16 percent) statements for purchasing of goods and services reviewed had been submitted to County Finance with missing signed receipts. In addition, for charges made over the telephone, (297 of 471) 63 percent of cardholder orders were not logged. We also found that 58 of 77 (75 percent) credit card statements related to travel contained charges that were not properly supported.

Examples of unsupported credit card charges include a meal receipt from a local Seminole County restaurant for \$1,129.01 that was not itemized. Absent the itemized receipt, it is not possible to determine the exact quantity of the purchases (i.e. number of dinners, desserts, and drinks). During the period tested, there were 54 of 63 (86 percent) travelers that submitted meal receipts representing approximately \$8,173.67 that were not itemized. Original itemized receipts should be required to be attached to the monthly statements thereby reducing the chance of unofficial charges and purchases being inadvertently paid.

Chapter 220, Article XV, Section 181(7)(l) of the Seminole County Purchasing Code states:

"When a purchase is made that will be paid using the card, whether it is done over the counter or by telephone, a document must be retained as proof of purchase. These documents will later be used to verify the purchases shown on the cardholder's monthly statement.

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1. **When a purchase is made over the counter, the cardholder is to obtain a copy of the charge slip.... The charge slip or related cash register receipt must show in sufficient detail the type and numbers of items purchased and the unit cost.**
2. **When making a purchase by phone the cardholder is to document the transaction on a log and attach the shipping documents associated with the order.”**

Chapter 440.11(B) of the Seminole County Purchasing Code, places responsibility with the approving official to make sure all cardholder statements are received, and all receipts for individual purchases are attached and submitted to Finance within five working days. The approving officials are responsible for making sure the credit card statements are complete before being sent to Finance. Internal Audit reviewed correspondence from County Finance asking Department Administrators for missing receipts for charges well over five months old. There also is documentation in the files that show that the Clerk of the Circuit Court, the Purchasing Manager and the County Manager all had to intercede with a particular supervisor to obtain the missing receipts. Only after the threat of disciplinary action (a deduction from the employees paychecks) did these cardholders and approving officials furnish receipts.

Internal Audit surveyed various vendors on how to go about obtaining “duplicate receipts” in the event employees misplace the original. The vendors all responded that duplicate receipts could be provided at no cost. In fact, if the cardholder asked for a duplicate within 30 days of the purchase a duplicate could be furnished immediately. Therefore, in our opinion, cardholders have no reasons for not complying with county policy regarding the furnishing of receipts.

By not following the policy of documenting the charges on the monthly statements with detailed receipts, there is no assurance that the charges are legitimate, accurate and for official county business.

Recommendation

Enforce the disciplinary actions as outlined in Chapter 220 of the Purchasing Code.

Management Response

When monthly statements are submitted to County Finance without the cash register receipts or adequate documentation, the cardholder(s) must follow the procedures for lost cash register receipts (Attachment A). County Finance will provide a copy of the incomplete statements to the Purchasing Card Administrator so that appropriate action will be taken. The Purchasing Card Administrator will provide training to the cardholder and the approving officials to reinforce the importance of their duties and responsibilities and ramifications if

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not followed.

FINDING NO. 4

Cardholders are purchasing some items that might or might not be for Official County business.

Internal Audit found numerous instances where the cardholder was purchasing items that were either personal in nature or items were purchased in a frivolous manner. Listed below are some examples of the items being purchased by cardholders:

- Cooler
- Party supplies
- Cooking and eating utensils
- (3) TVs with VCR
- Bunn automatic coffee maker for \$595
- Patio furniture with umbrella
- Candy
- Real Player PlusReal Juke Box Plus
- Real Player Plus Power Pack
- (6) Digital cameras
- (22) 35 mm instant cameras
- Balloons and party animals
- Steam iron, cake pans, measuring spoons
- 10 piece skillet pan
- Electric Blender
- Camcorder
- Gatorade valued at \$105.00
- Santa hats
- Christmas garland
- Christmas tinsel
- Bales of hay
- Christmas bows
- Christmas candy canes
- Kodak DC210 camera
- \$36 Lauriat pen
- Annual yearbook of Who's Who
- Palm pilots
- Quick Books
- Christmas cards
- (2) toothbrushes

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Chapter 220, Article XV of the Seminole County Purchasing Code states that the card may not be used to purchase fuel, oil, personal items, telephone calls, capital items, or make cash advances.

By not limiting use of the credit cards for official county business, the program is subject to fraud, waste, and abuse.

Recommendation

All departments should document on the receipts and credit card statements the public purpose of each expense.

Management Response

The approving officials, because of their knowledge of the job responsibilities of each cardholder, are required to look at each cardholder's purchases to determine if they were for official use. When the approving official signs the monthly statement(s), he/she is verifying that the purchase(s) is for official County use as per Code 220.181 paragraph 9 (approval). All items listed in a follow-up document (Attachment B) provided by County audit have been researched and verified by the departments that they were for public purpose. (Attachment C)

*** The attachment and a complete copy of management's responses are included at the end of this report.**

FINDING NO. 5

Reports generated by Bank of America, Info Span, and County Finance are not in agreement.

Info Span is a computer application purchased from Bank of America designed to offer management with a variety of management reports to monitor the purchasing card program. Internal Audit made a comparison of the cumulative credit card balances recorded in the Info Span database with the actual cumulative Visa statements from Bank of America. For the period September 1998 through January 2000 Info Span records were understated by \$390,443.43. Part of this variance was due to the fact that the Info Span system did not have updated account history for the months of February, June, and October of 1999.

Internal Audit compared the cardholder names provided by Bank of America to the record maintained in Info Span with the record maintained by County Finance. Bank of America showed a listing of 273 cardholders, compared to Info Span's 231, and County Finance records that list 239 cardholders.

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Per Chapter 220, Article XV of the Seminole County Purchasing Code and Chapter 440, Article VIII of the Purchasing Procedures:

“The Department Director and the Program Administrator must approve all requests for purchasing cards. County Finance will receive a monthly updated list of approved cardholders from Purchasing.”

County Finance is not receiving a monthly updated list of approved cardholders from Purchasing.

According to the program administrator, in order for the bank to issue a credit card to an employee, the administrator must transmit electronically to the bank the pertinent employee details. Therefore, there is no explanation why bank records would not agree with purchasing records.

If Info Span, Bank of America and County Finance records are not in agreement, there is no assurance of which database is the most accurate.

Recommendation

Request assistance from Bank of America to get the records in balance.

Management Response

Bank of America technical support has updated the Info Span System to include the months of February, June and October of 1999. Bank of America and Info Span System records are now in balance. County Finance will receive a monthly cardholder list, with or without changes.

FINDING NO. 6

Credit cards had not been deactivated, returned to the approving official, or both, upon termination, retirement or transfer of county cardholders.

Chapter 220, Article XV of the Seminole County Purchasing Code states:

“If an employee leaves the department their card must be collected and cut in half. The approving official will be responsible to collect the destroyed card and provide a memo explaining the reason for the cancellation, forwarding the memo and card to the program administrator. The program administrator will notify the issuer and dispose of the destroyed purchasing card. In the event the approving official is not able to collect the purchasing card when the employee

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leaves, the approving official shall immediately notify Purchasing by telephone and follow-up with a memo to take action to insure the purchasing card is voided. Purchasing will notify the card issuer to void the purchasing card to prevent any purchases after the employee leaves.”

Should a cardholder be transferred within the county to another approving official's area of responsibility, it will be the new approving official who will determine if the employee should be issued a new purchasing card in their new position.

A review of Human Resources terminated employee files revealed that four credit cardholders had not returned their credit cards, or their cards had not been deactivated or both. (There were no charges incurred for these four accounts subsequent to the date of termination.) The program administrator has subsequently taken action to have these accounts deactivated.

With the volume of credit cards issued, it is difficult for the program administrator to keep track of who has terminated and which accounts need to be closed. With sole responsibility placed on the individual departments, there is opportunity for some accounts to be overlooked. For example, from a list of cardholder accounts furnished by Bank of America, there are approximately 273 active accounts with 42 accounts that had been put in a "suspense" mode.

Without some form of a checklist, or sign-off sheet, to ensure that employees terminating return all items before departing, there will be opportunity for credit cards to not be returned to the program administrator. It is our understanding that the County does not have a sign-off termination sheet.

Recommendation

Develop a sign-off sheet for employees terminating to ensure that all credit cards, keys, tools, and other county property is returned before the employee leaves the county's employment.

Management Response

Fiscal Services Purchasing is working with Human Resources to develop a sign-off sheet for all County employees that terminate employment with the County. Once we are notified by Human Resources of a termination, the Purchasing Card Administrator will terminate any associated cards with Bank of America. The four cardholders listed in the audit were researched to verify that they had not returned their credit cards. Kelly Loll's credit card was returned but had not been closed. Both Patricia Letsinger and Barbara Hughes are still County employees and have active credit cards. Although Human Resource records review revealed Marie Louise McIntosh did terminate with the County, no credit card was issued to her until she returned to the County in December 1999.

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FINDING NO. 7

Cardholders are allowing other employees to use their credit cards for purchases.

On August 18, 1999, one employee let another use his credit card to purchase items from Safety Equipment Company for \$347.60. Another employee on June 14, 1999, purchased items via telephone from HTVC INC., in the amount of \$139.92, with a co-worker's credit card. Yet another went to Home Depot and made purchases in the amount of \$217.16, signing both the receipt and cardholder Visa statement, in blatant disregard of the purchasing code.

Under the Purchasing Code Chapter 220, Part 1, Article XV, Section 181 7(B),

“The purchasing card has the cardholder’s name embossed on it and is to be used only by the cardholder.”

Therefore, **no other person is authorized to use the card.** Sections 220.182 and 183 of the Code states:

“Improper or unauthorized use of the card will subject the employee to appropriate disciplinary action.”

By allowing employees to use other employee's cards, there is an inherent lack of accountability and therefore a greater risk of inaccuracy, abuse and illegitimate purchases.

Recommendation

Enforce disciplinary action as needed as defined in Section 220.182 of the Purchasing Code.

Management Response

A Purchasing Update letter will be sent to all department/divisions to reinforce Section 220.182 of the Code, which states “improper or unauthorized use of the card will subject the employee to appropriate disciplinary action.” This will also be discussed during the training session that the improper use of the card will not be tolerated under any circumstances.

FINDING NO. 8

Credit cards are issued to employees with credit limits higher than needed or used.

One Seminole County employee, who has been granted a \$10,000.00 credit limit has only been spending on average \$14.71 per month. Another employee with a

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\$15,000.00 credit limit is spending on average \$41.35 per month. Another employee with \$50,000.00 limit is spending on average \$179.92. A further comparison was made of the credit limits applied for versus the limits that were actually approved by the bank. In one instance, the application was for \$3,000.00; the approved amount was \$10,000.00; yet another was for \$1,000.00 and the approval was for \$10,000.00; four more in Public Safety had requested \$10,000.00, each receiving \$25,000.00.

By approving higher spending limits than the actual need, each cardholder is given that much more leeway in making unwarranted expenditures.

Recommendation

County management should be required to state reasons why such high credit limits are required and how they serve a public purpose.

Management Response

Do not concur. One of the advantages of the purchasing card is to allow County employees to react quickly in times of emergency i.e. tornadoes, hurricanes, flooding, fires, after hours crises, etc. The approving official and Department Director approve all requests for purchasing cards and establish the monthly transaction dollar limits. The departments have the most accurate information about the needs and possible emergency usage of the purchasing card for their Department's requirements.

FINDING NO. 9

Twenty-one of 77 (27 percent) credit card statements or Travel Request Forms did not contain enough detail to determine whether or not the traveler attended a conference.

Internal Audit reviewed 77 travel card monthly statements to determine what types of travel the county manager had approved. Twenty-one of the monthly statements (and supporting receipts) simply do not have enough detail to determine whether the travel was to a business conference or some other type of business related event. We also reviewed the credit card statements to see if the traveler had documented on the statement the purpose of the conference or attached an agenda to support the expense. These 21 credit card statements contained charges totaling \$9,893.21.

We also noted that eight of 77 travelers that had attended a conference had used the credit card to pay for meals even though a meal had been provided by the conference. It does not seem proper to ask county taxpayers to pay for a meal on the credit card when they already have paid for the meal as part of the registration fee. This opinion is consistent with the Florida Statutes No. 112 and the Administrative Code Section 5.3. Fifteen of 77 (19 percent) credit card

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statements should clearly have had an agenda on file. Travel that involves conferences should be documented more thoroughly on the travel card request form (i.e. specifically state conference on the form). If an agenda is available from the conference, it should be attached to the receipts that pertain to the conference. Documenting the purpose of the travel more specifically allows the Finance Clerk to monitor allowable charges.

Recommendation

1. Do not release a credit card for travel unless the purpose of the trip is clearly documented.
2. County Finance should return monthly statements that are not properly supported.

Management Response

The Program Administrator will ensure that all future travel card request forms contain a clearly stated purpose of the trip.

FINDING NO. 10

Nineteen of 77 (25 percent) credit card statements for travel called into question did not have a timely resolution of unsupported receipts and/or charges.

According to Seminole County Administrative Code, Section 5.3, travel must be substantiated by receipts attached and a full explanation of the charge provided on the travel voucher. Monthly statements totaling \$8,924.86 were paid based solely on the detail summary (the credit card bill) with no resolution as to the specific charges. The county is required to pay the bill in accordance with the contract with Bank of America, which requires the bill to be paid in a timely manner regardless if the cardholders are furnishing receipts to County Finance. For example, a \$3,062.67 monthly statement was paid without any receipts attached to the monthly statements. Cardholders should be required to provide either a copy of the missing receipt and a statement that the receipt was lost or an explanation as to what was purchased and that the receipt was lost.

Chapter 440.11(B) of the Seminole County Purchasing Procedures places **responsibility with the approving official to make sure all cardholder statements are received, and all receipts for individual purchases are attached and submitted to Finance within five working days.** The “approving officials” are responsible for making sure the packages are completed before being sent to County Finance.

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Non-compliance with the purchasing code results in payments being made to Bank of America before verification of the charges is performed.

Recommendation

Comply with the purchasing code.

Management Response

A Purchasing Update letter, will be sent out to stress the critical nature that all approving officials ensure all cardholder statements are received in County Finance with the required receipts attached. Training will be conducted to reinforce the importance of policy compliance to both the cardholder and approving officials and of resulting ramifications if not followed. The items listed in the audit will be researched and appropriate disciplinary action taken.

FINDING NO. 11

Thirteen of 77 (17 percent) credit card statements relating to travel contained actual dates of travel that were inconsistent with the travel card request form.

The traveler must complete a travel card request form indicating the dates of travel, the types of expenses to be incurred, and must be signed by the traveler, and approved by the county manager, deputy county manager, or fiscal services director. According to county procedures, use of the credit card is limited to the dates submitted on the travel card request form except for the need to reserve lodging and rental cars in advance of travel.

A cardholder used the county issued travel card for entertainment expenses three times in two days for a total of \$1,580.90 without an approved travel card request form on file. These three purchases were for the following: a reception at a Seminole County restaurant in the amount of \$222.48 (no names of attendees were noted on the receipt); a dinner at a Seminole County restaurant in the amount of \$1,129.01 (this was attended by 14 people, one was a county commissioner and four county employees); and a lunch at a Seminole County restaurant in the amount of \$229.41 (this was attended by 12 people, one was a county commissioner). Absent documentation evidencing that the county manager, deputy county manager, or fiscal services director approved the travel card request form, these purchases should be considered unauthorized. Additionally, itemized receipts were not submitted to support these entertainment expenses. Please see a further discussion of this issue in Finding No. 3.

Recommendation

Enforce the purchasing code.

Prepared by: Internal Audit Division Clerk of the Circuit Court

Management Response

The Program Administrator will ensure no travel cards are issued without a travel card request form signed by the County Manager, Deputy County Manager or Fiscal Services Director.

FINDING NO. 12

Sixty-six of 77 (86 percent) travel card statements did not have the public purpose of the meeting stated on the individual receipts.

During the period tested, there was \$9,504.27 spent on meals. According to the use of the credit card, if entertainment takes place within the Central Florida area, the employee must include on the receipt submitted with the bill, names of all participants in the event.

For example, a traveler spent \$1,351.49 at a Casselberry restaurant. The cardholder did not submit the itemized receipts (the detail of how the \$1,351.49 was spent) that clearly stated the public purpose of the expenditure. However, the traveler had attached receipts that had handwritten attendee's names but not the public purpose of the expenditures. Sound business practices would extend this requirement further to include all entertainment expenses to include the names of the participants as well as the general public purpose of the meeting.

Recommendation

1. Require employees to annotate on the itemized receipt the public purpose of the travel expense.
2. Update Purchasing Code and Procedures to require employees to document the public purpose of the travel expense and require each employee to submit the itemized receipts for all travel related expense.
3. Update County Travel Procedures.

Management Response

Travel policies require that for reimbursable expenses, individuals complete the approved travel voucher within two weeks of the end of the travel period and must remit receipts for all expenditures except for the statutorily defined meal allowance. Travel vouchers used are those approved by County Finance and require a signature from the traveler and his/her supervisor attesting to the fact that the travel was necessary for the performance of official duties of the traveler. Purchasing procedures require that users of a travel card follow purchasing card procedures, including obtaining the signature of the approving official which attests to approval of the items on the travel card statement as County business. We do not concur that it is necessary to update these procedures; however, we will reinforce the importance of including itemized receipts for reimbursement and the ramifications if not followed, at a training session for all cardholders and approving officials.

Prepared by:
Internal Audit Division
Clerk of the Circuit Court

FINDING NO. 13

Travel cards were either picked up early or returned late in 30 of 154 (19 percent) instances.

County procedures state that travel cards shall be picked up from the Purchasing Division 24 hours in advance of the travel, and must be returned 24 hours following the completion of the event. If the event begins on a Monday or ends on a Friday, or over a weekend or holiday, the travel card shall be picked up and returned within three calendar days. It is the practice of the purchasing division to note on the bottom of the travel card request form the date the travel card was distributed and returned. Internal Audit scheduled when travel cards were distributed and returned for all travel card request forms as of February 8, 2000. Not all travel card request forms had the distribution and return date noted on the form; therefore, it is not possible to give a range of days for the amount of time that the cards were held by cardholders in violation of the county procedures. The lack of control over the accessibility of the travel cards lends itself to unauthorized use of the card.

Recommendation

Enforce the purchasing code.

Management Response

The Program Administrator will only release the travel card(s) 24 hours in advance of the travel. Also, the Program Administrator has developed a travel card suspense file to ensure all cards are returned 24 hours following the completion of the travel. The Purchasing Division will continue noting on the bottom of the travel card request form the pick-up and return dates for each cardholder(s) and follow to County Finance. If the cardholder(s) card has not been returned by the required return date, Purchasing will call the cardholder's approving official. Since some of the travel card request forms were blank without the dates noted, we cannot assume that these were picked up early or returned late.

FINDING NO. 14

Request for New/Change or Delete Forms are not maintained.

Section 220.181 of the Seminole County Purchasing Code states that all requests for new cardholders will be done by submitting "Request for New/Change or Delete of Purchasing Card" form. The form will be processed through the approving official to Purchasing, which will forward the request to the purchasing card issuer. The Department Director and Program Administrator must approve all requests for purchasing cards.

Prepared by: Internal Audit Division Clerk of the Circuit Court

We compared a list of all cardholders provided by the bank to the Request for New/Change or Delete of Purchasing Card forms on file with the Purchasing Card Administrator. We noted 36 of 273 (13 percent) cardholders that had a limit of \$1. These 36 cardholders did not have a Request for New/Change or Delete of Purchasing Card form on file with the Purchasing Card Administrator. County personnel advised us that it is the county's procedures to destroy the Request for New/Change or Delete of Purchasing Card form when an employee terminates and to reduce the monthly purchasing limit to \$1. Without a Request for New/Change or Delete of Purchasing Card form on file, there is no documentation on file to authorize the credit card to be issued.

Recommendation

Retain all New Change/or Delete Forms so that the county has an audit trail of all authorizations by management.

Management Response

The Program Administrator is now keeping all requests for new/change or delete forms for an audit trail.

<p>Prepared by: Internal Audit Division Clerk of the Circuit Court</p>
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