Audit of

Purchasing Card (PCARD) Transactions
Fire Department

Report No. 2024-004

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DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

September 3, 2024

To: The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the Purchasing Card (PCARD) transactions during the period January 1, 2020 through December 31, 2022 for the Fire Department.

Our audit objectives were to determine if the Fire Department exercised adequate controls over PCARDs, if proper documentation was obtained for PCARD purchases, and if PCARD purchases were approved in accordance with county procurement policies.

We conducted the audit in accordance with standards that require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

We appreciate the cooperation and assistance provided by the Fire Department during the course of our audit.

Respectfully submitted,

Randall Nunley, CIG, CPA, CIA, CGAP, CRMA, CGMA
Inspector General
Division of the Inspector General

Approved by:

Honorable Grant Maloy
Clerk of the Circuit Court and Comptroller
Seminole County

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GRANT MALOY

CLERK OF THE CIRCUIT COURT AND COMPTROLLER

Randall Nunley, CIG, CPA, CIA, CGAP, CRMA, CGMA
Inspector General

Auditor Assigned:
Timothy Tschappat, CIA, CFE, CIGA
Senior Inspector General Auditor

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Executive Summary

Seminole County Board of County Commissioner Purchasing Card (PCARD) activity averaged $774,045.80 per month from January 2020 through December 2022. PCard audits assess and evaluate the effectiveness, efficiency, and compliance of the purchasing card program. PCards are payment cards issued to employees for making authorized purchases on behalf of Seminole County, typically for low-value transactions. PCard audits can identify weaknesses, mitigate risks, and improve the overall management of the PCard program. Also, audits can help enhance controls, reduce the likelihood of fraud, and promote accountability and transparency in the procurement processes.

The objective of the audit was to determine if the system of administrative control over PCARDs was adequate, effective, and in compliance with Seminole County policies and procedures.

Based on the transactions reviewed, internal administrative controls governing PCARD transactions were functioning effectively and complied with the County's policy and procedures and Administrative Code. Comptroller and Purchasing management implemented initiatives in January 2023 to improve the operational effectiveness of the program.

Background

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 expenses by employees. The program was implemented under the guidelines of Chapter 220 of the Seminole County Purchasing Code. The code requires that county departments use the PCARD as the preferred method to purchase and pay for small-dollar, single-item purchases under $1,000.

The goal is to save on administrative costs by avoiding costs associated with the issuance of purchase orders and to allow employees to pay for travel expenses with the card. Section 3, Title VIII of the Seminole County Administrative Code establishes the operational procedures governing PCARDs. It defines its use, the limitations, training, internal controls, and provides action guidelines. The Seminole County Manager Policies further explains in greater detail the policies and procedures of the Code.

P-Card audits are an essential part of financial management and are conducted regularly to ensure compliance, identify potential issues, and prevent fraudulent activities. They can also help an entity improve their policies and procedures, reduce unnecessary expenses, and ensure their overall financial health.

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

Scope, Objectives, and Methodology

An audit of Purchasing Card (PCARD) transactions for the Fire Department was conducted. The period reviewed was January 2020 through December 2022. During this period, there were a total of 1,789 Fire Department PCARD transactions processed totaling approximately $867,700.00.

The following is a summary:

Calendar Year	Total PCARD Amount	Total No. of Transactions
2020	$225,140.67	560
2021	$340,370.08	664
2022	$302,155.95	565
Total	**$867,666.70**	**1,789**

The audit included the following:

- Adherence with Seminole County policies, procedures, and applicable laws;
- Verification that purchases were for official county business;
- Verification that submitted supporting documentation and approvals were complete, accurate, and compliant with policy;
- Compliance with approved credit limits, single item and total transaction limitations, and restrictions on the number of daily transactions;
- Analysis of purchases to determine if transactions were split to avoid established limitations;
- Review transactions with repetitive, matching amounts to verify their validity;
- Review transactions to ensure they were not listed on the prohibited uses of Purchasing Cards;
- Determine if like-item purchases exceeded $10,000 during a fiscal year;
- Determine if sales tax was ever paid and not refunded; and
- Review of PCard annual training.

Inherent Limitations

Because of inherent limitations in any internal administrative control structure, instances of noncompliance, which include but are not limited to irregularities, errors, waste, or abuse may nevertheless occur and not be detected. Also, projection of any evaluation of the internal administrative control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Overall Evaluation

The system of internal controls is functioning effectively and complies with County policies and procedures. Comptroller and Purchasing management have implemented initiatives to improve the operational effectiveness of the program.

For the last five fiscal years, the County received an average of approximately $123,000.00 per year in PCARD rebates to offset the cost of processing.

Year	Rebate amount
2018	$203,099.35
2019	$103,156.82
2020	$121,808.51
2021	$76,266.71
2022	$110,649.42
Average	**$122,996.16**

The Purchasing and Contracts Divisions have key internal administrative controls which include: segregation of duties, cardholder authorization, spending limits, transaction approval, transaction receipt documentation, statement reconciliation and monitoring, continuous auditing by the Comptroller's Office, and following up on non-compliance issues and annual training. Both divisions demonstrate a strong commitment to administrative excellence.