

**PARKS & RECREATION
PURCHASE CARD PROGRAM
AUDIT 08-22
JULY 9, 2008**



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Roger Strout, Internal Audit Director

July 9, 2008

Honorable Pam Iorio
Mayor, City of Tampa
1 City Hall Plaza
Tampa, Florida

RE: Parks & Recreation Department's Purchase Card Program, Audit 08-22

Dear Mayor Iorio:

Attached is the Internal Audit Department's report on the Parks & Recreation Department's Purchase Card Program.

We thank the management and staff of the Parks & Recreation Department and the Purchasing Department's Purchasing Methods Analyst for their cooperation and assistance during this audit.

Sincerely,

/s/ Roger Strout

Roger Strout
Internal Audit Director

cc: Darrell Smith, Chief of Staff
Bonnie Wise, Revenue & Finance Director
Santiago Corrada, Administrator of Neighborhood Services
Karen Palus, Parks & Recreation Director
Pete Burgue, Parks & Recreation Deputy Director
Greg Spearman, Purchasing Director
Min Nemoy, Purchasing Methods Analyst

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/s/ Gary S. Chapman

Auditor

/s/ Roger Strout

Audit Director

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INTRODUCTION

The purposes of the Purchase Card Program are to:

- Allow goods and services to be obtained faster and easier.
- Reduce paperwork and processing time in the department, Purchasing and Accounts Payable.
- Enable employees to be more efficient, and to focus on the more value added aspects of their jobs.
- Provide cost savings by consolidating payment to one vendor.

The Purchasing Card Policy is documented in the City's Purchasing Manual. In general, each P-Card holder has a \$15,000 monthly limit on purchases with a limit of \$1,999 per purchase.

Purchases are restricted to certain category of items. Excluded from the allowable purchases are capital items, cellular telephones, alcohol and tobacco, certain reimbursable travel expenses, cash advances, food (unless prior mayoral approval obtained), and gasoline purchases within Hillsborough County. Cardholders must assure that sales tax has not been added to the purchase.

STATISTICS

Number of Authorized Cardholders	66
Number of Purchase Card Transactions	2,564
Total Dollar Amount of Transactions	\$578,204

Source: Bank of America's *Works Payment Manager* (Parks & Recreation, September 3, 2007, to March 4, 2008)

STATEMENT OF OBJECTIVES

This audit was conducted in accordance with the Internal Audit Department's FY08 Audit Agenda. The objectives of this audit were to ensure that:

1. All cardholders were properly authorized employees.
2. Adequate purchase documentation was retained and that monthly reconciliations were performed.
3. Credit card purchases complied with the City's Purchasing Card Policy.
4. Non-capital, non-disposable purchases were adequately controlled.

STATEMENT OF SCOPE

The audit period covered purchase card activity that occurred from September 3, 2007, to March 4, 2008. Source documentation was obtained from Parks & Recreation offices and the Purchasing Department. Original records as well as copies were used as evidence and verified through physical examination.

STATEMENT OF METHODOLOGY

Tests of cardholders included all employees who used a purchase card during the audit period. Tests of adequate purchase documentation and compliance with the City's Purchasing Policy included all transactions over \$500. The sample items of non-capital, non-disposable purchases were judgmentally selected.

To achieve the audit's objectives, reliance was placed on computer-processed data contained in the City's financial systems and the *Bank of America's Works Payment Manager*. The City's financial system was previously determined to be reliable and no additional work was necessary. We assessed the reliability of the data contained in the *Works Payment Manager* and conducted sufficient tests of the data reported by the application. Based on these assessments and tests, we concluded the data was sufficiently reliable to be used in meeting the audit's objectives.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards 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 based on our audit objectives.

AUDIT CONCLUSIONS

Based upon the test work performed and the audit findings noted below, we conclude that:

1. While all current cardholders were properly authorized employees, the cards of several ex-employees should have been suspended or deactivated by their date of departure.
2. Adequate purchase documentation was retained and monthly reconciliations were performed.
3. Credit card purchases complied with the City's Purchasing Card Policy; however, documentation supporting the actual items purchased could be improved.
4. Non-capital, non-disposable purchases were adequately controlled.

While the findings discussed below may not, individually or in the aggregate, significantly impair the purchase card activity of the Parks & Recreation Department, they do present risks that can be more effectively controlled.

CHANGE IN CARDHOLDER STATUS

The purchase cards of three out of five employees, who departed during the audit period, were not suspended or deactivated by their date of departure. The City's Purchasing Card Policy states, "It is the responsibility of the user department to contact the Purchasing Card Administrator concerning any change to an authorized cardholder's employment status such as transfer or termination."

RECOMMENDATION 1

The Parks & Recreation Department should always comply with the City's policy for notifying the Purchasing Card Administrator of any changes in employment status.

AUDITEE RESPONSE

We agree with this recommendation. When the Parks and Recreation Department's Human Resources Division receives employee separation paperwork they will notify the Accounting Division. The Accounting Division will request the purchase card from the employee. The Accounting Division will contact the Purchasing Card Administrator concerning the change in the employee status and will cancel the Purchasing Card.

SUPPORT FOR TRANSACTIONS

All purchase card transactions posted during the audit period were extracted from the Bank of America's *Works Program Manager*. All transactions over \$500.00 and a few smaller transactions, based on the vendor, were selected for testing whether the purchase complied with the City's Purchasing Card Policy.

The receipts for the 408 selected transactions were reviewed to determine whether the items purchased were prohibited by policy, whether sales tax was charged, and whether transactions were split to exceed the daily transaction limit. All transactions with sufficient supporting receipts were determined to be allowable purchases. Of the 408 transactions, only 4 (1%) were unsupported and 27 (6.6%) did not have sufficient detail supporting the items purchased (vendor charge receipt, but no purchase detail). Additional work was performed on 15 of the exceptions that appeared to be non-routine purchases. Only 4 of these were not eventually cleared. All taxed transactions were cleared and there were no exceptions with split transactions.

The City's Purchasing Card Policy states, "It is the responsibility of the cardholder to obtain transaction receipts for all purchases. Sales receipts or packing slips must be obtained whether a purchase is made in person or via telephone, fax, mail, or over the Internet. It is the employee's responsibility to assure that the description on the sales receipt or packing slip is legible and clearly describes the purchase."

RECOMMENDATION 2

Cardholders should always comply with City's policy for obtaining and submitting sufficient documentation supporting purchases. The Purchasing Card Reconciler should ensure adequate documentation is submitted.

AUDITEE RESPONSE

We agree with this recommendation. The Parks and Recreation Accounting Division will ensure that sufficient support receipts are tuned in for each transaction. The department is establishing an approval for Purchase Card purchases to ensure that City policy is followed.