

Audit

Follow Up

As of March 31, 2004



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“City P-Card Audit”

(Report #0326, Issued September 22, 2003)

Report #0416

July 7, 2004

Summary

The departments and offices reviewed as part of the City P-Card Audit have completed 98 (87%) of the 113 action plan steps due for completion as of March 31, 2004. Seven of the ten applicable departments/offices/divisions completed all their action steps due as of that date. The remaining three departments/offices/divisions were actively completing their remaining steps as of the end of our fieldwork. Actions taken to date should significantly improve controls over City P-Card activity and help ensure that acquisitions using City P-Cards are for authorized and valid purposes.

In audit report #0326 we audited a cross section of City cost centers (departments/offices/divisions). Our audit showed, for the most part, that transactions were proper and controls were in place. No instances of fraud or activities for personal gain were noted. However, risks were identified at several locations that increased the likelihood that unauthorized transactions could occur and not be timely detected. Action plan steps were developed to address and mitigate those risks.

Nine City cost centers and the Department of Management and Administration (DMA) had a total of 113 action plan steps that were due for completion as of March 31, 2004. Of those 113 steps, 98 (87%) have been completed. Applicable departments and offices are currently completing their remaining steps. We will follow up on those steps as well as other steps due for completion subsequent to March 31, 2004, in our subsequent follow-up engagements.

Scope, Objectives, and Methodology

Report #0326

The scope of report #0326 included a review of P-Card activity within a representative cross section of City cost centers (departments/offices/divisions). Nine separate City cost centers were reviewed. P-Card program oversight and administrative duties within the Department of Management and Administration (DMA) were also examined. The audit addressed activity during the fourteen-month period October 5, 2001, through December 4, 2002. The nine cost centers reviewed are shown in the following table.

Audited Cost Centers	
No.	Cost Center
1.	City Attorney's Office
2.	Communications Department (Comm.)
3.	Fire Department
4.	Electric Control Center (ECC)
5.	Hopkins Power Plant
6.	Purdom Power Plant
7.	Treasurer-Clerk's Office
8.	Procurement Services
9.	Taltran

The objectives of the audit were to determine whether the City's P-Card program was operating efficiently, effectively, and in accordance with good business practices. Determinations were made as to whether: (1) purchases made with City P-Cards were proper and documented to show the public purpose served and (2) adequate controls were in operation to reasonably ensure those purchases were in accordance with controlling rules, regulations, and guidelines.

Report #0416

The purpose of this audit follow up is to report on the progress and/or status of the efforts to complete the recommended action plan steps due as of March 31, 2004. To obtain information, we conducted interviews with key department staff and reviewed relevant documentation.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards and the Standards for the Professional Practice of Internal Auditing, and accordingly included such tests of the records and other auditing procedures as were considered necessary.

Previous Conditions and Current Status

In report #0326 we identified risks that needed to be addressed in regard to P-Card activity. Those risks indicated the need to take actions that:

- Control access to P-Card account information;
- Ensure appropriate management and supervisory reviews;
- Ensure each cardholder's transactions are independently reviewed and approved;
- Provide physical security over P-Card account numbers;
- Ensure transactions are properly executed;
- Document events such as public purpose served, supervisory reviews, receipt of items, procurement method used, etc.;

- Provide for cardholder review of their monthly statements and reconciliations and analyses of P-Card activity; and
- Establish or enhance written procedures and policies.

Action plan steps were developed to address the identified risks. The current status of steps due as of March 31, 2004, is as follows:

Status of Tasks Due as of March 31, 2004				
Cost Center	Total Tasks Due	Completed	In Process	Not Completed
City Attorney	14	14		
Comm.	14	14		
Fire	12	6	6	
ECC	15	15		
Hopkins	14	14		
Purdom	15	15		
Treas.-Clerk	12	7	4	1
Procurement Services	4	4		
Taltran	12	8	2	2
DMA (oversight)	1	1		
Total	113	98	12	3

In summary, seven of the ten cost centers (departments/offices/divisions) have completed all action plan steps due as of March 31, 2004. Of the 113 action plan steps due for all ten cost centers, 98 (87%) have been completed. Table 1 provides a description of each of those 113 action plan steps and their status.

**Table 1
Action Plan Steps from Report #0326 and Current Status**

Action Plan Steps	Current Status
Department of Management and Administration Program Administration and Oversight	
<i>Ensure that charges are proper and valid</i>	
<ul style="list-style-type: none"> • The P-Card program (contract) manager will make information available to all City P-Card administrative staff on P-Card transactions charged to their budgets by cardholders of other City departments and offices. 	<ul style="list-style-type: none"> ✓ The contract manager creates and makes available to all P-Card administrators through the City network, a monthly document reflecting all City cardholder P-Card charges. Sensitive information including P-Card numbers, card expiration dates, and charges of selected cardholders (e.g., appointed officials) is not included in that information made available. The charges are sorted by PeopleSoft Financials account number, thereby facilitating the ability of P-Card administrators to find and review applicable transactions.

Office of the City Attorney	
<i>Enhance managerial review of P-Card activity</i>	
<ul style="list-style-type: none"> • Cost Allocation reports will be generated monthly directly from InfoSpan and provided to management. Management will review those reports: (1) to ascertain the volume and reasonableness of P-card purchases and (2) to ensure that, for each cardholder showing activity, there is a monthly cardholder statement on file signed by that cardholder. The management reviews will be documented and the monthly reports retained for post-audit purposes. 	<ul style="list-style-type: none"> ✓ Cost allocation reports are now generated directly from InfoSpan and provided to management (Senior Assistant City Attorney) by the P-Card administrator. Management reviews the activity on the reports and ensures that signed/dated cardholder statements are available for cardholders with activity. Management signs and dates the InfoSpan reports, which are returned to the P-Card administrator and filed.
<ul style="list-style-type: none"> • Transactions of each cardholder, including the P-Card administrator, will be independently reviewed and approved. Those reviews will be documented on a standard form. 	<ul style="list-style-type: none"> ✓ Transactions of each cardholder, including the P-Card administrator, are reviewed and approved by appropriate management staff. Those reviews are documented.
<i>Improve security over P-Card information</i>	
<ul style="list-style-type: none"> • P-Card purchase documentation will be maintained in locked file cabinets. 	<ul style="list-style-type: none"> ✓ The P-Card administrator maintains P-Card documentation (e.g., monthly statements, InfoSpan reports, vendor invoices) in a locked filing cabinet.
<ul style="list-style-type: none"> • Upon receipt in the City Attorney's Office, cardholder statements will be delivered unopened directly to the P-Card administrator. The statements will no longer be left unsecured in the administrator's in-box. 	<ul style="list-style-type: none"> ✓ Cardholder statements received in the City Attorney's Office are now delivered unopened directly to the P-Card administrator, who, in turn, delivers the sealed envelopes to the individual cardholders. Procedures were developed to address this process.
<i>Ensure continuity of operations</i>	
<ul style="list-style-type: none"> • A backup coder will be designated and trained. 	<ul style="list-style-type: none"> ✓ A back-up coder has been designated and trained.
<i>Ensure accountability for transactions</i>	
<ul style="list-style-type: none"> • Employees will be instructed to not provide their P-Card or account information to other employees to make purchases. In the event that a cardholder provides his/her P-Card or account information to another employee to make a purchase, the reasons will be documented on the P-Card support (e.g., emergency or other unique circumstance). 	<ul style="list-style-type: none"> ✓ Cardholders were instructed not to share their P-Cards or account information. This was done through e-mail to cardholders. In addition, written procedures developed for the P-Card activities within the Office prohibit sharing P-Cards and account information among employees.
<ul style="list-style-type: none"> • A standard method will be developed and used to document receipt of goods and services purchased with a City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp that indicates "received" was acquired and is now used to document (e.g., on vendor invoices) the receipt of purchased items not received at the same time that the purchase transaction is completed.
<i>Reduce the risk of duplicate payments</i>	
<ul style="list-style-type: none"> • A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ Stamps indicating "Paid By Visa" were acquired and are now used to mark all invoices that are paid with a City P-Card.
<i>Ensure that transactions are valid and proper</i>	
<ul style="list-style-type: none"> • Cardholders will be provided their monthly statements to review for validity and propriety. Cardholders will sign and date the statements as evidence of their review. 	<ul style="list-style-type: none"> ✓ Monthly statements are now distributed to cardholders, who review and approve the transactions on the statements as evidenced by their signatures and dates on the statements.
<ul style="list-style-type: none"> • Cardholders will provide their signed/dated monthly statements to the supervisor/manager responsible for reviewing and approving their transactions. The supervisor/manager will review, sign, and date the monthly statements. 	<ul style="list-style-type: none"> ✓ After reviewing and signing and dating their statements, cardholders provide them to their respective supervisors who review, sign, and date the statements.
<ul style="list-style-type: none"> • The supervisor/manager will return the signed statements to the P-Card administrator for safeguarding and retention. 	<ul style="list-style-type: none"> ✓ The reviewed, signed, and dated monthly statements are returned to the P-Card administrator who retains them in a locked filing cabinet.

Ensure that budget charges are proper	
<ul style="list-style-type: none"> Upon availability of information from DMA, monthly transactions reflected in InfoSpan will be reconciled to the summary entries recorded in the PeopleSoft Financials during the monthly system interface. 	<ul style="list-style-type: none"> ✓ The P-Card administrator within the City Attorney's Office reconciles P-Card charges recorded in InfoSpan to the P-Card charges to the Office's budget in PeopleSoft Financials. This is done with the assistance of PeopleSoft interface reports provided by Accounting Services.
Provide adequate internal guidance for P-Card operations	
<ul style="list-style-type: none"> Comprehensive written procedures will be developed and distributed to each cardholder and applicable administrative staff. Those procedures will address the essential aspects of administering/operating the P-Card Program within the Office, including those areas prescribed by City Policy #603. 	<ul style="list-style-type: none"> ✓ Comprehensive written procedures were established. All essential aspects of administering and operating the P-Card program are addressed in those procedures.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders will be reminded of the requirements to properly document food purchases and to pay invoices timely. 	<ul style="list-style-type: none"> ✓ Through e-mail and internal procedures recently developed for administration of the P-Card program, cardholders were instructed to properly and adequately document food purchases (names of attendees, purpose, etc.). To ensure timely payment to vendors, applicable invoices are now accumulated and paid no less than monthly.
Department of Communications	
Improve security over P-Card information	
<ul style="list-style-type: none"> File cabinets containing P-Card records and related documentation will be locked when custodial staff are away from their workstations for extended periods. 	<ul style="list-style-type: none"> ✓ The P-Card administrators maintain applicable records in lockable file cabinets. Those cabinets are locked overnight and at other times that the administrators are away for extended periods.
Ensure accountability for transactions, events, and assets	
<ul style="list-style-type: none"> Employees will be instructed to not provide their P-Card or account information to other employees to make purchases. 	<ul style="list-style-type: none"> ✓ Procedures have been established that prohibit cardholders from sharing their cards or account information.
<ul style="list-style-type: none"> In the event that a cardholder provides his/her P-Card or account information to another employee to make a purchase, the reasons will be documented on the P-Card support (e.g., emergency or other unique circumstance). 	<ul style="list-style-type: none"> ✓ As noted above, established procedures now prohibit the sharing of cards or account information among employees. While staff indicated that no such instances have occurred, in the event sharing does occur (e.g., in an emergency), the reasons would be documented.
<ul style="list-style-type: none"> A standard method will be developed and used to document receipt of goods and services purchased with a City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp that indicates "received" was purchased and is now used to document (e.g., on vendor invoices) the receipt of items. This is most important in those instances where the purchased items are not received at the same time that the purchase transaction is completed.
<ul style="list-style-type: none"> Purchases of tangible personal property with P-Cards will be coded to account codes established for capital outlay. 	<ul style="list-style-type: none"> ✓ The department now uses capital outlay codes for purchases of capital outlay items (e.g., tangible personal property).
<ul style="list-style-type: none"> Staff purchasing tangible personal property with P-Cards will be instructed to timely complete and submit Fixed Asset Record Report (FARR) forms to Accounting Services. 	<ul style="list-style-type: none"> ✓ No purchases of tangible personal property (TPP) have occurred since the release of the audit. However, instructions were prepared and distributed to applicable staff for the timely completion and submission of FARR forms when TPP is acquired.
<ul style="list-style-type: none"> E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.) 	<ul style="list-style-type: none"> ✓ Management requests of the Department of Management and Administration for P-Card actions are retained. Recently established procedures require those requests to be documented and that documentation to be retained.
Reduce the risk of duplicate payments	
<ul style="list-style-type: none"> A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ Stamps indicating "Paid With City P-Card" were acquired and are now used to mark all invoices that are paid with a City P-Card.

Ensure that transactions are valid and proper	
<ul style="list-style-type: none"> Cardholders will be provided their monthly statements to review for validity and propriety. Cardholders will sign and date the statements as evidence of their review. 	<ul style="list-style-type: none"> ✓ Monthly statements are now distributed to cardholders, who review and approve the transactions on the statements as evidenced by their signatures and dates on the statements.
<ul style="list-style-type: none"> Cardholders will provide their signed/dated monthly statements to the supervisor/manager responsible for reviewing and approving their transactions. The supervisor/manager will review, sign, and date the monthly statements. 	<ul style="list-style-type: none"> ✓ After return by the individual cardholders, the statements are provided to the department director. The department director reviews, approves, signs, and dates the statements.
<ul style="list-style-type: none"> The supervisor/manager will return the signed statements to the P-Card administrator for safeguarding and retention. 	<ul style="list-style-type: none"> ✓ The reviewed and approved statements are returned to the P-Card administrators who file and retain the statements.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders will be reminded to: (1) use competitive procurement practices when applicable, (2) purchase items through the Internet only when the vendor provides a secured site, (3) not pay sales taxes. 	<ul style="list-style-type: none"> ✓ Written internal procedures that were prepared and distributed to cardholders addressed these issues. Management held meetings with staff on these procedures.
<ul style="list-style-type: none"> P-Card administrators and cardholders will be reminded of the requirement to timely cancel P-Cards of terminating employees. 	<ul style="list-style-type: none"> ✓ P-Cards of terminating employees are timely cancelled.
Ensure that budget charges are proper	
<ul style="list-style-type: none"> Upon availability of information from the Department of Management and Administration (DMA), monthly transactions reflected in InfoSpan will be reconciled to the summary entries recorded in the PeopleSoft Financials during the monthly systems interface. 	<ul style="list-style-type: none"> ✓ Although DMA has made information available to departments and offices, Communications uses an alternative method for ensuring that P-Card charges to their budget are proper. Specifically, the P-Card administrators manually track all charges (P-Card and other) to their budget, and periodically reconcile their calculated available budget to the available budget in the PeopleSoft Financials.
Fire Department	
Enhance managerial review of P-Card activity	
<ul style="list-style-type: none"> Cost Allocation reports will be generated monthly directly from InfoSpan and provided to management. Management will review those reports: (1) to ascertain the volume and reasonableness of P-Card purchases and (2) to ensure that, for each cardholder showing activity, there is a monthly cardholder statement on file signed by that cardholder. The management reviews will be documented and the monthly reports retained for post-audit purposes. 	<ul style="list-style-type: none"> ◆ Subsequent to March 31, 2004, the Fire Department started generating monthly Cost Allocation reports directly from InfoSpan and providing them to the Chief and/or deputy chiefs. Those reports were generated retroactively for each month of the current fiscal year and reviewed for volume and reasonableness. The managerial reviews were documented and the reports retained. Written procedures developed and issued in April 2004 adequately address this process. For the month selected for review (January 2004), we noted that the Cost Allocation report had been verified by the deputy chiefs back to all but one of 19 cardholder statements. Verifying activity back to cardholder statements that have been signed and dated by the applicable cardholders helps ensure that transactions are proper and valid. The Fire Department should continue their efforts to implement this new control process.
Improve security over P-Card information	
<ul style="list-style-type: none"> After approval of a cardholder's transactions on the standard monthly P-Card log, the supervisor/manager will mark/deface the log in a manner that precludes the addition of more transactions. 	<ul style="list-style-type: none"> ◆ The Fire Department implemented a process whereby cardholders mark or deface their monthly logs in a manner to preclude the addition of more transactions after the log is turned in for review and processing. However, our review of January 2004 activity showed that seven of the 18 available logs had not been marked or defaced. The Fire Department should ensure that all cardholders comply with this requirement.

<ul style="list-style-type: none"> • P-Card documentation (monthly P-Card log and attached vendor invoices, receipts, etc.) will be remitted directly to the P-Card coder by applicable supervisors/managers after their review and approval of the cardholders' transactions. Those records will no longer be placed in the coder's unsecured in-box. In the event that the coder is temporarily away, the approving supervisors/managers will either hold the documentation until the coder returns or place the documents in a sealed envelope for the coder. 	<ul style="list-style-type: none"> ✓ Procedures were changed such that supervisors/managers now remit P-Card documentation directly to the P-Card coder. The supervisors/managers were instructed to not place that documentation in the coder's unsecured in-box.
<p>Document compliance with procurement requirements</p>	
<ul style="list-style-type: none"> • Documentation will be prepared and retained to show the procurement method used for P-Card purchases exceeding competitive procurement thresholds. 	<ul style="list-style-type: none"> ◆ Procedures were developed and distributed to cardholders in April 2004 (immediately prior to our fieldwork) that require cardholders to comply with applicable procurement procedures and policies. However, our review of selected transactions showed that, as of our fieldwork, documentation was not always prepared and retained to demonstrate the procurement method used for acquisitions exceeding competitive procurement thresholds.
<ul style="list-style-type: none"> • P-Card support will be referenced to applicable contracts or price agreements for purchases made through those contracts/agreements. 	<ul style="list-style-type: none"> ◆ Procedures were developed and distributed to cardholders in April 2004 (immediately prior to our fieldwork) that require cardholders to reference purchases made on contracts/price agreements to those documents. However, our review of selected transactions showed that, as of our fieldwork, staff had generally not referenced contracts or price agreements for applicable purchases.
<p>Reduce the risk of duplicate payments</p>	
<ul style="list-style-type: none"> • A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp was obtained and is used to mark vendor invoices "PAID."
<p>Ensure accountability for transactions, events, and assets</p>	
<ul style="list-style-type: none"> • A standard method will be developed and used to document receipt of goods and services purchased with a City P-Card. 	<ul style="list-style-type: none"> ◆ Procedures were developed and distributed to cardholders in April 2004 (immediately prior to our fieldwork) that require cardholders to document receipt of items that are not received at the time of purchase (e.g., purchases made by telephone or through the Internet). However, our review of selected transactions showed that, as of our fieldwork, receipt was not always being documented for items purchased using those methods.
<ul style="list-style-type: none"> • E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.) 	<ul style="list-style-type: none"> ✓ E-mails are now being retained to document management's requests for P-Card actions.
<p>Ensure that transactions are valid and proper</p>	
<ul style="list-style-type: none"> • Cardholders will be provided their monthly statements to review for validity and propriety. Cardholders will sign and date the statements as evidence of their review. Cardholders will then provide their signed/dated monthly statements to the supervisor/manager responsible for reviewing and approving their transactions. The supervisor/manager will review, sign, and date the monthly statements. The supervisor/manager will return the signed statements to the P-Card administrator for safeguarding and retention. 	<ul style="list-style-type: none"> ◆ Subsequent to March 31, 2004, the Fire Department started distributing monthly statements to cardholders for them to review and approve their transactions and then give the statements to their supervisor/manager for them to also review and approve. This was done retroactively for each month of the current fiscal year. Procedures developed and distributed immediately prior to our fieldwork (in April 2004) adequately address this requirement. <p>Our review of the statements for the month of January 2004 showed that they had been reviewed and approved by the cardholders and their supervisors/managers. The statements had been initialed as evidence of the reviews/approvals. However, contrary to the new procedures and good controls, the cardholders and supervisors/managers did not date their initials. Dating the reviews and approvals provides a record that they were done properly (i.e., supervisors should not review and approve until after the cardholder has done so) and timely. The Fire Department should ensure that reviews are dated.</p>

Ensure that budget charges are proper	
<ul style="list-style-type: none"> • Upon availability of information from the Department of Management and Administration (DMA), monthly transactions reflected in InfoSpan will be reconciled to the summary entries recorded in the PeopleSoft Financials during the monthly systems interface. 	<ul style="list-style-type: none"> ✓ The P-Card administrator obtains a report from Accounting Services that identifies all P-Card charges to the Fire Department's budget, including any charges by a cardholder in another City department. That report enables the P-Card administrator to ensure that all charges to the department's budget are proper and valid.
Provide adequate internal guidance for P-Card operations	
<ul style="list-style-type: none"> • Comprehensive written procedures will be developed and distributed to each cardholder and applicable administrative staff. Those procedures will address the essential aspects of administering/operating the P-Card Program within the department, including those areas prescribed by City Policy #603. 	<ul style="list-style-type: none"> ✓ In April 2004, the Fire Department developed and distributed to cardholders comprehensive written procedures for the internal administration and operation of the P-Card program and activities.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> • Cardholders and administrative staff will be reminded to: (1) obtain and retain support for all P-Card purchases (e.g., vendor invoices), (2) timely complete and submit FARR forms for tangible personal property purchases, (3) pay invoices timely, (4) properly code capital outlay transactions, (5) document the City business served by each purchase, and (6) document that cellular phone services are properly reviewed. 	<ul style="list-style-type: none"> ✓ Cardholders and administrative staff were reminded of the noted requirements through discussions and the recently developed and distributed internal procedures.
Electric Operations – Control Center	
Enhance managerial review of P-Card activity	
<ul style="list-style-type: none"> • Cost allocation reports will be generated monthly directly from InfoSpan and provided to management. Management will review those reports: (1) to ascertain the volume and reasonableness of P-Card purchases and (2) to ensure that, for each cardholder showing activity, there is a monthly cardholder statement on file signed by that cardholder. The management reviews will be documented and retained for post-audit purposes. 	<ul style="list-style-type: none"> ✓ Cost allocation reports are now generated directly from InfoSpan by the center's P-Card coder and provided to Control Center management. The two applicable managers review the activity on their respective reports and ensure that signed/dated cardholder statements are available for cardholders with activity. The managers sign and date the InfoSpan reports, which are returned to the P-Card coder and filed.
<ul style="list-style-type: none"> • Department management will timely review and sign/date the center director's monthly statements. 	<ul style="list-style-type: none"> ✓ Management in the Electric Utility now reviews and signs/dates the monthly cardholder statements of the two managers at the Control Center.
Improve security over P-Card information	
<ul style="list-style-type: none"> • P-Card purchase documentation will be maintained in locked file cabinets. 	<ul style="list-style-type: none"> ✓ P-Card documentation is now stored in secured file cabinets by the center's P-Card coder.
<ul style="list-style-type: none"> • For instances when the P-Card coder is temporarily away from his/her workstation, cardholders will be instructed to hold P-Card documentation until the coder returns or place those records in a sealed envelope for the coder. 	<ul style="list-style-type: none"> ✓ Through guidelines developed and distributed in January 2004, all cardholders were instructed to turn in their P-Card documentation directly to the P-Card coder. If the coder is temporarily away from her workstation, the guidelines instruct cardholders to place the documentation in a sealed envelope for the coder or retain the documentation until the coder returns to her workstation.
<ul style="list-style-type: none"> • The number of backup coders will be limited. Administrative division staff will no longer be assigned as backup coders for the Control Center. 	<ul style="list-style-type: none"> ✓ The number of backup coders is now restricted. Administrative division staff no longer serve as additional backup coders for the Control Center.
<ul style="list-style-type: none"> • System permissions of administrative division staff formerly serving as backup coders to the center's coders will be changed, such that they no longer have access to the center's P-Card information. 	<ul style="list-style-type: none"> ✓ The system permissions of the administrative division staff, formerly serving as backup coders for the Control Center, were changed to preclude them for accessing the center's P-Card information.
<ul style="list-style-type: none"> • System permissions of administrative division staff responsible for monitoring P-Card activity at the Control Center will be revised from "update" to "inquiry only." 	<ul style="list-style-type: none"> ✓ System permissions of administrative division staff responsible for monitoring the center's P-Card activity were changed to "inquiry only."

Ensure accountability for transactions and events	
<ul style="list-style-type: none"> Employees will be instructed to not provide their P-Card or account information to other employees to make purchases. In the event that a cardholder provides his/her P-Card or account information to another employee to make a purchase, the reasons will be documented on the P-Card support (e.g., emergency or other unique circumstance). 	<ul style="list-style-type: none"> ✓ Through guidelines developed and distributed in January 2004, all cardholders were instructed to not share their cards or account numbers.
<ul style="list-style-type: none"> A standard method will be developed and used to document receipt of goods and services purchased with a City P-Card. 	<ul style="list-style-type: none"> ✓ Through guidelines developed and distributed in January 2004, all cardholders were instructed how to document receipt of items purchased with a City P-Card on the recently revised "Purchasing Request Form." That form provides a line for the receiving employee to document receipt of the purchased items.
<ul style="list-style-type: none"> The P-Card coder will track the receipt, distribution, and return of cardholder monthly statements. 	<ul style="list-style-type: none"> ✓ For each month, the P-Card coder identifies all cardholders that should have statements and then tracks those statements to ensure they are received and signed/dated by the cardholders and their supervisors.
<ul style="list-style-type: none"> Cardholders and approving supervisors will be instructed to date their signatures when signing the monthly statements. 	<ul style="list-style-type: none"> ✓ Through guidelines developed and distributed in January 2004, all cardholders were instructed to date their signatures when reviewing and signing the monthly statements. Our review showed that those signatures are now dated.
<ul style="list-style-type: none"> The standard "Request for Purchase" form and related instructions will be revised to clearly document the employee making a P-Card purchase and the employee requesting the related goods and services. 	<ul style="list-style-type: none"> ✓ Through guidelines developed and distributed in January 2004, all cardholders were instructed how to document on the recently revised "Purchasing Request Form" the employee requesting the applicable items, the employee (cardholder) making the purchase, and the employee receiving the items. That form provides separate lines to document the requesting, ordering, purchasing (cardholder), approving, and receiving employees.
Reduce the risk of duplicate payments	
<ul style="list-style-type: none"> A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp indicating "Paid With City P-Card" was acquired and is now used to mark all invoices that are paid with a City P-Card.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders and supervisory and administrative staff will be reminded of the requirements to: (1) review vendor invoices to ensure that goods/services are received and charges are correct, (2) not pay sales taxes, (3) make reasonable efforts to recover sales taxes if paid and document those efforts when recovery is not made, (4) timely complete and submit FARR forms for tangible personal property purchases, (5) not e-mail P-Card account information, and (6) document compliance with City Manager food guidelines. 	<ul style="list-style-type: none"> ✓ Through staff meetings and guidelines developed and distributed in January 2004, all cardholders were reminded of the noted requirements.
Ensure that budget charges are proper	
<ul style="list-style-type: none"> Upon availability of information from DMA (i.e., InfoSpan detail and PeopleSoft Financial summary entries), efforts will be made to reconcile monthly transactions reflected in InfoSpan to the summary entries recorded in PeopleSoft Financials during the monthly systems interface. 	<ul style="list-style-type: none"> ✓ The Electric Utility developed and uses a PeopleSoft Financials query and information on InfoSpan charges made available by the Department of Management and Administration to perform these reconciliations.

Electric Operations – Hopkins Power Plant	
<i>Enhance managerial review of P-Card activity</i>	
<ul style="list-style-type: none"> For each cardholder that the monthly InfoSpan report shows activity, an employee that does not have P-Card coding capabilities will ensure that there is a monthly cardholder statement on file signed by that cardholder. 	<ul style="list-style-type: none"> ✓ The plant manager reviews the monthly InfoSpan report for activity and reasonableness of P-Card transactions. In addition, management within the Electric Utility Production Management Division reviews P-Card transactions. Management has determined that these review procedures are sufficient to address the risk of inappropriate transactions resulting from a P-Card administrator's unauthorized use of another cardholder's account information.
<ul style="list-style-type: none"> The monthly InfoSpan (cost allocation reports) will be documented to reflect the review described in the preceding step. 	<ul style="list-style-type: none"> ✓ The plant manager initials and dates the InfoSpan cost allocation report as documentation of his review.
<i>Ensure transactions are valid and proper</i>	
<ul style="list-style-type: none"> Procedures will be developed to instruct staff to process change orders in the CHAMPS purchasing system for differences between pre-approved costs and actual costs. 	<ul style="list-style-type: none"> ✓ Procedures now provide for change orders to be processed in the CHAMPS purchasing system for instances where there are differences (other than freight) between pre-approved and actual costs.
<ul style="list-style-type: none"> The P-Card coder will track the receipt, distribution, and return of cardholder monthly statements. 	<ul style="list-style-type: none"> ✓ The P-Card administrator maintains a log to track the status of monthly cardholder statements.
<ul style="list-style-type: none"> Cardholders and approving supervisors will be instructed to date their signatures when signing the monthly statements. 	<ul style="list-style-type: none"> ✓ Cardholders and approving supervisors now date their signatures.
<i>Improve security over P-Card information</i>	
<ul style="list-style-type: none"> The number of backup coders will be limited. Administrative division staff will no longer be assigned as backup coders for the power plants. 	<ul style="list-style-type: none"> ✓ The number of backup coders is now restricted. Administrative division staff no longer serve as additional backup coders for the power plants.
<ul style="list-style-type: none"> System permissions of administrative division staff formerly serving as backup coders to the plants' coders will be changed, such that they no longer have access to the power plants' P-Card information. 	<ul style="list-style-type: none"> ✓ The system permissions of the administrative division staff, formerly serving as backup coders for the power plants, were changed to preclude them for accessing the plants' P-Card information.
<ul style="list-style-type: none"> System permissions of administrative division staff responsible for monitoring P-Card activity at the power plants will be revised from "update" to "inquiry only." 	<ul style="list-style-type: none"> ✓ System permissions of administrative division staff responsible for monitoring the plants' P-Card activity were changed to "inquiry only."
<i>Reduce the risk of duplicate payments</i>	
<ul style="list-style-type: none"> A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp was obtained and is now used to mark vendor invoices "PAID BY VISA."
<i>Ensure that budget charges are proper</i>	
<ul style="list-style-type: none"> Upon availability of information from DMA (i.e., InfoSpan detail and PeopleSoft Financial summary entries), efforts will be made to reconcile monthly transactions reflected in InfoSpan to the summary entries recorded in PeopleSoft Financials during the monthly systems interface. 	<ul style="list-style-type: none"> ✓ The Electric Utility developed and uses a PeopleSoft Financials query and information on InfoSpan charges made available by the Department of Management and Administration to perform these reconciliations.
<i>Provide adequate internal guidance for P-Card operations</i>	
<ul style="list-style-type: none"> Comprehensive written procedures that address the essential aspects of administering/operating the P-Card program within the plant will be distributed to each cardholder and applicable administrative staff. 	<ul style="list-style-type: none"> ✓ Written procedures addressing the essential aspects of administering the P-Card program at the power plants were finalized and distributed to cardholders.
<i>Ensure accountability for transactions, events, and assets</i>	
<ul style="list-style-type: none"> E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.) 	<ul style="list-style-type: none"> ✓ E-mails sent to request P-Card actions are now retained.

Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders and supervisory and administrative staff will be reminded of the requirements to: (1) not pay sales taxes, (2) make reasonable efforts to recover sales taxes if paid and document those efforts when recovery is not made, (3) document compliance with the City Manager’s food guidelines, and (4) document exemptions from competitive procurement requirements. 	<ul style="list-style-type: none"> ✓ Applicable staff was reminded of the noted requirements through various staff meetings and through the recently distributed internal procedures.
<ul style="list-style-type: none"> P-Card administrators and cardholders will be reminded of the requirement to timely cancel P-Cards of terminating employees. 	<ul style="list-style-type: none"> ✓ P-Cards of terminating employees are timely cancelled.
Electric Operations – Purdom Power Plant	
Enhance managerial review of P-Card activity	
<ul style="list-style-type: none"> For each cardholder that the monthly InfoSpan report shows activity, an employee that does not have P-Card coding capabilities will ensure that there is a monthly cardholder statement on file signed by that cardholder. 	<ul style="list-style-type: none"> ✓ The plant manager’s review is sufficient to ensure that there is a signed monthly statement on file for each cardholder that the monthly InfoSpan report reflects activity. Management staff within the Electric Utility Production Management Division conducts additional reviews of plant P-Card activity. Those additional reviews also serve to ensure that P-Card transactions are proper and authorized.
<ul style="list-style-type: none"> The monthly InfoSpan (cost allocation reports) will be documented to reflect the review described in the preceding step. 	<ul style="list-style-type: none"> ✓ The plant manager signs and dates the monthly InfoSpan report as documentation of his review.
Improve security over P-Card information	
<ul style="list-style-type: none"> The cabinets in which P-card documentation is filed will be locked when the P-Card administrative staff are away from their workstations for extended periods. 	<ul style="list-style-type: none"> ✓ The office in which P-Card documentation is filed is secured when P-Card administrative staff is away for extended periods.
<ul style="list-style-type: none"> The number of backup coders will be limited. Administrative division staff will no longer be assigned as backup coders for the power plants. 	<ul style="list-style-type: none"> ✓ The number of backup coders is now restricted. Administrative division staff no longer serve as additional backup coders for the power plants.
<ul style="list-style-type: none"> System permissions of administrative division staff formerly serving as backup coders to the plants’ coders will be changed, such that they no longer have access to the power plants’ P-Card information. 	<ul style="list-style-type: none"> ✓ The system permissions of the administrative division staff, formerly serving as backup coders for the power plants, were changed to preclude them for accessing the plants’ P-Card information.
<ul style="list-style-type: none"> System permissions of administrative division staff responsible for monitoring P-Card activity at the power plants will be revised from “update” to “inquiry only.” 	<ul style="list-style-type: none"> ✓ System permissions of administrative division staff responsible for monitoring the plants’ P-Card activity were changed to “inquiry only.”
Ensure accountability for transactions, events, and assets	
<ul style="list-style-type: none"> Appropriate support (e.g., vendor invoices) will be timely obtained and retained for all P-Card purchases. 	<ul style="list-style-type: none"> ✓ Appropriate support, including vendor invoices, is now timely obtained and retained for all P-card transactions.
<ul style="list-style-type: none"> Staff purchasing tangible personal property with P-Cards will be instructed to timely complete and submit FARR forms to Accounting Services. 	<ul style="list-style-type: none"> ✓ Staff has been instructed to timely complete and submit FARR forms for purchases of tangible personal property. Written procedures recently developed and distributed to cardholders at the power plants address the requirement to complete and submit FARR forms.
<ul style="list-style-type: none"> Procedures will be revised to require clear documentation of the employee requesting the applicable goods/services and the employee making the P-Card purchase for those items. 	<ul style="list-style-type: none"> ✓ The purchase process was revised such that the cardholder that acquires an item will also complete the CHAMPS requisition. These revised procedures are intended to clearly document that P-Card sharing between employees is not done.
<ul style="list-style-type: none"> E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.) 	<ul style="list-style-type: none"> ✓ All e-mails requesting P-Card actions are now retained.

Ensure transactions are valid and proper	
<ul style="list-style-type: none"> Procedures will be developed to instruct staff to process change orders in the CHAMPS purchasing system for differences between pre-approved costs and actual costs. 	<ul style="list-style-type: none"> ✓ Procedures now provide for change orders to be processed in the CHAMPS purchasing system for instances where there are differences (other than freight) between pre-approved and actual costs.
<ul style="list-style-type: none"> Cardholders and approving supervisors will be instructed to date their signatures when signing the monthly statements. 	<ul style="list-style-type: none"> ✓ Cardholders and approving supervisors now date their signatures.
Ensure that budget charges are proper	
<ul style="list-style-type: none"> Upon availability of information from DMA (i.e., InfoSpan detail and PeopleSoft Financial summary entries), efforts will be made to reconcile monthly transactions reflected in InfoSpan to the summary entries recorded in PeopleSoft Financials during the monthly systems interface. 	<ul style="list-style-type: none"> ✓ The Electric Utility developed and uses a PeopleSoft Financials query and information on InfoSpan charges made available by the Department of Management and Administration to perform these reconciliations.
Provide adequate internal guidance for P-Card operations	
<ul style="list-style-type: none"> Comprehensive written procedures that address the essential aspects of administering/operating the P-Card Program within the plant will be distributed to each cardholder and applicable administrative staff. 	<ul style="list-style-type: none"> ✓ Written procedures addressing the essential aspects of administering the P-Card program at the power plants were finalized and distributed to cardholders.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders and supervisory and administrative staff will be reminded of the requirements to: (1) ensure that amounts charged/paid are in accordance with applicable contractual provisions, (2) document compliance with the City Manager's food guidelines, and (3) document exemptions from competitive procurement provisions. 	<ul style="list-style-type: none"> ✓ Applicable staff was reminded of the noted requirements through various staff meetings and through the recently distributed internal procedures. A checklist was developed and is now used to document compliance with those requirements.
Office of the City Treasurer-Clerk	
Enhance managerial review of P-Card activity	
<ul style="list-style-type: none"> Cost Allocation reports will be generated monthly directly from InfoSpan and provided to management. Management will review those reports: (1) to ascertain the volume and reasonableness of P-card purchases and (2) to ensure that, for each cardholder showing activity, there is a monthly cardholder statement on file signed by that cardholder. The management reviews will be documented and the monthly reports retained for post-audit purposes. 	<ul style="list-style-type: none"> ◆ For each month, plans are for the Deputy Treasurer-Clerk to access InfoSpan, review the month's P-Card activity, and ensure that there is a monthly statement signed by the cardholder and the cardholder's supervisor for each cardholder that InfoSpan reflects activity. As of the end of our fieldwork in April 2004, this plan was being finalized and had not been implemented.
Improve security over P-Card information	
<ul style="list-style-type: none"> P-Card account numbers and expiration dates will be redacted from copies of documents provided to requesting parties pursuant to public records requests. 	<ul style="list-style-type: none"> ✓ As of the end of our audit fieldwork, documents requested by and provided to the public since the completion of the initial audit did not contain sensitive P-Card information. However, management has instructed staff to redact P-Card account numbers and expiration dates from any records provided to the public.
Ensure accountability for transactions and events	
<ul style="list-style-type: none"> Employees will be instructed to not provide their P-Card or account information to other employees to make purchases. In the event that a cardholder provides his/her P-Card or account information to another employee to make a purchase, the reasons will be documented on the P-Card support (e.g., emergency or other unique circumstance). 	<ul style="list-style-type: none"> ✓ Guidelines were developed and distributed to cardholders on April 21, 2004, that instructed cardholders to not share their cards or account information with others; the guidelines also instruct the cardholders to document the reasons (e.g., emergency) for any instance that a card or account information is provided to another employee to make a purchase.
<ul style="list-style-type: none"> Purchases of tangible personal property will be coded to account codes established for capital outlay. 	<ul style="list-style-type: none"> ✓ Our review showed that purchases of tangible personal property are now properly coded.

<ul style="list-style-type: none"> • A standard method will be developed and used to document receipt of goods and services purchased with a City P-Card. 	<ul style="list-style-type: none"> ◆ As of the end of our follow-up fieldwork in April 2004, the Treasurer-Clerk's Office was in the process of determining the manner in which receipt of items purchased through City P-Cards would be documented. Their plans are to obtain and use a stamp to document receipt.
<p>Reduce the risk of duplicate payments</p>	
<ul style="list-style-type: none"> • A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ◆ As of the end of our follow-up fieldwork in April 2004, a stamp had not been obtained and vendor invoices were not being marked to indicate payment by City P-Card. However, Treasurer-Clerk staff were in the process of finalizing the wording to be placed on a stamp they plan to order and use to mark vendor invoices.
<p>Ensure that budget charges are proper</p>	
<ul style="list-style-type: none"> • Upon availability of information from DMA, monthly transactions reflected in InfoSpan will be reconciled to the summary entries recorded in the PeopleSoft Financials during the monthly system interface. 	<ul style="list-style-type: none"> ✗ As of the end of our follow-up fieldwork in April 2004, this reconciliation process had not been initiated.
<p>Ensure that transactions are valid and proper</p>	
<ul style="list-style-type: none"> • Cardholders will be provided their monthly statements to review for validity and propriety. Cardholders will sign and date the statements as evidence of their review. Subsequent to the review and approval by the cardholders, supervisors/managers will review and then sign and date cardholder monthly statements as evidence of their approval. 	<ul style="list-style-type: none"> ◆ Plans are for the statements to be submitted to the applicable cardholders and their supervisors. After reviewing those statements, the cardholders and supervisors will sign and date the statements indicating their approval (or indicate any questions or issues). As of the end of our fieldwork in April 2004, this plan was being finalized and had not been implemented.
<p>Provide adequate internal guidance for P-Card operations</p>	
<ul style="list-style-type: none"> • Comprehensive written procedures will be developed and distributed to each cardholder and applicable administrative staff. Those procedures will address the essential aspects of administering/operating the P-Card Program within the Office, including those areas prescribed by City Policy #603. 	<ul style="list-style-type: none"> ✓ On April 21, 2004, the Treasurer-Clerk's Office distributed an internal policy that provides guidance on P-Card activities to Office cardholders, their supervisors, and P-Card administrative staff.
<p>Ensure efficient operations</p>	
<ul style="list-style-type: none"> • A determination will be made as to the most efficient method for retaining P-Card documentation (i.e., EDMS or hardcopy file storage). The most efficient method will be used. Staff will no longer maintain two separate sets of records. 	<ul style="list-style-type: none"> ✓ The Treasurer-Clerk's Office has determined that P-Card documentation will be scanned into EDMS for record retention purposes. Hardcopies will be retained for up to 90 days and then shredded.
<p>Ensure compliance with controlling regulations</p>	
<ul style="list-style-type: none"> • Office cardholders will be reminded of the requirement to use competitive procurement practices when applicable. 	<ul style="list-style-type: none"> ✓ Guidelines were developed and distributed on April 21, 2004, that instructed cardholders to use competitive procurement practices when applicable (and not to use P-Cards to avoid established practices).
<ul style="list-style-type: none"> • P-Card administrators and cardholders will be reminded of the requirement to timely cancel P-Cards of terminating employees. 	<ul style="list-style-type: none"> ✓ Guidelines were developed and distributed on April 21, 2004, that provided for the timely cancellation of P-Cards of terminating employees.
<p>Procurement Services</p>	
<p>Ensure accountability for transactions and events</p>	
<ul style="list-style-type: none"> • Employees will be instructed to not provide their P-Card or account information to other employees to make purchases. In the event that a cardholder provides his/her P-Card or account information to another employee to make a purchase, the reasons will be documented on the P-Card support (e.g., emergency or other unique circumstance). 	<ul style="list-style-type: none"> ✓ Cardholders were reminded/instructed through a memorandum to not share or provide their P-Cards or account information with/to anyone. In the event that such sharing was done under an emergency situation, the memorandum informed cardholders to document the circumstances.

<ul style="list-style-type: none"> E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.). 	<ul style="list-style-type: none"> ✓ E-mails are now prepared and retained to document the P-Card administrator's requests for P-Card actions (e.g., cancellation of a card for a terminating employee).
<ul style="list-style-type: none"> Division cardholders will be reminded of the requirements to: (1) not pay sales taxes, (2) make reasonable efforts to recover sales taxes if paid and document those efforts when recovery is not made, and (3) document compliance with the City Manager's food guidelines. 	<ul style="list-style-type: none"> ✓ Cardholders were reminded through a memorandum to stress to vendors that the City is exempt from sales taxes; and, that no sales taxes should be paid unless properly authorized (e.g., taxes on out-of-state lodging). In addition, cardholders were reminded in that memorandum to document compliance with the City Manager's food guidelines (i.e., purpose of meeting for which food is acquired and complete listings of attendees and food items purchased).
<ul style="list-style-type: none"> Division staff will be instructed to purchase food only in accordance with the City Manager's food guidelines. 	<ul style="list-style-type: none"> ✓ Cardholders were reminded in a memorandum that food should only be purchased for allowable purposes.

Taltran

Enhance managerial review of P-Card activity

<ul style="list-style-type: none"> Cost Allocation reports will be generated monthly directly from InfoSpan and provided to management. Management will review those reports: (1) to ascertain the volume and reasonableness of P-card purchases and (2) to ensure that, for each cardholder showing activity, there is a monthly cardholder statement on file signed by that cardholder. The management reviews will be documented and the monthly reports retained for post-audit purposes. 	<ul style="list-style-type: none"> ◆ Individual cardholder reports were generated from InfoSpan and reviewed by management to determine the volume and reasonableness of P-Card purchases and to ensure there was a cardholder statement on file signed by the cardholder. Those reviews were documented and the reports were retained. However, the reports generated from InfoSpan for this purpose were not in a format that would necessarily provide data on each cardholder that had P-Card activity (e.g., purchases) during the applicable month. After discussing this issue during our audit follow-up fieldwork, Taltran management stated that they would start generating and using the proper InfoSpan reports for these reviews. We will address that corrective action in our subsequent follow-up engagements.
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Improve security over P-Card information

<ul style="list-style-type: none"> Cabinets in which P-Card documentation is filed will be locked when the P-Card administrative staff are away from their workstations for extended periods. 	<ul style="list-style-type: none"> ✓ All P-Card documentation is now secured in locked file cabinets.
<ul style="list-style-type: none"> For instances when the P-Card coders are temporarily away from their workstations, cardholders will be instructed to hold P-Card documentation until the coders return or place those records in a sealed envelope for the coders. 	<ul style="list-style-type: none"> ✓ In those instances where P-Card coders are temporarily away from their workstations, cardholders were instructed to hold P-Card documentation and not leave the documentation unattended (e.g., on the coders' desks or chairs).

Ensure accountability for transactions, events, and assets

<ul style="list-style-type: none"> Employees will be instructed to not provide their P-Cards or account information to other employees to make purchases. 	<ul style="list-style-type: none"> ✓ Management indicated that cardholders were instructed not to share their P-Cards and account information with other employees.
<ul style="list-style-type: none"> Consider raising the cardholder spending limits for those employees still needing to make valid purchases after reaching their monthly limits. 	<ul style="list-style-type: none"> ◆ An initial decision was made by the former director to not revise cardholder spending limits. However, current management indicated that they plan to re-visit this issue in the near future. We will address their decisions in our subsequent follow-up engagements.
<ul style="list-style-type: none"> Staff purchasing tangible personal property with P-Cards will be instructed to timely complete and submit FARR forms to Accounting Services. 	<ul style="list-style-type: none"> ✓ No purchases of tangible personal property (TPP) have occurred since the release of the audit. However, management indicated that cardholders were instructed (reminded) to timely complete and submit FARR forms for tangible personal property purchases.
<ul style="list-style-type: none"> E-mails will be retained to document all management requests for P-Card actions (new cards, card cancellations, etc.) 	<ul style="list-style-type: none"> ✓ All e-mails requesting P-card actions are now retained.

Ensure efficient operations	
<ul style="list-style-type: none"> For purchases not otherwise exempt from competitive procurement requirements, quotes will be obtained and used to select vendors when the purchases exceed the established (\$1,000) threshold. 	<ul style="list-style-type: none"> ✓ Quotes have been obtained for applicable purchases.
Reduce the risk of duplicate payments	
<ul style="list-style-type: none"> A stamp indicating payment by City P-Card will be obtained and used to mark each vendor invoice paid by City P-Card. 	<ul style="list-style-type: none"> ✓ A stamp has been obtained and is used to mark/deface vendor invoices.
Ensure that budget charges are proper	
<ul style="list-style-type: none"> Upon availability of information from DMA, monthly transactions reflected in InfoSpan will be reconciled to the summary entries recorded in the PeopleSoft Financials during the monthly system interface. 	<ul style="list-style-type: none"> x As of the end of our follow-up fieldwork in April 2004, this reconciliation process had not been initiated.
Provide adequate internal guidance for P-Card operations	
<ul style="list-style-type: none"> Current written procedures will be enhanced to address: (1) pre-approval requirements, (2) establishing transaction and spending limits, and (3) the process for supervisory review and approval of cardholder transactions; and to clarify that cardholder statements are required to be reviewed by the cardholders. 	<ul style="list-style-type: none"> x As of the end of our follow-up in April 2004, written procedures had not been revised to address all of these requirements and processes.
Ensure compliance with controlling regulations	
<ul style="list-style-type: none"> Cardholders and administrative staff will be reminded of the requirements to: (1) obtain and retain support for all P-Card purchases, (2) comply with the City Manager's food guidelines, (3) comply with and document exemptions from competitive procurement requirements, (4) not split purchases to circumvent competitive procurement requirements, and (5) document the City business served by each purchase. 	<ul style="list-style-type: none"> ✓ Staff meetings were held to address these requirements with cardholders and administrative staff.

Table Legend:

- Issue addressed in the original audit
- ✓ Issue addressed and resolved

- ✦ Action step initiated but not completed
- x Action step not completed

Significant Outstanding Issues

As described in Table 1 above, management has been successful in completing the majority of the action plan steps that were due to date. Remaining actions to be taken for those steps due as of March 31, 2004, include:

- The Fire Department needs to continue efforts to ensure that managerial reviews are completed and documented, cardholder logs are properly marked/defaced to preclude the addition of unauthorized transactions, compliance with procurement requirements is documented, receipt of purchased items is documented, and cardholder/supervisor attestations (signatures) on monthly statements are dated.
- The Treasurer-Clerk's Office needs to continue efforts to complete and document managerial reviews, document receipt of purchased items, mark or deface vendor invoices as a means of reducing the risk of duplicate payment, and require cardholders and their supervisors to

review and sign/date cardholder monthly statements. In addition, the Treasurer-Clerk needs to reconcile P-Card activity in InfoSpan to the summary entries recorded in the PeopleSoft Financials.

- Taltran needs to use the correct InfoSpan reports for managerial review purposes, review cardholder spending limits, and revise its internal written procedures for P-Card activities. In addition, Taltran needs to reconcile P-Card activity in InfoSpan to the summary entries recorded in the PeopleSoft Financials.

Significant actions due to be completed subsequent to March 31, 2004, include:

- Enhancement of current on-site monitoring efforts by Department of Management and Administration (DMA) staff.
- Enhancement of P-card training by DMA staff.

- DMA's revision of the current P-Card policy to address issues identified during the initial audit.
- DMA's resolution of software issues that currently preclude department/office P-Card administrators from using the InfoSpan management reporting module.
- DMA's analysis of P-Card activity by vendor to ascertain if discounts/rebates should be negotiated.
- DMA's effort to identify and correct all cardholder information as reflected in InfoSpan and the administering bank's records.
- DMA's retention of all requests (e.g., e-mails) for P-Card actions sent by City departments/offices and the administering bank.
- DMA's timely deposit of rebate checks.
- Enhanced managerial reviews of P-Card activity within Procurement Services.
- Improved security over P-Card documentation within Procurement Services.
- Documenting receipt of goods and services by Procurement Services.
- Marking/defacing vendor invoices within Procurement Services to reduce the risk of duplicate payments.
- Enhancing existing written procedures within Procurement Services.
- Referencing P-Card support within Procurement Services to applicable contracts and price agreements for purchases made through those contracts/agreements.

We will follow up on these issues in our subsequent follow-up engagements.

Conclusion

Applicable City departments and offices have completed the majority (87%) of action steps due for completion as of March 31, 2004. Seven of the ten City cost centers (departments/offices/divisions) completed all their steps due as of that date. The three other City cost centers were actively completing their remaining steps as of the end of our fieldwork.

We commend applicable City staff for their efforts and appreciate their assistance during this audit follow-up.

Response from Appointed Officials

City Manager Response:

I am pleased to see that we are making such good progress on the action items. I want to thank the City Auditor's staff for their efforts, and my staff for their conscientious efforts to improve these processes.

City Treasurer-Clerk Response:

I am very pleased that the Treasurer-Clerk's Office has completed the majority of the "Action Plan Steps" outlined in the City P-Card Audit. We are in the process of implementing the remaining suggestions and anticipate having them completed within 30 days. We appreciate the assistance and recommendations made by the City Auditor's Office.

City Attorney Response:

With respect to the report, I am very supportive of the City Auditor's findings. As with this audit follow up and the previous audits City Auditor staff has conducted involving the City Attorney's Office, I appreciate the professionalism and thoroughness of your staff. We value you and your staff's input, for this is always an opportunity for us to learn and ensure that we are handling our work processes efficiently and within sound business practices. Thanks for giving us an opportunity to work with you and your staff in a cooperative manner.

Copies of this Audit Follow Up or audit report #0326 may be obtained from the City Auditor's web site (<http://talgov.com/citytlh/auditing/index.html>), or 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 (auditors@talgov.com).

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