

Brandon J. Patty

Clerk of the Circuit Court and
Comptroller



Nilsa Arissa

Inspector General

**Office of the
Inspector General**
St. Johns County, Florida

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TO: Hunter S. Conrad, Esq., County Administrator
Brandon J. Patty, Clerk of the Circuit Court and Comptroller

CC: Mark P. Miner, Chief Deputy Clerk
Dwala Reid, Chief Financial Clerk

FROM: Nilsa Arissa, CIG, Inspector General

SUBJECT: Purchase Card Audit

The Office of Inspector General (OIG) performed a limited scope audit of the St. Johns County (SJC) Purchase Card (P-card) program. The purpose of the audit was to provide assurance that policies, procedures, and controls in place were being followed and to identify opportunities for improvement. The SJC P-Card Program was established to “pursue the benefits of delegated purchasing authority and to have procedures and controls in place for the protection of SJC” per Purchasing Policy Section 309. SJC offers Bank of America Visa Corporate purchasing cards to its employees. The Purchasing Department (PD) determines who is issued a P-card predicated on the purchasing authority of each department and employee role. OIG reviewed policies and procedures and conferred with Management to obtain an understanding of the process.

The scope of the audit included a review of all St. Johns County Clerk of Court and Comptroller (SJCCOC) and Board of County Commissioners (BCC) active employee P-cards and a sampling of three departments with transactions reconciled between October 2019 and July 2021. The audit also included the review of P-card policies and procedures around issuance, cancellation, and transaction limits.

To determine the total population of active P-cards for the SJCCOC and BCC groups, OIG extracted data from several SJC Finance Department and BCC PD approved documents such as P-card listings, reconciled P-card purchases by month, and Bank of America Work Program (BOA WP) listings. From these documents, data for the audit period selected was compiled on September 2, 2021, and a master spreadsheet was created. OIG also identified total departments, P-cards and spend for BCC and SJCCOC as depicted in the chart below:

	Departments	P-Card Count	Total Spend
BCC	40	246	\$ 6,486,698
SJCCOC	2	3	\$319,897
Totals	42	249	\$6,806,595

OIG selected three BCC departments to review: Utilities, Fleet, and Building. The sampling for the departments included 64 P-cards with a total spend of \$1.5 million (see table below). The Utilities department was deemed to have the highest risk comprising of 20% of the total BCC spend and with the greatest number of employee P-cards. The Building and Fleet Maintenance departments were randomly selected.

Department	Active P-Cards	Total Spend
Utilities	55	\$1,319,571
Fleet Maintenance	6	\$23,488
Building	3	\$118,820
Totals	64	\$1,464,879

OIG obtained a listing of all P-card activity for the three departments. It contained the employee’s name, P-card number, invoice, and spend by month. BOA statements, invoice, and transaction documents were extracted from the invoice repository application, Papervision. OIG reviewed all transactions by P-cards and found it to be appropriate for the departments. However, the review revealed a scenario where multiple P-cards were used for a vendor purchase greater than the transaction limit of \$1,000. Per Policy 309.4, a single transaction dollar limit shall not be exceeded or circumvented by splitting transactions. Any request for a purchase exceeding this amount requires prior written approval by the County Administrator or designee through a “Request for Approval” form. This form must contain a rational reason for the exception. OIG requested evidence of approval from the PD and no written approval was on file. Invoices were also reviewed to ensure the sales tax exemption was applied, and no discrepancies were found. Trends for spend by P-card were analyzed and identified the following:

- Three (3) P-cards assigned to Utilities employees with \$5,000 limits had not been used in the last three years.
- Four (4) P-cards have a spend of less than \$1,000 within the last three years.

To determine compliance with P-card policies and procedures, OIG reviewed P-card issuance and cancellation controls. The PD confirmed they are the designated representatives for the issuance of P-cards. When an employee is terminated, it is the supervisor’s responsibility to return the P-Card to the PD, who will contact the bank to deactivate the employee card. According to Policy, the following procedures must be adhered to for issuance and cancellation of P-cards:

- For issuance, employees should be employed with the County for six months prior to issuing a P-Card.
- For cancellation, the employee’s supervisor, upon terminating an employee, is responsible for obtaining and returning the P-card to the PD for immediate cancellation.

To test the timely issuance of new P-Cards to employees, OIG generated a list of employees and their hire dates from the Human Resources E-finance system (HR e-FS) and obtained a BOA WP card open date list from Finance. Each employee’s start date from the Human Resources list was compared to the card open date in the BOA WP list. The comparison revealed the following:

- One (1) Utility employee was issued a card seven days prior to start date.
- Eleven (11) Utility and two Fleet Maintenance employees were issued cards prior to being employed for six months with the County.

The remaining 51 employees reviewed were issued the card after six months of employment pursuant to Purchasing Policy 309.3, “*Employee should be employed with the County for six (6) months prior to issuing a Purchasing Card.*”

For card cancellations, OIG generated a list of all terminated employees and their termination date from HR e-FS and requested a list of deactivated cards from the PD. The PD provided the information requested on a report generated from the BOA WP. OIG compared each employee’s termination date on the HR e-FS listing to the deactivated date in the BOA WP and found the following:

- Fourteen (14) cards were deactivated within three days of employee termination date.
- Thirty-one (31) cards were deactivated within 10 days of the employee termination date.
- Five (5) cards were deactivated after six months of the employee termination date.
- Seven (7) cards were deactivated one year or later of the employee termination date.

Nine (9) cards were deactivated immediately while the remainder were instances where the card was deactivated prior to the employee termination date.

Although limited in scope, OIG’s objective for this audit is to provide insightful information and opportunities for improvement in the areas of P-card spend, P-card management, and policies and procedures. OIG recommends the following:

1. The PD implement a procedure to review P-card holders periodically through spend trends and identify employees who do not meet the criteria for a card holder.
2. The PD as the administrator of P-cards adhere to issuance and cancellation established timeframes according to Policy 309.3 and 309.14.
3. Management must ensure all employees upon *issuance* of a P-card review the Purchasing Policy Section 309 for familiarity with the policy limitations and requirements.
4. Management to enforce and track P-card holders *annual review* of the Purchasing Policy Section 309 to ensure current policies and procedures are reviewed and consistently followed.