

**Brandon J. Patty**  
Clerk of Court and  
Comptroller



**David N. McClintock**  
Inspector General

## Office of Inspector General St. Johns County, Florida

December 21, 2023

Jamie Locklear, Director of Purchasing and Contracts  
500 San Sebastian View  
St. Augustine, FL 32084

Re: Follow-Up Audit – Purchase Cards (2021A-05)

The St. Johns County Clerk of the Circuit Court and Comptroller's Office of Inspector General has completed a Follow-Up Audit of Purchase Cards. The objective of our review was to determine the implementation status of previous recommendations.

The audit was completed on September 20, 2021, under the tenure of Inspector General Nilsa Arissa. On June 5, 2023, James Moore & Co., P.L., (James Moore) was engaged to perform post audit follow-up procedures to determine the implementation status of the previous recommendations. On September 1, 2023, James Moore completed the follow-up report and determined that of the four observations and recommendations, three have been implemented and one has been partially implemented.

The partially implemented recommendation is correlated to:

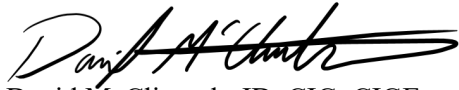
- Observation 1, Recommendation B. Enforce and track P-card holders' annual review of the Purchasing Policy, section 309, to ensure current policies and procedures are reviewed and constantly followed.

In considering Observation 1, Recommendation B, the James Moore auditor noted the following based upon discussions with County staff and support provided by Management:

1. The County introduced a P-Card Policy effective August 30, 2022, wherein an annual audit and spot check policy was implemented to review cardholder activities to ensure proper use of P-Cards and that all applicable criteria is met to maintain compliance with the Purchasing Policy. P-Card users are also required to attend training on card usage and sign an annual acknowledgment of the Purchasing Policy Policies and Procedures which is kept on file in the Purchasing Department.
2. Further to that the purchasing department is now included in HR emails regarding employee terminations for more timely notifications of employment changes.
3. The County expects to finalize the remaining recommendations including the implementation of procedures to review spending trends for cardholders once the new ERP system is in place, which will automate this process. The new ERP (Enterprise Resource Planning) system is anticipated to provide constant access to every cardholder and their status.

The OIG has been advised that the remaining recommendation is being actively addressed and that the ERP system continues towards full implementation. The OIG respectfully requests notification once the remaining components are fully implanted.

We appreciate the work of the St. Johns County Department of Purchasing and Contracts, the Clerk of Court and Comptroller and all staff that participated in the audit process and in responding to the recommendations.

A handwritten signature in black ink, appearing to read "David McClintock", with a stylized flourish at the end.

David McClintock, JD, CIG, CIGE  
Inspector General

Encl: James Moore Follow-Up Audit Report

CC: Brandon Patty, Clerk of the Circuit Court & Comptroller  
The Honorable Chair and Commissioners of the BOCC  
Joy Andrews, County Administrator

**ST. JOHNS COUNTY CLERK OF CIRCUIT COURT &  
COMPTROLLER**

**INTERNAL AUDIT REPORT  
PURCHASING CARD PROGRAM  
POST AUDIT FOLLOW-UP**

**TABLE OF CONTENTS**  
**ST. JOHNS COUNTY CLERK OF CIRCUIT COURT & COMPTROLLER**  
**INTERNAL AUDIT REPORT**  
**PURCHASING CARD PROGRAM**  
**POST AUDIT FOLLOW-UP**

	<b><u>Page(s)</u></b>
<b>Introduction and Methodology</b>	1 – 2
<b>Implementation Status Summary</b>	3
<b>Status of Recommendations</b>	4 – 6

**INTERNAL AUDIT REPORT**  
**PURCHASING CARD PROGRAM**  
**POST AUDIT FOLLOW-UP**

To David McClintock, Inspector General,  
St. Johns County, Florida:

In accordance with our engagement letter dated June 5, 2023, with the St. Johns County Clerk of Court, Office of Inspector General (the Office), we have performed post audit follow-up procedures related to the internal audit of the Purchasing Cards (P-Cards) Program originally completed September 20, 2021.

The use of the term "audit" relates to the scope of procedures, as outlined in the engagement letter for the above internal audit assistance, to be performed in accordance with the Statement on Standards for Consulting Services and the Code of Professional conduct issued by the American Institute of Certified Public Accountants. The use of the term "audit" in this report does not refer to a financial audit, performance audit, forensic audit, or any other formal audit arrangement as defined by AICPA or other professional standards.

## **INTRODUCTION**

### **Objectives**

The Office performed an internal audit covering purchasing card usage by the County with a focus on policy and procedures and issuance and cancellation control recommendations. The objectives of this original internal audit was to provide assurance that policies, procedures, and controls in place were being followed and to identify opportunities for improvement.

As part of our internal audit follow-up services, our engagement letter dated June 5, 2023, provides for the following post audit services:

- Review the internal audit recommendations with regard to P-Cards and County Administration's progress on the implementation of recommendations.

### **Scope**

The scope of testing included a post audit follow-up on policy and procedures and issuance and cancellation control recommendations.

### **Methodology**

Our methodology included the steps outlined below.

### Planning

Our planning process included the following:

- Initial meetings to discuss areas of focus, scheduling, and advance requests for relevant documents.
- Initial understanding of the recommendations, management's response, and implementation time frame per the original internal audit report.

### Fieldwork

James Moore held discussions with County staff on July 12, 2023, to review policies and procedures implemented per the recommendations included in the original internal audit report. James Moore reviewed support provided to corroborate the implementation of those recommendations relating to the P-Card Program.

### Reporting

We summarized our findings and recommendations as described below.

### **Overall Conclusion**

Of the four recommendations, we determined three have been implemented and one partially implemented.

# IMPLEMENTATION STATUS SUMMARY

PREVIOUS RECOMMENDATION		IMPLEMENTATION STATUS				
		Implemented	Acceptable Alternative	Partially Implemented	Not Implemented	No Longer Applicable
1A	<i>Implement a procedure to review P-card holders periodically through spend trends and identifying employees who do not meet the criteria for a card holder.</i>			✓		
1B	<i>Enforce and track P-card holders annual review of the Purchasing Policy section 309 to ensure current policies and procedures are reviewed and constantly followed.</i>	✓				
2A	<i>Adhere to issuance and cancellation established timeframes according to Policy 309.3 and 309.14.</i>	✓				
2B	<i>Assure that all employees upon issuance of a P-card review the Purchasing Policy Section 309 for familiarity with the policy limitations and requirements.</i>	✓				

# STATUS OF RECOMMENDATIONS

This section presents the actions management has taken in response to the recommendations for improvement that were presented as part of the original audit of the P-Card Program. The recommendations contained herein are those of the original audit, followed by the current status of the recommendations.

## *Observation 1 from Original Audit*

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. 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.

### **We recommended management:**

- A. Implement a procedure to review P-card holders periodically through spend trends and identifying employees who do not meet the criteria for a card holder.
- B. Enforce and track P-card holders' annual review of the Purchasing Policy section 309 to ensure current policies and procedures are reviewed and constantly followed.

### ***Management Response dated January 12, 2022:***

The Purchasing & Contracts Department concurs with the recommendations. The Purchasing & Contracts Department has been working with County Administration on a comprehensive review of the current Purchasing Policy. The review has resulted in recommended changes to the Purchasing Policy for BOCC consideration, scheduled within the first quarter of calendar year 2022. As part of the overall review, the Purchasing & Contracts Department has been working with the Clerk of Court's Comptroller's Office since April 2021 regarding changes to Section 309 of the current Purchasing Policy, as part of the overarching policy re-write. The recommended changes to procedure for purchasing cards include substantial reduction to the number of cardholders, standardizing limits on the cards, and establishing monetary thresholds that coordinate to changes to the Purchasing Policy. The Clerk of the Court's Comptroller's Office will have an opportunity to review the new purchasing card procedures prior to implementation. New procedures are expected to be implemented in June 2022.

### **Implementation Status:**

**Partially Implemented.** Per discussions with County staff and support provided by Management, the County introduced a P-Card Policy effective August 30, 2022 wherein an annual audit and spot check policy was implemented in order to review cardholder activities to ensure proper use of P-Cards and all applicable criteria is met to maintain compliance with the Purchasing Policy. Card users are also required to attend training on card usage and also sign an annual acknowledgment of the Purchasing Policy Policies and Procedures which is kept on file in the Purchasing Department.



The purchasing department is now included in HR emails regarding employee terminations for more timely notifications of employment changes.

The County expects to finalize the remaining recommendations including the implementation of procedures to review spending trends for cardholders once the new ERP system is in place which will automate this process. The new ERP system is anticipated to provide constant access to every cardholder and their status.

## ***Observation 2 from Original Audit***

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 the start date.
- Eleven (11) Utility and two Fleet Maintenance employees were issued cards prior to being employed for six months with the County.

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 in 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.

### **We recommended management:**

- A. Adhere to issuance and cancellation timeframes established according to Policy 309.3 and 309.14.
- B. Assure that all employees upon issuance of a P-card review the Purchasing Policy Section 309 for familiarity with the policy limitations and requirements.

### ***Management Response dated January 12, 2022:***

The Purchasing & Contracts Department concurs with the recommendations. The Purchasing & Contracts Department has been working with County Administration on a comprehensive review of the current Purchasing Policy. The review has resulted in recommended changes to the Purchasing Policy for BOCC consideration, scheduled within the first quarter of calendar year 2022. As part of the overall review, the Purchasing & Contracts Department has been working with the Clerk of Court's Comptroller's Office since April 2021 regarding changes to Section 309 of the current Purchasing Policy, as part of the overarching policy re-write. The recommended changes to procedure for purchasing cards include substantial reduction to the number of cardholders, standardizing limits on the cards, and establishing monetary thresholds that coordinate to changes to the Purchasing Policy. The Clerk of the Court's Comptroller's Office will have an opportunity to review the new purchasing card procedures prior to implementation. New procedures are expected to be implemented in June 2022.

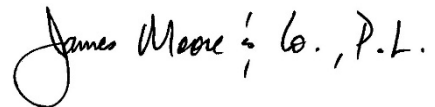
**Implementation Status:**

**Implemented.** Per discussions with County staff and follow up on support provided by the County, the County implemented a P-Card Policy effective August 30, 2022 wherein an annual audit and spot check policy was implemented in order to review cardholder activities to insure proper use of P-Cards and all applicable criteria is met to maintain compliance with the Purchasing Policy. Card users are also required to attend training on card usage and sign an annual acknowledgment of the Purchasing Policy and Procedures which is kept on file in the Purchasing Department. The purchasing department is now included in HR emails regarding employee terminations for more timely notifications of employment changes.

We appreciate the opportunity to work with you on this important project.

This report is intended solely for the information and use of the Office and others in the County that are involved in the management of P-cards and is not intended to be and should not be used by anyone other than those specified parties.

September 1, 2023  
Daytona Beach, Florida

A handwritten signature in black ink that reads "James Moore, Jr., P.L." The signature is written in a cursive style with a large, looped initial "J".