



Date: January 18, 2005
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Sportsplex Procurement Card Review

Attached you will find our report issued on the review of the Sportsplex Procurement Card; responses to our recommendations and our reply to the department's response. We agree with the department's response and feel no further action is necessary at this time. If you need additional information please let me know. Thanks.

A handwritten signature in black ink, appearing to read 'Len Lucas', written over a horizontal dotted line.

Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager
Bonnie Kuester, Parks and Recreation Director



Date: December 22, 2004
To: Bonnie Kuester, Parks and Recreation Director
From: Internal Audit
Subject: Greensboro Sportsplex Procurement Card Audit

The Internal Audit Division has conducted a procurement card audit of transactions made by the Greensboro Sportsplex (Sportsplex), which is owned and operated by the Greensboro Parks and Recreation Department. The Sportsplex is a multi-sport facility offering hockey, basketball, volleyball, badminton, cheerleading, personal training and soccer in a 106,000 square foot facility. The facility also provides meeting rooms and areas for special events, available on a rental basis.

The objectives of this audit were to determine if:

- Only active employees were cardholders.
- Only allowable purchases were made using the procurement card, with no indications of split purchasing.
- Only authorized employees approved payment for card activity.

Methodology:

We chose a judgmental sample of 60 transactions totaling \$32,102.59, from the population of transactions, made by cardholders at the Sportsplex, from February 2003 through October 2004. The value of our sample represented approximately 27% of the total value of the population. Our primary criteria used in selecting our sample included those purchases made from the same vendor within the same day or frequently.

During our audit, we noted the following:

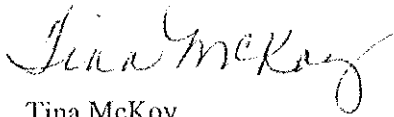
Finding:

Our examination of the 60 transactions indicated that 16 transactions pertained to the same order. Sportsplex employees placed an order (#91093) in excess of \$7,000 at Trophy Sports of Greensboro for a year's supply of trophies, medallions, and oval resins for upcoming events. Rather than following the City's requisitioning policies for a purchase of this value, three cardholders agreed to use their procurement cards to make installment payments (of approximately \$500) starting in mid-January 2004, until the balance was fully paid in the late February 2004. Charges to employees' cards totaled \$7,975.90. This is a violation of the procurement card policies and procedures.

The Procurement Card Administrator indicated that additional training of the City's policies and procedures for the procurement process was conducted by the Purchasing Division at the Sportsplex facility. All employees were encouraged to attend.

Recommendation: None.

We would like to thank the staffs at the Parks and Recreation Department and the Purchasing Division for their courtesy and cooperation shown us during this audit. Please make your response to the finding in this audit by Wednesday, January 3, 2005. If you have any questions or concerns, please contact us at 373-4528.



Tina McKoy
Internal Auditor II



Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager, Economic Development
Bob Morgan, Assistant City Manager



City of Greensboro

Date: January 6, 2005
To: Len Lucas, Internal Audit
From: Bonnie Kuester, Parks and Recreation
Subject: Response to the Sportsplex Audit

A handwritten signature in cursive script that reads "Bonnie Kuester".

Thank you for relaying your findings of the Sportsplex Procurement Card Audit. Mark Bush, the Special Facilities Manager who is responsible for the Sportsplex met with the staff about the issue you identified. Mark included Dan Maxson, Administrative Services Manager and representatives of the Purchasing Division in the meeting with staff. During their meeting and subsequent follow-ups, the Sportsplex staff became fully aware of the implications of inappropriate use of the procurement cards.

As noted in your audit, the Purchasing Division has offered additional staff training. The Parks and Recreation Department has also hired a new Sportsplex Manager and is currently interviewing for a facility assistant who can better manage and control such issues.

Again, thank you for your assistance.

CC: Bob Morgan, Assistant City Manager
Ben Brown, Assistant City Manager



Date: January 18, 2005
To: Bonnie Kuester, Parks and Recreation Director
From: Internal Audit
Subject: Reply to Sportsplex Review Recommendations

We have reviewed your responses to our letter issued concerning the Sportsplex Procurement Card. We are in agreement with your reply and feel no further action is necessary at this time. Thanks for your assistance.

Tina McKoy
Internal Auditor

Len Lucas
Internal Audit Director

Cc: Ben Brown, Assistant City Manager for Economic Development
Bob Morgan, Assistant City Manager