



DATE: June 27, 2024
TO: Larry Davis, Assistant City Manager
FROM: Internal Audit Division
SUBJECT: Procurement Card Review for July through December 2023
(No Response Required)

The Internal Audit Division has completed our review of Procurement Card Program along with a Programmatic Review by the Purchasing Division as administered by the Financial & Administrative Services Department. Attached you will find our review report; the departmental response and our replies to their responses. We feel that our concerns have been sufficiently addressed as we move forward. If you have any questions or need additional information, please let us know. Thanks.

Len Lucas
Internal Audit Director

cc: Marlene Druga, Director of Financial and Administrative Services
Chris Payne, Deputy Finance Director of Administrative Services
Angie Waters, Procurement Services Manager
Brandy Coltrane, Procurement Card Administrator



DATE: June 14, 2024
TO: Marlene Druga, Finance Director
FROM: Internal Audit Division
SUBJECT: Procurement Card Review for July through December 2023
(Written Response Required by June 28, 2024)

The Internal Audit Division has completed the review of the Procurement Card program expenditures, as administered by the Financial and Administrative Services Department, for the months of January through June of 2023. The objectives of our review were to:

- Obtain copies of the procurement card statements for all months during the review period.
- Select approximately 1% of the cardholder files for review. Review the files, ensuring each file contains a timely proxy signature, the individual transactions each contain a valid receipt, the sales tax is properly coded and the transaction appears to be for a valid business purpose. Review the files and transactions and ensure procurement card policies appear to have been followed.
- Obtain the summary of cardholders submitting files late during all months of the review period. Also obtain the summary of individuals that were late reconciling their transactions for each month and the list of any cardholder suspensions during the review period.
- Obtain the Procurement Card Quarterly Facts Report from Financial and Administrative Services for the review period.

Total procurement card spending for the six-month review period was \$9,646,716.75, as follows:

<u>Month</u>	<u>Total Charges</u>	<u># of Cards With Balances</u>
July 2023	\$1,580,957.91	406
August 2023	1,740,111.34	413
September 2023	1,523,598.67	425
October 2023	1,758,837.22	439
November 2023	1,502,715.25	418
December 2023	<u>1,540,496.36</u>	430
Total	\$9,646,716.75	

The City receives an annual rebate for procurement card transactions. The rebate amount of \$405,828.74 was posted to Infor on November 2, 2023.

Monthly Reports

We obtained copies of the procurement card statements for the months of July through December from the Financial and Administrative Services Department. The reports came from Works, the procurement card management software program. We used Excel to compile the procurement card data by cardholder and sorted the totals, from the largest balance to smallest balance, for each individual month.

Transaction Review

We selected 25 cardholder files for review. We chose the cardholders with the largest monthly transaction totals (only choosing one month for each cardholder) that had not been selected for review for at least 3 years. 12 of the cardholders selected for review had never been previously reviewed by internal audit. The sample was selected to have no more than two cardholders selected from the same department.

The sample of transactions totaled \$436,987.26, which represents 4.53% of the total dollar amount of transactions for the review period. It represents 0.99% of cards with balances during the review period. Cardholders selected for the review were from the following departments: Coliseum, Engineering & Inspections, Executive, Finance, Fire, Guilford Metro 911, Information Technology, Legal Services, Libraries, Parks & Recreation, Police, Solid Waste and Recycling, Transit, Transportation, Water Resources and Workforce Development.

We reviewed the monthly Procurement Card folders, comprised of the monthly statements and receipts for the selected cardholders. We attempted to confirm that each file contained a timely proxy signature, the individual transactions each contained a valid receipt, the sales tax was properly coded and that the transaction appeared to be for a valid business purpose. We also attempted to note any potential split transactions, where the procurement card was charged multiple times on the same day by the same vendor to circumvent single transaction limits.

Findings: Documentation Issues

There were 19 transactions where the provided documentation was a payment receipt or statement, not a detailed receipt with a description of the goods or services purchased. There were 3 transactions where the provided documentation was missing or incomplete. There was 1 transaction where an amount included a "balance forward" but no detail of this amount. There was 4 transactions where the amounts on the supporting documentation were different from the amount paid and there was no explanation. There was 1 purchase of gift cards that had no documentation of approval. There was 1 transaction for food that did not include documentation of the event.

Additional Facts:

The Financial and Administrative Services Division contacted all of the cardholders with documentation issues and explained the importance of providing sufficient documentation. In most instances noted above, the cardholder was able to provide the requested documentation.

Recommendation:

Department staff should continue to stress to cardholders and proxies the importance of providing adequate documentation to support each transaction.

Findings: Sales Tax Issues

Overall, there were 73 transactions with sales tax issues; those transactions totaled \$79,900.05 or 18.3% of the total reviewed transactions. It also represents 11.9% of the total reviewed transactions of 612. There were 19 transactions that appear to be non-taxable but were coded as taxable in Works. There were 25 instances where sales tax on an invoice was not entered in Works. There were 12 transactions where it appears use tax was due but it was not coded properly in Works. There were 15 transactions where sales tax coded in Works was different from the amount on the supporting documentation. There were 2 transactions coded in Works as nontaxable that appear to be taxable transactions.

Additional Facts:

The Financial and Administrative Services Department makes an entry to correct sales tax coding. In such situations, there is a possibility the sales tax amount will remain incorrect (if there are taxable and

non-taxable components or if the sales tax code is not entered correctly). Additionally, the Department contacted each of the cardholders in the exceptions noted above and informed them of the proper handling of sales tax for those transactions.

Recommendation:

Department staff should continue to educate cardholders about proper coding of sales taxes in Works.

We looked at supporting documentation for 83 potential split transactions. We did note one transaction that appeared to be a split transaction. After further investigation, the card was suspended by the Procurement Services division.

Late Cardholder Information

We obtained the summary of total cardholders submitting their procurement card files late, total cardholders reconciling their transactions in Works late and card suspensions from Brandy Coltrane, Procurement Card Administrator in the Financial and Administrative Services Department.

Reviewed folders (including the monthly statement, receipts and a proxy signature) are due to the Procurement Services Division by the 15th of each month. Transaction reconciliation is also due by the 15th of the month. The reports list the following late folders and reconciliations:

<u>Month</u>	<u>Late Folders</u>	<u>Late Reconciliations</u>
July	18	15
August	5	0
September	6	5
October	7	0
November	7	11
December	10	0

There were 4 procurement cards suspended during the review period for policy violations. Additionally, one of the cards was permanently cancelled at the request of a cardholder's supervisor.

Department Report

The Procurement Card Audit Report from the Financial and Administrative Services Department is attached. We agreed the amounts noted on the report to the documentation obtained in this review and noted the facts presented appear accurate.

We would like to thank the staff of Financial and Administrative Services for their assistance and cooperation during this review. Please provide a written response by June 28, 2024. If there are any questions concerning the details of this review, please call us at (336) 373-2230.



Garland Wells
Internal Auditor



Len Lucas
Internal Audit Director

cc: Larry Davis, Assistant City Manager
Chris Payne, Deputy Director for Administrative Services
Angie Waters, Procurement Services Manager



DATE: June 14, 2024
TO: Garland Wells, Internal Audit
FROM: Angie Waters, Procurement Services Manager
DEPARTMENT: Internal Audit
SUBJECT: Procurement Card Audit Report, Period ending December 31, 2023

Procurement Card Audit Reporting

The City of Greensboro Procurement Services Division compiles monthly reporting data during the reconciliation periods verifying completeness. The findings may identify possible policy infractions. This summary is showing information from July 2023 through December 2023, the first and second quarters of the fiscal year ending June 30, 2024.

Electronic Approval

Cardholder transactions are electronically approved before the required deadline. The result of the cardholder's non approval is the necessity to apply or "force" their charges to a "miscellaneous" account and not the appropriate section or object code.

Forced charges

July 2023 – There were 15 employee's charges forced in July and the transactions were forced to the miscellaneous accounts for this cycle.

August 2023 – There were 0 employee's charges forced in August and no charges were forced to the miscellaneous accounts for this cycle.

September 2023 – There were 5 employee's charges forced in September the transactions were forced to the miscellaneous accounts for this cycle.

October 2023 - There were 0 employee's charges forced in October and no charges were forced to the miscellaneous accounts for this cycle.

November 2023 - There were 11 employee's charges forced in November the transactions were forced to the miscellaneous accounts for this cycle.

December 2023 - There were 0 employee's charges forced in December and no charges were forced to the miscellaneous accounts for this cycle.

Reference quarters 1 & 2 of the fiscal year ending June 30, 2024. Review files for a breakdown of infractions within a department.

Receipt of the P-card Envelope (Signed by Proxy)

It is a requirement for cardholders to have their Proxy to review the receipts and statement each cycle, for policy compliance and forward to Procurement Services. These are also audited in Procurement Services, and then filed for a minimum of 3 years. It is necessary to receive all files within the allotted time; any delay in receiving a file will hinder the completed process. For this six-month period, 53 cardholder submissions were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and electronic filing and year-end closings.

July 2023 – 18 cardholder envelopes were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and filing.

August 2023 – 5 cardholder envelopes were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and filing.

September 2023 - 6 cardholder envelopes were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and filing.

October 2023 - 7 cardholder envelopes were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and filing.

November 2023 - 7 cardholder envelopes were late and required additional emails to attempt to have it completed and turned in to PSD for auditing and filing.

December 2023 - 10 cardholder envelopes were late and required additional emails to attempt to have them completed and turned in to PSD for auditing and filing.

Reference quarters 1 & 2 of the fiscal year ending June 30, 2024. Review files for a breakdown of infractions within a department.

Suspended Cards

There were 4 cardholder accounts suspended during these two quarters for policy violations. Additionally, one of those cards was permanently cancelled.

Angie Waters

Angie Waters, CLGPO, CPCP
Procurement Services Manager

Wells, Garland

From: Payne, Chris
Sent: Friday, June 21, 2024 3:12 PM
To: Wells, Garland; Druga, Marlene
Cc: Davis, Larry; Waters, Angie; Lucas, Len
Subject: Re: Procurement Card Review Report for July - December 2023

The Pcard Administrator recently completed program required annual training with proxies. Concerns and areas for improvement recommended in recent audit reports were emphasized during the training.

Best,
-Chris

Chris S. Payne, C.P.M., CLGPO
Deputy Finance Director – Administrative Services
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VISION STATEMENT



*Greensboro will be a
community with endless
economic opportunities and
an exceptional quality of life.*

From: Wells, Garland <Garland.Wells@greensboro-nc.gov>
Date: Friday, June 14, 2024 at 5:35 PM
To: Druga, Marlene <Marlene.Druga@greensboro-nc.gov>, Payne, Chris <Chris.Payne@greensboro-nc.gov>
Cc: Davis, Larry <Larry.Davis@greensboro-nc.gov>, Waters, Angie <Angie.Waters@greensboro-nc.gov>, Lucas, Len <Len.Lucas@greensboro-nc.gov>
Subject: Procurement Card Review Report for July - December 2023

Marlene and Chris:

Attached, please find the Procurement Card Review Report for July through December 2023. I have also attached your Department's report. Please respond to our findings by June 28.

Please let me know if you have any questions.

Thank you.

Please note: Internal Audit's Review Report, along with all responses and replies, will be made available to the public on the City's external website. Contact Internal Audit if you have any further questions or concerns.

Garland Wells, Internal Auditor
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VISION STATEMENT




*Greensboro will be a
community with endless
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DATE: June 24, 2024
TO: Marlene Druga, Finance Director
Chris Payne, Deputy Finance Director – Administrative Services
FROM: Internal Audit Division
SUBJECT: Procurement Card Review Response for July – December 2023

The Internal Audit Division has received the response to the Procurement Card Review Report for the period of July through December 2023. We find the response sufficient and no further action is required.

We would like to thank the Financial and Administrative Services staff for their assistance and cooperation during this review. If there are any questions concerning the details of this review, please call us at (336) 373-2230.



Garland Wells
Internal Auditor



Len Lucas
Internal Audit Director

cc: Larry Davis, Assistant City Manager
Angie Waters, Procurement Services Manager