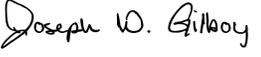




Florida Department of TRANSPORTATION

Office of Inspector General Kristofer B. Sullivan, Inspector General

Audit Report No. 21P-006
Purchasing Card Audit

DocuSigned by:

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for Kristofer B. Sullivan
January 7, 2022

What We Did

The Office of Inspector General conducted an audit of the Department of Transportation's (Department) Purchasing Card (P-Card) program under the management of the Office of Comptroller. The purpose of this engagement was to determine whether purchases with the P-Card are made in accordance with applicable laws, policies, and procedures, and to determine whether the Department has established a system of functional and effective controls over the P-Card program to provide reasonable assurance that high-level risks are mitigated. The scope of this audit was purchases made with a P-Card during fiscal year (FY) 2019-20.

What We Found

Overall, **we determined** purchases with the P-Card are made in accordance with applicable laws, policies, and procedures. **We determined** the Department has established a system of functional and effective controls over the P-Card program to provide reasonable assurance that high-level risks are mitigated.

We determined the P-Card program complied with the following:

- Transactions exceeding \$2,500 were made in compliance with the Department's procurement procedures.
- Transactions were supported by adequate receipts and supporting documentation.
- Transactions were approved by supervisors that had direct knowledge that the transactions complied with the law and were valid obligations of the state.
- The assignment of user roles in the Works¹ system was in compliance with the statewide P-Card procedure.

¹ Works is a web-based application, proprietary to Bank of America, that provides an online platform for management of P-Card transaction processing.

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We determined 84.11% of separated employee's P-Cards were deactivated in compliance with Topic No. 350-030-010, Purchasing Card (2020), during FY 2019-20; however, the P-Card Program Administrator implemented a process in January 2019 for reviewing Automated Access Request Form (AARF) termination notifications. A weekly employee termination list from the Human Resources (HR) Office has been in use for several years to identify and deactivate any accounts that were not deactivated on or before employee separation.

Additionally, **we determined** additional controls are needed to ensure training for new P-Cardholders and new users in the Works system is completed prior to obtaining Works access or the issuance of a P-Card. Documentation did not support that the training "Purchasing Card Works System Training for Users & Approvers" was completed for 17 (8.50%) new users and did not support the training "Purchasing Card Training for Cardholders" was completed for 1 (0.65%) new user.

What We Recommend

We recommend the P-Card Program Administrator continue to monitor the AARF termination notifications and weekly termination lists and explore additional controls to ensure P-Cards are deactivated promptly upon employee separation.

We recommend the P-Card Program Administrator implement controls to ensure Department training records are reviewed by the P-Card Administrators to ensure the required training is completed prior to granting access to the Works system and the issuance of a P-Card. **We also recommend** sign-in or attendance sheets are maintained for any in-person P-Card or Works system training offered by the Department.

We recommend the P-Card Program Administrator ensure all active users in the Works system, including the users identified during the audit as missing the required training, have completed the required training courses.

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BACKGROUND AND INTRODUCTION

The Purchasing Card (P-Card) program is a collaborative effort among State of Florida agencies to streamline the purchasing process for small dollar transactions. The P-Card is a Bank of America (BOA) issued VISA credit card used to pay for low-cost commodities, services, and travel expenses for official state business.

Works is a web-based application, proprietary to BOA, that provides an online platform for management of P-Card transaction processing. Works also provides an online platform for the administration of users and P-Cards. The roles in the Works system used by the Department are as follows:

- **Accountholder:** Employee assigned a P-Card to purchase allowable goods and services for official state business.
- **Secondary Accountholder:** (by exception only) A role where another employee is assigned to process P-Card charges in Works on behalf of a specific Accountholder.
- **Approver:** Accountholder's supervisor, or other employee in the Accountholder's line of supervision with direct knowledge of purchases, that reviews and approves charges in Works.
- **Accountant:** Performs final audit and approval of all charges in Works and initiates payment of charges to the bank.
- **Auditor:** View-only and reporting functionality.
- **Scoped Administrator:** The Department's P-Card Program Administrators, who coordinate, monitor, and oversee the program.

The Department's P-Card program is managed by a Program Administrator and two backup Program Administrators in the Central Office. The Program Administrators are located within the Office of the Comptroller, Disbursement Operations Office. The three Program Administrators have access to a shared P-Card Administrator email inbox. Additionally, they are Scoped Administrators in the Works system.

Each state agency has the responsibility to ensure proper accountability measures and controls are in place for its P-Card program. The Department has created a P-Card Program Plan, Topic No. 350-030-010, Purchasing Card (2020), which explains the P-Card process, internal controls, and the responsibilities of the different user roles in the Works system.

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RESULTS OF REVIEW

We conducted a review of the Department's P-Card program to determine whether purchases made with the P-Card are in accordance with applicable laws, policies, and procedures. Additionally, we conducted a review to determine whether the Department has established a system of functional and effective controls over the P-Card program to provide reasonable assurance that high-level risks are mitigated.

We found the P-Card program complied with the components listed in Findings 1, 2, 3, and 6 below. However, we determined not all P-Cards are promptly deactivated upon employee separation, as outlined in Finding 4. We also determined additional controls are needed to ensure training for P-Cardholders and new users in the Works system is completed prior to obtaining Works access or the issuance of a P-Card, as outlined in Finding 5.

Finding 1 – Procurement (Compliant)

We determined the 5 P-Card transactions exceeding \$2,500 from July 1, 2019, through June 30, 2020, identified in our sample of 383 P-Card transactions were made in compliance with the Department's procurement procedures.

Rule 60A-1.002, Purchase of Commodities or Contractual Services, Florida Administrative Code, states:

Purchases which meet or exceed \$2,500 but are less than or equal to the threshold for Category Two, may be made using written quotations, written records of telephone quotations, or informal bids to be opened upon receipt, whenever practical.

The Commodities and Contractual Services Manual, Section 5.11, Discretionary Purchases of Category Two or Less, Topic No. 375-040-020, states in part:

For purchases between \$2,500 to Category Two (\$35,000): use good purchasing practices which must include, but not be limited to, two (2) or more price quotes or a statement as to why they were not received. If the commodities or services are only available from one Vendor, or if conditions warrant negotiation on the best terms and conditions, documentation of the conditions and circumstances shall be provided. Written evidence of all quotes/proposals received and documentation of conditions and circumstances to support a non-competitive award (single source or single quote) shall be attached to the Requisition in MFMP, maintained in the procurement file or maintained in the P-Card file. An explanation or justification should be provided if the low quote is not selected.

We reviewed a statistical sample of 383 of the total population of 76,522 P-Card transactions from July 1, 2019, through June 30, 2020. We determined the sample size of 383 transactions based on a statistical sampling model, with a 95% confidence

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interval, and a margin of error of 5%. We randomly selected 383 transactions for detailed review.

Of our sample of 383 transactions, there were 5 exceeding \$2,500, which we reviewed to ensure the Department's procurement requirements were satisfied. We identified the following compliant documents:

- one included an Invitation to Bid;
- two included quotes from two or more vendors;
- one included a justification for why quotes were not obtained; and
- one was paid under an existing contract.

As a result of our testing, we determined the 5 (100%) transactions included documentation indicating proper procurement procedures were followed.

Finding 2 – Supporting Documentation (Compliant)

We determined P-Card transactions were supported by adequate receipts and documentation.

The Department's Topic No. 350-030-010, Purchasing Card (2020), Section 6 states in part:

All Purchasing Card transactions must be supported by a clear, legible, and valid receipt. Additional documentation may also be required to support the purchase. Receipts supporting the transaction must be scanned and uploaded into Works by the accountholder or secondary accountholder.

The Accountholder or Secondary Accountholder is responsible for reviewing charges in the Works system and uploading the supporting documentation, such as receipts or invoices, prior to routing the charge to the Approver for review.

We reviewed a statistical sample of 383 of the total population of 76,522 P-Card transactions from the period July 1, 2019, through June 30, 2020, to ensure each transaction was supported by adequate documentation. We determined that 383 transactions tested (100%) had adequate supporting documentation that was clear and legible. The supporting documentation was uploaded to the Works system by the Accountholder or Secondary Accountholder and indicated a description of the goods or services acquired.

We have no further recommendation at this time, as we found the area under review to be in compliance.

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Finding 3 – Transaction Approval (Compliant)

We determined P-Card transactions were approved by supervisors that have direct knowledge that the transactions complied with the law and were valid obligations of the state.

The Department's Topic No. 350-030-010, Purchasing Card (2020), Section 2 User Roles and Responsibilities, states in part:

The approver's responsibilities include (but are not limited to): ensuring transactions comply with law and are valid obligations of the State; verifying receipts and supporting documentation are attached; and verifying descriptions and accounting information (GL values) are populated and accurate.

The accountant's responsibilities include (but are not limited to): ensuring transactions comply with law and are valid obligations of the State; verifying receipts and supporting documentation are attached, accurate, and complete; and verifying accounting information (GL values) such as the object code and category to ensure appropriateness with the goods/services purchased.

We reviewed a statistical sample of 383 of the total population of 76,522 P-Card transactions from the period July 1, 2019, through June 30, 2020, to ensure each transaction was signed off by an Approver and was reviewed by an Accountant. We determined the 383 transactions tested (100%) were reviewed by an Approver and an Accountant after being posted by the Accountholder.

We have no further recommendation at this time, as we found the area under review to be in compliance.

Finding 4 – Card Deactivation

We determined 84.11% of separated employee's P-Cards were deactivated in compliance with Department procedure, during FY 2019-20.

The Department's Topic No. 350-030-010, Purchasing Card (2020), Section 4.9 Termination, states in part:

The Program Administrator must be notified immediately by the supervisor or cost center manager when accountholders or employees who have a role in the Works system are terminated. This includes accountholders, secondary accountholders, approvers and accountants. The Program Administrator will also monitor the Automated Access Request Form (AARF) for termination notifications and a weekly employee termination list. The card should be destroyed and cancelled on or before the employee's termination date.

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There were 646 employee separations from the Department between July 1, 2019, and June 30, 2020. Of the 646, 151 were P-Cardholders. We reviewed the Works user access reports to determine the number of P-Cards deactivated prior to separation and the number of days between the employee's separation from the Department and the termination of Works system access for those deactivated after separation.

We determined 127 (84.11%) of the 151 P-Cards were deactivated on or before the employee's separation date. The remaining 24 (15.89%) were deactivated after the employee's separation date, as shown in Table 1.

Table 1: Calendar Days to Deactivate P-Cards

Number of Calendar Days	Number of P-Cards	Percent of P-Cards
On or Before Separation Date	127	84.11%
1 – 7 Days	23	15.23%
7 or More Days	1	0.66%
Total:	151	100.00%

Source: Auditor created based on user data from Works system.

We reviewed P-Card transactions for the 24 P-Cards that were deactivated after the employee's separation date and determined there were no charges made after the employee's separation date.

To mitigate the risk of not deactivating separated employee P-cards, the P-Card Program Administrator has implemented an internal process for reviewing reports to identify employee separations, including Automated Access Request Form (AARF) termination notifications and a weekly employee termination list from the Human Resources Office, which is outlined in Topic No. 350-030-010, Purchasing Card (2020), Section 4.9 Termination. However, even with this process it could take up to seven days to deactivate a separated employee's P-card if the supervisor or cost center manager does not submit notification to the P-Card Program Administrator.

The Program Administrator must be notified immediately by the P-Cardholder's supervisor or cost center manager when accountholders or employees who have a role in the Works system are terminated. Documentation showing immediate notification by the P-Cardholder's supervisor or Cost Center Manager to the Program Administrator could not be provided for eight P-Cards that were deactivated more than three days from the employee's separation.

As a result of monitoring the AARF termination notifications and weekly termination lists, the P-Card Program Administrator was able to identify employee separations and subsequently deactivate P-Cards. Therefore, despite possibly not receiving notification from the employee's supervisor or cost center manager of a P-Cardholder's separation from the agency, 150 of 151 (99.34%) of all P-Cards for employees that separated in FY 2019-20 were deactivated within 7 days of an employee's separation.

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The P-Card Program Administrator initiated additional steps to mitigate the risk associated with this finding during the course of this audit by implementing a process for receiving email notifications for the two reports to the shared P-Card Administrator email inbox. This inbox is accessible by the Department's three P-Card Administrators. The P-Card Administrator has indicated the email will be routinely monitored by the P-Card Administrator and the Scoped Administrators.

We recommend the P-Card Program Administrator continue to monitor the AARF termination notifications and weekly termination lists and explore additional controls to ensure P-Cards are deactivated promptly upon employee separation.

Finding 5 – Training

We determined additional controls are needed to ensure training for new P-Cardholders and new users in the Works system is completed prior to obtaining Works access or the issuance of a P-Card. Documentation did not support that the training "Purchasing Card Works System Training for Users & Approvers" was completed for 17 (8.50%) new users and did not support the training "Purchasing Card Training for Cardholders" was completed for 1 (0.65%) new user.

Topic No. 350-030-010, Purchasing Card (2020), Section 3 Training Requirements, states in part:

Specific training must be completed prior to obtaining Works access or the issuance of a purchasing card. All required training must be completed through the Department's Learning Management System. The training courses currently available are:

- Purchasing Card Works System Training for Users & Approvers
- Purchasing Card Training for Cardholders CBT
- Purchasing Card for Emergencies Computer Based Training (CBT)
 - Only required for accountholders with the emergency designation on their card as approved by Senior Management Service (SMS) level management and their approvers

The required courses vary depending on the user's access level, as demonstrated in Table 2.

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Table 2: P-Card Required Training by User Role

User Access	Works System Training ²	Cardholder Training ³	Emergency Training ⁴
Accountholder	X	X	X
Approver	X	X	X
Accountant	X	X	
Auditor	X		
Scoped Administrator	X	X	X

Source: Topic No. 350-030-010, Purchasing Card (2020), Section 3 Training Requirements.

We reviewed electronic training records for the 200 new users granted access to the Works system from July 1, 2019, to June 30, 2020.

The transcripts for courses taken through the Department's electronic learning system are maintained in Learning Curve for active employees. Inactive employee transcripts are exported from Learning Curve in batches and maintained by the Department's Organizational Development Office.

We reviewed Learning Curve training records and inactive employee transcripts provided by the Organizational Development Office and the P-Card Program Administrator.

Works System Required Training:

All users in the Works system are required to complete the training "Purchasing Card Works System Training for Users & Approvers." Of the 200 new users granted access to the Works system from July 1, 2019, through June 30, 2020, we verified the electronic training records for 183 (91.50%) new users required to complete the training. The remaining 17 (8.5%) could not be verified for completion of the Works training, as shown in Table 3.

Table 3: Works System Training Completed

Course Status	Number of Users	Percent of Users
Completed	183	91.50%
Not Completed:	17	8.50%
Total:	200	100.00%

Source: Auditor created based on training records reviewed.

² Purchasing Card Works System Training for Users & Approvers

³ Purchasing Card Training for Cardholders CBT

⁴ Purchasing Card for Emergencies CBT, only required for accountholders with emergency designation on their card, as approved by SMS level management.

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The P-Card Program Administrator indicated that at least three of the new users missing the Works system training may have completed the training in person at a Department Accountant training. However, sign-in sheets or attendance records were not available.

Purchasing Card Training for Cardholders:

All purchasing cardholders are required to complete the training "Purchasing Card Training for Cardholders." Of the previously identified 200 new users granted access to the Works system in FY 2019-20, 155 were P-Cardholders, and therefore were required to complete the training.

We confirmed the electronic training records for 154 (99.35%) of the 155 new users required to complete the cardholder training; however, 1 user's training record could not be confirmed, as shown in Table 4

Table 4: Cardholder Training Completed

Course Status	Number of Users	Percent of Users
Completed	154	99.35%
Not Completed	1	0.65%
Total:	155	100.00%

Source: Auditor created based on training records review.

Additionally, many of the P-Card and Works Access Request Forms indicated that the training was completed prior to requesting access. However, the Learning Curve records did not support this assertion.

Purchasing Card Training for Emergencies:

There were no new Emergency P-Cardholder users granted access to the Works system during FY 2019-20; therefore, no users were required to complete the "P-Card for Emergencies" training.

We recommend the P-Card Program Administrator implement additional controls to ensure the required training is completed prior to granting access to the Works system and the issuance of a P-Card. **We also recommend** sign-in or attendance sheets are maintained for any in-person P-Card or Works system training offered by the Department.

In addition, **we recommend** the P-Card Program Administrator ensure all active users in the Works system, including the users identified during the audit as missing the required training, have completed the required training courses.

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Finding 6 – Works Roles (Compliant)

We determined the assignment of user roles in the Works system for our sample of 15 out of the 200 new users was fully compliant with the statewide P-Card procedure.

Topic No. 350-030-010, Purchasing Card, (2020), Section 2, User Roles and Responsibilities, identifies the user roles and responsibilities in the Works system, and states in part:

All users within the P-Card Program must be state employees. Proper segregation of duties is required between the user roles listed in this section to aid in the prevention and detection of errors and irregularities. The segregation of duties is necessary to prevent individuals from performing multiple roles in incurring charges, approving charges, and accounting for their charges. Users must not be assigned multiple roles within the same group except for the Scoped Administrator.

There were 200 users granted access to the Works system from July 1, 2019, through June 30, 2020. We selected a random sample of 15 (7.5%) users for detailed testing. We found 15 (100%) of the 15 users reviewed were assigned the same role as the role indicated on the Works Access Request Form. Additionally, we determined the 15 users (100%) were correctly assigned to a group in the same District office they were employed in, and no users were assigned to multiple roles within the same group.

We have no further recommendation at this time, as we found the area under review to be in compliance.

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APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to determine whether purchases with the Purchasing Card (P-Card) are made in accordance with applicable laws, policies, and procedures, and to determine whether the Department has established a system of functional and effective controls over the P-Card program to provide reasonable assurance that high-level risks are mitigated.

The **scope** of this audit included:

- purchases made with a P-Card during fiscal year (FY) 2019-20;
- users granted access to the Works system during FY 2019-20; and
- employee separations during FY 2019-20.

The **methodology** included:

- reviewing applicable Federal and State laws;
- reviewing applicable Department manuals, policies, and procedures;
- interviewing appropriate Department employees;
- reviewing Works system records;
- reviewing employee separation records; and
- reviewing employee training records.

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APPENDIX B – Management Response

The STMS/Purchasing Card Program Manager, Sonya Webb, provided the following response by email on January 3, 2022:

Finding 4 – Card Deactivation

Finding: We determined 84.11% of separated employee's P-Cards were deactivated in compliance with the Department procedure, during FY 2019-20.

Recommendation: We recommend the P-Card Program Administrator continue to monitor the AARF termination notifications and weekly termination lists and explore additional controls to ensure P-Cards are deactivated promptly upon employee separation.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: We will continue to regularly monitor the reports and notifications available to us and reiterate the importance to Supervisors of the need for us to be aware of an Accountholder who is leaving the agency. In addition, we will reach out to the Human Resources Office to identify if there are notifications used internally that the P-Card Administrator could be included on to ensure cards are cancelled before the employee's last day. Finally, HR was contacted (via email on 12/22/21) to recommend modifying the Notice of Separation Form (DOT Form #250-005-25). This modification would specify who to notify and what to do with the card when an active Accountholder separates from the agency.

Estimated Completion Date: The Deputy HR Manager, Jeri Booker, has agreed to update the form as recommended and is meeting with her team to discuss other monitoring controls. The updated form and additional controls (if available) will be implemented by the end of February 2022.

Finding 5 - Training

Finding: We determined additional controls are needed to ensure training for new P-Cardholders and new users in the Works system is completed prior to obtaining Works access or the issuance of a P-Card. Documentation did not support that the training "Purchasing Card Works System Training for Users & Approvers" was completed for 17 (8.50%) new users and did not support the training "Purchasing Card Training for Cardholders" was completed for 1 (0.65%) new user.

Recommendation: We recommend the P-Card Program Administrator implement additional controls to ensure the required training is completed prior to granting access to the Works system and the issuance of a P-Card. We also recommend sign-in or attendance sheets are maintained for any in-person P-Card or Works system training offered by the Department. In addition, we recommend the P-Card Program

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Administrators ensure all active users in the Works system, including the users identified during the audit as missing the required training, have completed the required training courses.

Response to Finding: We concur with the finding and recommendation.

Corrective Action: Prior to this audit, it was required that the Administrator verify within the Learning Curve system, that training was completed before processing a request. Upon notification of this finding, we implemented an additional verification step to the card and Works access request process. The P-Card Administrators now include a copy of the employee's training transcript (or certificate) to retain with the employee's request record.

Estimated Completion Date: Completed

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STATEMENT OF ACCORDANCE

The Department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to provide independent and objective investigative and audit services that promote accountability, integrity, and efficiency within the Florida Department of Transportation and its partners.

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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