



DIVISION OF INSPECTOR GENERAL
Grant Maloy, Clerk of the Circuit Court and Comptroller
Seminole County, Florida

October 11, 2019

The Honorable Chairman and Members of the Board of County Commissioners

We have completed the enclosed Follow-Up Review of PCARD Transactions for the Environmental Services Division.

We would like to acknowledge both the Purchasing Division and the Comptroller Office for their assistance with the review.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William Carroll".

William Carroll, CPA,CFE,CIG,CIGA
Inspector General
Division of the Inspector General

Approved by:

A handwritten signature in black ink, appearing to read "Grant Maloy".

Mr. Grant Maloy
Clerk of the Circuit Court and Comptroller
Seminole County

FOLLOW-UP REVIEW OF PCARD TRANSACTIONS

ENVIRONMENTAL SERVICES DIVISION

REPORT NO. 073019

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Follow-Up Review Report No. 073019
Review of PCARD Transactions – Environmental Services Division

GRANT MALOY
CLERK OF THE CIRCUIT COURT AND COMPTROLLER

William Carroll, CPA,CFE,CIG,CIGA
Inspector General

Auditor Assigned:
Timothy Tschappat, CIA,CFE

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INTRODUCTION

Background

On December 20, 2018, the Office of the Clerk of the Circuit Court and Comptroller published Report No. 072518. The original review may be obtained at <https://www.seminoleclerk.org/wp-content/uploads/2019/02/072518-pcard-esd.pdf>. A copy of the report may also be obtained in BCC records.

The original review had five issues that required management's attention. The issues were:

- Insufficient supporting documentation;
- Enhance Administrative Controls over Special PCard;
- Possible split purchases as limits exceeded;
- Some PCard charges included Sales Tax; and
- Single-item purchases exceed purchase limit.

At the conclusion of the review, representatives from Comptroller's Office (Finance) and Purchasing and Contracts Division (PCD) established a corrective action plan as well as enhanced the review process. We commend these two organizations for being proactive and having commitment to administrative excellence.

Part of this development has been to provide in-depth training for all employees involved with the process. These offices shared their training program and it is very comprehensive and well designed. This ongoing training is to ensure 100% compliance with policy.

The Director of Finance has requested Inspector General Office (IG) to provide audit support of this program by testing the files for compliance. With this being said, we tested 123 PCARD transactions from January 2019 through March 2019 and found most of the issues identified in the initial audit have been corrected. There were however 76 transactions that the missing packing slips or invoices. Steps are being taken by Finance and PCD to rectify this situation. This is discussed in the report that follows. IG has provided a list of transactions to Finance and PCD to be forwarded to functional directors for review and corrective action.

The status of corrective action plans begins on page 3 of this report.

Scope and Methodology

The scope of this review included reviewing the current status of the corrective action plans established by management.

We also tested 346 PCARD transactions processed from January 2019 through March 2019 to determine if the enhanced processes were functioning effectively and accurately.

Specifically, this review included:

- All the issues and corrective action plans;
- Review of the current policies and procedures
- Review and testing for compliance with policy; and,
- Other procedures as necessary.

Overall Evaluation

The original audit published identified 5 findings with recommendations. We found that 4 of 5 (80%) have been successfully addressed and cardholders are being trained on a regular basis for continued adherence to policy. A formal joint PCARD training program was established between PCD and Finance.

One of the findings in the original report had to do with cardholders not submitting packing slips to Finance to be included in the files. Finance and PCD have been coaching the users to submit these packing slips and improvements are being made. As the cardholders continue to understand the requirements there appears to be steady improvements. Of the files we reviewed, there was approximately 76 that were missing slips. We are providing our list of these to management so that they can continue to monitor and address this issue during training.

We also believe there are some additional opportunities for process improvements:

- Implement plans to accelerate the process; and
- Advance payments provide for additional risk

With the previous audit issues being addressed, the report that follows includes additional opportunities for process improvements.

OPPORTUNITIES FOR PROCESS IMPROVEMENTS

1. Implement plans to accelerate process.

Finance and PCD are consistently working towards expediting the payment process. One such goal is to have all the statements with the supporting documentation into Comptroller's Office earlier. To accomplish this PCD and Finance have been working with SunTrust on a process that allows cardholders to scan supporting documentation so that users can expedite the files for payment.

To implement plans to accelerate some adjustments to the procedures should be made. For example, cardholder statements should be tracked by adding date stamp receipt this procedure is would be used to monitor which statements are not arriving timely and can be used to ensure compliance with prompt payment act.

This procedure has already been included in the Manager policies. The Seminole County Manager Policies state that:

"[p]rinted monthly statements must be reviewed, substantiated, approved, and submitted to County Finance for payment within five days of the billing cycle" (Page 66, W-8 Preparing Statement for Payment).

The SunTrust statements are not currently being date-stamped when they were received. This date-stamp would help determine whether or not the monthly statements were submitted in compliance with the Manager Policies. Finance and PCD are currently reviewing this issue with divisional staff.

Complying policy ensures sufficient time to pre-audit the transactions and allows for a timely and accurate payment to the bank.

Recommendations

1. Date-stamp all items to provide evidence of when the documentation was received by Finance.
2. Comply with County policy to ensure the controls continue to function effectively.

Management Response – Comptroller's Office

To ensure compliance with the Prompt Payment Act and to preserve the County's spending authority, all P-Card payments are made to the P-Card Provider within 30 days of receipt of the statement. As recommended by the Inspector General's Review, the Comptroller's Office staff will be reminded of the policy that departments are required to submit supporting documentation within five days of the billing cycle. This policy will also be communicated to the County departments and

the Purchasing and Contracts Division as a reminder to submit the supporting documentation for the P-Card Charges within five days of the billing cycle.

2. Advance payments add risk.

The Manager Policy generally prohibits cardholders from making advance payments. It requires cardholders to authorize payment after goods and services are received. The Seminole County Manager Policies state that “[b]ack orders are not permitted. Items are not to be billed for until shipped.” (Page 64, W-6a - Conditions of Use)

For the most part, cardholders understand this requirement and adhere to it as part of normal business. However, occasionally a user may authorize payment for goods or services before the shipment arrives.

One such situation happened on January 15, 2019 when an order was placed to City Electric for \$1,923.54. The invoice that was paid was for backorders.

Complying with the Manager Policy ensures that a vendor ships ordered goods prior to payment.

Recommendation

PCD should send an email to cardholders reminding them to comply with policy to ensure the controls continue to function effectively.

Management Response – Comptroller’s Office

Environmental Services has indicated that these items were not in the store at the time of purchase. They were being shipped from another location the following day. The items were reported as a back order in order for the main branch to ship them from their inventory. Environmental Services is now aware that the County Manager’s policy prohibits back orders and will ensure future transactions do not include back orders and will comply with the County Manager’s policy.