

**Audit of Procurement Card
Usage - Orange County
Facilities Management
Division**



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Orange County, Florida**

www.occompt.com



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Mission

The mission of the Orange County Comptroller's Office is to serve the citizens of Orange County and our customers by providing responsive, ethical, effective, and efficient protection and management of public funds, assets, and documents, as specified in the Florida Constitution and Florida Statutes.

Vision

The vision of the Orange County Comptroller's Office is to be recognized as a highly competent, cohesive team leading the quest for continuing excellence in the effective safeguarding and ethical management of public funds, assets, and documents.



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October 20, 2021

Jerry L. Demings, County Mayor
And
Board of County Commissioners

We have conducted an audit of the Orange County Facilities Management Division's Procurement Card Usage. The audit was limited to purchasing card and travel card usage during the audit period of October 2019 through February 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

There are no Recommendations for Improvement included in this report. We commend the Facilities Management Division for its successful implementation of the County's purchasing card program.

We appreciate the cooperation of the Facilities Management Division personnel during the audit.

Phil Diamond, CPA
County Comptroller

- c: Byron Brooks, County Administrator
Darren Gray, Deputy County Administrator
Anne Kulikowski, Director, Administrative Services Department
Reed Knowlton, Manager, Fiscal and Operational Support Division
Richard Steiger, Manager, Facilities Management Division

Background

Division Overview

The Facilities Management Division (Facilities) provides routine, preventative, and emergency maintenance within Orange County buildings. This includes 5.5 million square feet of space in approximately 500 buildings. Buildings maintained include office buildings, courthouses, correctional facilities, gyms, museums, parks, community centers, warehouses, and highway maintenance facilities. Facilities also maintains around 13,000 pieces of equipment. In addition, the Division provides security guard and custodial services for county buildings. For fiscal year 2020, Facilities had 166 authorized positions and an annual operating budget of \$37.5 million, including \$25.9 million for operating expenditures.

Procurement Card Overview

The County uses procurement cards to simplify the purchase and payment process by allowing cardholders to place orders directly with vendors. Additionally, travel cards are used to pay for airline tickets, hotel reservations, conferences and training fees for employees who do not have a procurement card¹.

The transaction limits for procurement cards were increased on October 1, 2019. The limit increased from \$1,500 to \$10,000 per purchase and from \$37,500 to \$50,000 per month. Facilities had 52 active cardholders during the audit period. These 52 cardholders made purchases totaling \$1.5 million in fiscal year 2019 and \$2.4 million in fiscal year 2020. In both fiscal years, 96% of procurement card usage was classified as maintenance expense.

Cardholder Purchase Process

Cardholders are allowed to buy materials and services within the established transaction limits. They are required to obtain detailed receipts or invoices for every purchase. Cardholders enter the details of each purchase on a monthly purchase log. After the monthly statement is generated by the bank, the cardholder reconciles each transaction on the statement with the receipts or invoices and the purchase log.

¹ Travel Cards are not allowed for meals and rental car purchases.

Using the online software provided by the bank, the cardholder approves, or if necessary disputes, each transaction. Any pending credits, such as returns or sales tax paid in error, are noted on the purchase log. The statement and purchase log are signed by the cardholder and submitted to the Facilities Manager for approval, with all the required supporting documentation as a complete statement package. The Facilities Manager reviews the statement package and signs the bank statement acknowledging his review and approval. The statement package is then forwarded to one of two Facilities Transaction Approvers.

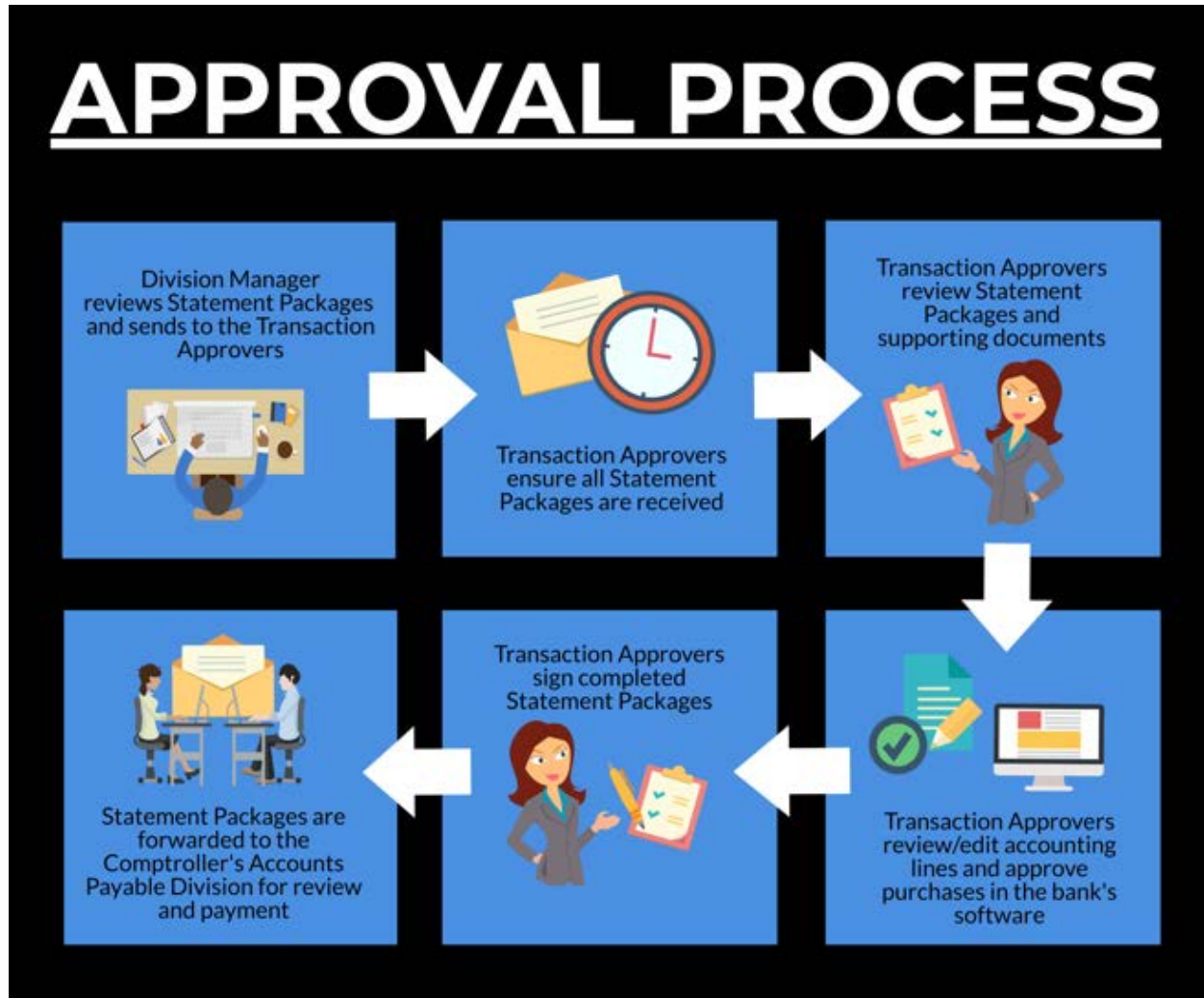
CARDHOLDER PROCESS



Transaction Approval Process

Transaction Approvers are responsible for reviewing each statement package to ensure purchases are adequately supported and in compliance with the County's procurement policies and procedures. Statement packages are reconciled with a list of cardholders to ensure all packages were received. The Transaction Approvers acknowledge their

review by approving each transaction in the bank's online software and signing the bank statement. The statement packages are forwarded to the Comptroller's Accounts Payable Division for final review and payment.



Audit Scope

The scope of this audit was limited to the Facilities Management Division's procurement and travel card purchases. The audit period was October 2019 through February 2020.

Audit Objectives

The objective of the audit was to evaluate the Facilities Management Division's compliance with the County's procurement policies and procedures for procurement and travel card usage.

Audit Methodology

To test the Facilities Management Division's compliance with the County's procurement policies and procedures, we:

- Verified all transactions were approved by the cardholder, Facilities Manager, and transaction approver.
- Reviewed a sample of transactions occurring on the cardholder's day off to ensure the purchase was made by the cardholder and was for a valid public purpose.
- Evaluated transactions charged sales tax to determine whether the County's sales tax exemption should have been used. If so, we verified whether credits were obtained.
- Analyzed procurement card transactions to confirm purchases were not split into multiple transactions to circumvent purchasing limits.
- Verified Travel Cards were not used to pay for meal or rental car expenses.
- Performed a risk assessment of all procurement card transactions based on the merchant category code, vendor name and transaction amount. The risk ratings were used to select a random sample of transactions for detailed testing. For each transaction selected, we verified:
 - Procurement card numbers were redacted on the supporting documentation;
 - Purchases were for a valid public purpose and did not include any prohibited items;
 - Transactions were adequately supported by a detailed receipt, invoice, or order document and any other required supporting documents (such as Travel and Training Authorization) were included when applicable;
 - Applicable Pre-approvals were obtained prior to purchase;



- Travel Card transactions were not related to a Procurement Cardholder; and,
- Fixed asset purchases were properly classified.

Overall Evaluation

Based on the results of our testing, the Facilities Management Division's procurement card and travel card usage is in compliance with the County's procurement policies and procedures. Only minor issues were identified. Those issues were discussed with management.