



**Audit of Procurement Card
Usage – Orange County
Parks and Recreation
Division**



**Phil Diamond, CPA
County Comptroller
Orange County, Florida**

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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.



TABLE OF CONTENTS

TRANSMITTAL LETTER	1
EXECUTIVE SUMMARY	2
Background.....	4
Audit Scope.....	7
Audit Objective.....	7
Audit Methodology	7
Overall Evaluation.....	8
RECOMMENDATIONS FOR IMPROVEMENT	9
1. Purchases over \$500 Should Be Pre-Approved	9
2. Purchases for On-Site Services Should Only Be Made From Verified Approved Vendors	9
ACTION PLAN	11
APPENDIX — MANAGEMENT’S RESPONSE	12



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April 12, 2022


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

We have conducted an audit of the Orange County Parks and Recreation 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.

Responses to our Recommendations for Improvement were received from the Parks and Recreation Division Manager and are incorporated herein.

We appreciate the cooperation of Parks and Recreation Division's personnel during the course of the audit.


Phil Diamond, CPA
County Comptroller

- c: Byron Brooks, County Administrator
- Carla Bell Johnson, Deputy County Administrator
- Lonnie Bell, Director, Community and Family Services Department
- Yolanda Brown, Manager, Fiscal and Operational Support Division
- Matt Suedmeyer, Manager, Parks and Recreation Division



Why This Audit Is Important

Procurement Cards provide an efficient, cost-effective method for acquiring and paying for goods and services. During fiscal year 2020, the Parks and Recreation Division had approximately 80 active cardholders that purchased over \$2 million in goods and services on their purchasing cards. As procurement cards do not follow traditional purchasing controls, additional controls over purchasing cards need to be in place to monitor usage and prevent improper purchases.

The Objective of Our Audit

The objective of the audit was to evaluate the Parks and Recreation Division’s compliance with the County’s procurement policies and procedures for procurement and travel card usage.

What We Found

Purchases Did Not Include Evidence of Pre-Approval (Page 9)

Parks requires total purchases or any single-item costing \$500 or more to be approved by a Program Manager prior to purchase. Of the 58 transactions requiring pre-approval, 27 transactions totaling \$61,820 did not have any evidence of pre-approval. An additional 18 transactions had evidence of pre-approval. However, the 18 pre-approvals were not included in the statement packets.

Purchases with On-Site Delivery Did Not Include Evidence that Vendors were Approved (Page 9)

For services performed on-site, purchasing cards should only be used for vendors that have been pre-approved by Risk Management to ensure the vendors maintain adequate insurance. Our testing identified four purchases that did not include the pre-approval within the cardholder’s statement packet.



Overall Evaluation (Page 8)

Based on the results of our testing, the Parks and Recreation Division's procurement card and travel card usage is in compliance with County policies and procedures. However, a few minor issues were identified and are documented in the Recommendations for Improvement section.



Background

Division Overview

The Parks and Recreation Division (Parks) operates and maintains over 100 parks, preserves and trails encompassing over 14,000 acres. Approximately 4,200 acres are classified as activity-based parks including man-made elements such as sports fields, playgrounds, and basketball courts. The remaining 10,400 acres are natural areas including environmentally sensitive lands, natural waterbodies, and wooded areas used for activities such as hiking, fishing, and camping. Amenities at various park locations include camps, playgrounds, splash pads, and afterschool programs. Parks welcomes more than 12 million visitors a year. It provides facilities for over 5,000 children to participate in various sports such as soccer, volleyball, Junior Magic basketball, and cheerleading. For fiscal year 2020, Parks had 300 authorized positions and an operating budget of \$42 million.

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 procurement card.¹

The procurement card transaction limits 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. Parks had 82 active cardholders during the audit period. These 82 cardholders made purchases totaling \$1.7 million in fiscal year 2019 and \$2 million in fiscal year 2020. In both fiscal years, the majority of procurement card usage was classified as park maintenance expense (59% in 2019 and 84% in 2020).

Cardholders Purchase Process

Cardholders are allowed to buy goods 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

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

INTRODUCTION

purchase log. After the bank generates the monthly statement, cardholders reconcile each transaction listed on the statement with the receipts, invoices and purchase log.

Using the online bank software, cardholders approve, or if necessary, dispute 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 applicable program manager for approval, with all the required supporting documentation as a complete statement package. The Parks program managers review the statement package and sign the bank statement acknowledging his or her review and approval. The statement package is then forwarded to one of three transaction approvers.

CARDHOLDER PROCESS

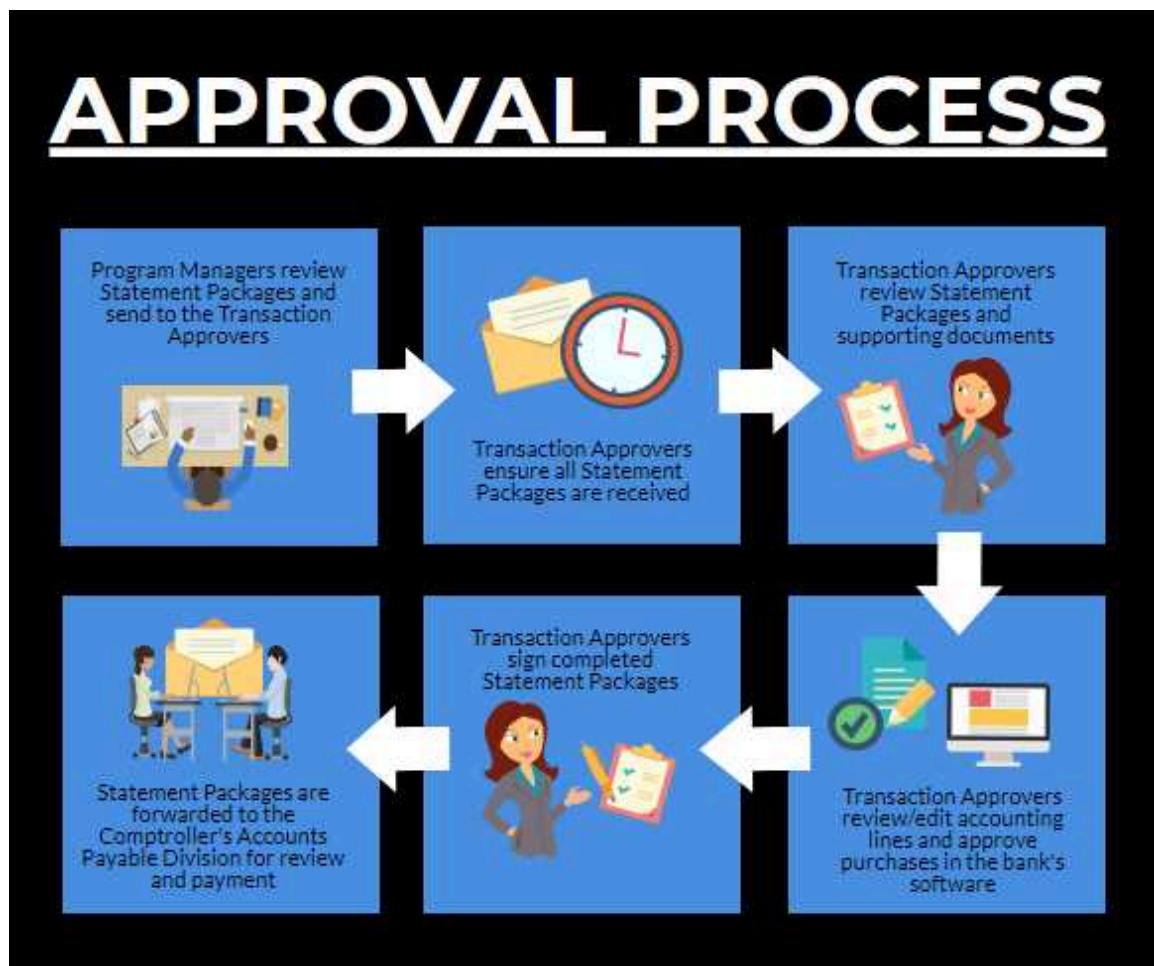




INTRODUCTION

Transaction Approval Process

Transaction Approvers are responsible for reviewing each statement package to ensure purchases are adequately supported and comply with the County's procurement policies and procedures. Statement packages are reconciled with a cardholder list 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. Statement packages are then forwarded to the Comptroller's Accounts Payable Division for final review and payment.





INTRODUCTION

Audit Scope

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

Audit Objective

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

Audit Methodology

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

- Verified all transactions were approved by the cardholder, Program Manager, and Transaction Approver.
- Reviewed a sample of transactions occurring on cardholders' days off to ensure any purchases made by the cardholders were for valid public purposes.
- 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.
- For a sample of transactions related to meals, we verified the following:
 - Meals were for an eligible purpose;
 - Transactions were adequately supported by an itemized receipt;
 - Ensured documentation indicated no purchase of alcohol and no tip that was more than 15% of the allocated amount before tax;



INTRODUCTION

- Transactions were for a fee based program and adequate support was provided to show that the event had taken place.
- 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 that any other required supporting documents (such as Travel and Training Authorization) were included when applicable;
 - Applicable Pre-approvals were obtained prior to purchases;
 - Travel Card transactions were not made on behalf of a procurement cardholder; and,
 - Fixed asset purchases were properly classified.

Overall Evaluation

Based on the results of our testing, the Parks and Recreation Division's procurement card and travel card usage is in compliance with County policies and procedures. However, a few minor issues were identified and are documented in the Recommendations for Improvement section.

1. Purchases over \$500 Should Be Pre-Approved

According to Parks and Recreation’s procedures, total purchases or any single-item costing \$500 or more must be approved prior to purchase by the designated Program Manager.

We selected a sample of 137 transactions for testing. Within the sample of 137, we identified 58 transactions that required Program Manager pre-approval. Of the 58, 27 transactions totaling \$61,820 did not have evidence of pre-approval in the statement package. An additional 18 transactions had evidence of pre-approval. However, the 18 preapprovals were not included in the statement packets sent to the Transaction Approvers for review.

The Transaction Approver should review the statement packages to ensure the appropriate approvals are included. Without the proper approvals, there is an increased risk of unauthorized purchases especially for these higher dollar transactions.

Recommendation No. 1:

The Parks and Recreation Division should periodically remind cardholders and Transaction Approvers to document prior approval from Program Managers for purchases of \$500 or more. Additionally, Transaction Approvers should ensure appropriate approvals are included with each statement package.

Management’s Response:

Concur. See [Appendix](#) for full response.

2. Purchases for On-Site Services Should Only Be Made From Verified Approved Vendors

The County’s Procurement Procedures Manual only allows purchasing cards to be used for services performed on-site if the vendors have been pre-approved by Risk

Management to ensure the vendors maintain adequate insurance. The vendors' pre-approval for purchasing cards must be attached to the transaction receipts.

We reviewed supporting documents for a sample of 137 transactions. We identified 18 transactions where a pre-approved vendor was required. Our review of the statement packages found that four out of the 18 (22%) applicable purchases did not have the required pre-approval included in the statement package. These four transactions included:

- One invoice for \$6,093 included installation of playground replacement parts.
- Three separate invoices totaling \$6,658 included on-site delivery via specialized equipment (dump trucks, off loaders). While reviewing one of the sample items, we identified three additional transactions with one of the same vendors that omitted the required pre-approvals totaling \$4,689.

Proof of vendor insurance helps protect the County from property damage or injury claims. Requiring purchasing card transactions to be made with Risk Management approved vendors will ensure that appropriate insurance is maintained before these vendors work on Orange County property.

Recommendation No. 2:

The Parks and Recreation Division should periodically remind cardholders and Transaction Approvers of the County's requirement to attach evidence of Risk Management pre-approval for any vendors that will be on-site.

Management's Response:

Concur. See [Appendix](#) for full response.



ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT'S RESPONSE		
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR
1.	The Parks and Recreation Division should periodically remind cardholders and Transaction Approvers to document prior approval from Program Managers for purchases of \$500 or more. Additionally, Transaction Approvers should ensure appropriate approvals are included with each statement package.	✓		
2.	The Parks and Recreation Division should periodically remind cardholders and Transaction Approvers of the County's requirement to attach evidence of Risk Management pre-approval for any vendors that will be on-site.	✓		



PARKS AND RECREATION DIVISION

Matt Suedmeyer, Division Manager

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DATE: February 18, 2022
TO: Wendy Kittleson, Deputy Director of County Audit
FROM: Matt Suedmeyer, Manager, Parks and Recreation Division *M.S.*
SUBJECT: Response to Audit of Procurement Card Usage – Orange County Parks and Recreation Division

The Parks and Recreation Division reviewed the Orange County Comptroller's Audit of Procurement Card Usage – Orange County Parks and Recreation Division. Parks and Recreation Division staff have reviewed the following recommendations:

Recommendation No. 1:

The Parks and Recreation Division should periodically remind Cardholders and Transaction Approvers to document prior approval from Program Managers for purchases of \$500 or more. Additionally, Transaction Approvers should ensure appropriate approvals are included with each statement package.

Recommendation No. 2:

The Parks and Recreation Division should periodically remind Cardholders and Transaction Approvers of the County's requirement to attach evidence of Risk Management pre-approval for any vendors that will be on-site.

The Parks and Recreation Division concurs with both recommendations, however, while the first recommendation requests Division staff obtain documented approval from their Program Manager for purchases over \$500, this is not a requirement in the current division operational guidelines. We will review and adjust this document where necessary.

C: Carla Bell Johnson, AICP, Deputy County Administrator
Lonnie C. Bell Jr., Director, Community and Family Services Department
Kyle Kent, Assistant Manager, Parks and Recreation Division