



Manatee County

Clerk of the Circuit Court and Comptroller

R.B. "Chips" Shore

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MEMORANDUM

To: Jim Seuffert, Financial Management Department Director

From: R.B. "Chips" Shore, Clerk of the Circuit Court and Comptroller

Date: June 1, 2005

Subject: Purchasing Card Program Follow-up Audit

The Internal Audit Department has completed a follow-up audit of the Purchasing Card Program based on the Clerk of the Circuit Court's Audit Report to the Financial Management Department, issued on January 28, 2004. The follow-up consisted of reviewing corrective actions implemented for the Purchasing Card Program in areas where we provided constructive criticism and recommendations.

We are pleased with management's response to issues raised in our original audit report. Cardholders have made improvements in obtaining price quotes and maintaining supporting documentation. In addition, it appears that the Program has been effective in maintaining a low occurrence rate of purchase splitting. The County Purchasing Card Administrator has expanded and improved the spreadsheet used to track incidents of misuse by cardholders, and is maintaining the appropriate supporting documentation of any reported violations. It was also noted that all active purchasing cards, and any limit increases, have been properly authorized, and the Purchasing Division is retaining documentation of the authorization.

Management has addressed all of the areas where improvements were recommended; however, several areas still require management's attention. During the meeting on May 18, 2005, your management staff, together with the Internal Audit Department staff, agreed on the following action plan:

1. A cardholder is required to submit documentation for purchases on a weekly basis to the departmental Purchasing Card Administrator (PCA). The departmental PCA then has 3 days to submit the paperwork to the Finance Department. Internal Audit found a 35.7% error rate in documentation being submitted within this time limit; and there do not appear to be any consequences to cardholders for the late submittals. In addition, the Finance Department did not initially receive correct and complete documentation for 10.1% of the transactions reviewed. The Finance Department confirmed that they will not make the monthly payment to Bank of America if they are missing the documentation for even one transaction. This has resulted in the payment to Bank of America being late almost every month.

Management Action Plan: The County Purchasing Card Administrator will be monitoring cardholders who are late in submitting documentation to Finance by including "tardiness" as one of the cardholder violations tracked in the Administrative Problems and Corrective Action Documentation spreadsheet maintained by the Purchasing Division. Disciplinary action taken against violators may include card suspension or termination of privileges.

In addition, the Purchasing Division will provide a checklist of documentation requirements to cardholders and PCAs to facilitate them in completing the paperwork sent to the Finance Department. During training, the Purchasing Division will emphasize the need for accuracy and timely submittal of purchase documentation, and focus on improving the lines of communication between the cardholders, PCAs, and Finance Department.

We would like to thank you and your staff for the attention given to the audit findings and the cooperation given to the Internal Audit staff. An additional follow-up audit will be scheduled after implementation of the Management Action Plan.

RBS/RJO/LJS

cc: Board of County Commissioners
Ernie Padgett, County Administrator
Rob Cuthbert, Purchasing Division Manager