



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER 0

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DATE: 3/3/2009

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE COUNTY
PROCUREMENT CARD TRANSACTIONS**

COMMISSIONERS COURT ACTION REQUESTED:

It is requested that the Commissioners Court receive and file the Auditor's Report of the Review of County Procurement Card Transactions.

BACKGROUND:

In accordance with Local Government Code, Subchapter A, Section 115.001, Examination of Records, Section 115.002, Examination of Books and Reports, the Auditor's Office reviewed the purchases made with the County procurement cards for the 32 months ending August 31, 2008.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditors

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY

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December 2, 2008

The Honorable District Judges
The Honorable Commissioners Court
Mr. G.K. Maenius, County Administrator
Mr. Jack Beacham, County Purchasing Agent
Tarrant County, Texas

RE: Auditor's Report – Review of County Procurement Card Transactions

SUMMARY

In accordance with Local Government Code, Subchapter A, §115.001, *Examination of Records*, and §115.002, *Examination of Books and Reports*, we reviewed the purchases made with the County procurement card (p-card) for the 32 months ending August 31, 2008. The objective of our review was to determine whether purchases made using the County p-card complied with the current County Procurement Card Policy & Procedures Manual. As a result of our review, we found that p-card purchases did not always comply with the current policy. Furthermore, we found that the policy does not reflect actual practices being followed related to p-card purchases. As a result, the appropriate staff is currently revising the policy to reflect the current business environment and the true nature of the County's use of the p-card.

BACKGROUND

In 1997, Tarrant County adopted a Procurement Card Program in order to provide immediate access to goods and services in a work stoppage situation. The County Administrator and the Procurement Card Coordinator jointly developed the County Procurement Card Policy & Procedures Manual anticipating the types of purchases to be made with the p-card. The current policy was intended to be restrictive because the program was new to the County, and there were concerns for abuse at that time. The Commissioners Court approved the County Procurement Card Policy & Procedures Manual in April 1999. Since then, current practices have been modified to allow more flexibility with regard to the use of the p-card. The policy has not been updated to reflect the true nature of the purchases made using the County p-card.

The monthly p-card statement ranged between about \$4,500 and \$28,000 during our review period.

OBSERVATION

Procurement card purchases did not always comply with the terms of the current Procurement Card Policy & Procedures Manual.

Background

At the end of each billing cycle, the Procurement Card Coordinator receives a master statement detailing the purchases made by each cardholder. The coordinator reviews the master statement for reasonableness and forwards the statement to the Auditor's Office.

Each cardholder receives a monthly statement listing the transactions for that period. According to the County Procurement Card Policy & Procedures Manual, the cardholder maintains a Purchasing Log which lists every transaction made during the billing cycle. Upon receipt of the monthly statement, the cardholder compares the statement to the Purchasing Log for accuracy and attaches the appropriate receipts. The cardholder signs the Purchasing Log certifying that the items purchased were to relieve a work stoppage and that the items were received and utilized by the County. Then, the cardholder submits the entire packet, the Purchasing Log, statement, and receipts, to his or her supervisor for approval. Afterwards, the packet is forwarded to the Procurement Card Coordinator for his approval. The coordinator reviews the statements in detail and ensures that the appropriate receipts are attached. Afterwards, the individual statements are forwarded to the Auditor's Office for payment.

The Auditor's Office staff reconciles the master statement to the individual cardholder statements.

Observation

During our review, we found that purchases made with County p-card did not always comply with the County Procurement Policy & Procedures Manual. Specifically:

- The policy states that proposed cardholders sign an Employee Agreement stating that the cardholder and the department head understand the procedures and the responsibilities of the cardholder. Although an Employee Agreement existed for each cardholder, we found that it was not always signed by a department head.
- The policy states that the purpose of the County-issued credit cards is for the purchase of goods and services in a work stoppage situation. We identified purchases that didn't appear urgent in nature that would cause a work stoppage situation.
- The policy limits the total value of a single transaction and the monthly per-card, per-cardholder limit of \$1,000. We identified 21 cardholders who exceeded the \$1,000 monthly limit. According to the Procurement Card Coordinator, cardholders sometimes request pre-approval for purchases that will exceed the transaction or monthly limit.


- The policy states that all purchases should occur within the State of Texas and not in a foreign country. Furthermore, the policy states that the purchases for meals, travel, or hotel expenses, governed by the existing travel policy or per diem rates, generally will not be allowed unless pre-approved by the Procurement Card Coordinator or the Auditor. We found numerous purchases using the p-card for travel outside of the state, including lodging, meals, fuel, and transportation, and one hotel purchase in Canada. We noted that the travel had been approved by the Commissioners Court. We also noted that out-of-state, including foreign countries, purchases were made for computer software via the internet.
- Although the current policy doesn't address the matter, we found that most departments do not indicate the names of employees receiving the goods when multiple like-items were purchased. Similarly, the names of attendees were not provided for some of the business-related luncheon charges. To ensure that these p-card purchases are appropriate, a detailed list of the individuals' names receiving the goods and attending the luncheons should be provided to the Procurement Card Coordinator.

We recognize that portions of the manual are outdated and do not reflect the global changes of the business environment. Through collaboration between the County Administrator's Office, the Purchasing Department, and the Auditor's Office, the County Procurement Card Policy & Procedures Manual is in the process of being revised. We will continue to work together to finalize the policy for Commissioners Court for approval. No further recommendation is required.

CLOSING REMARKS

We appreciate the cooperation and assistance of the County Administrator's Office and the Purchasing Department during our review. If you have any questions regarding the contents of this report, please don't hesitate to call.

Sincerely,



S. Renee Tidwell, CPA
County Auditor

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