



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER CO#130286

PAGE 1 OF 4

DATE: 05/28/2019

SUBJECT: **RECEIVE AND FILE THE AUDITOR'S REPORT OF THE REVIEW OF 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:

At the Purchasing Agent's request, the Auditor's Office reviewed purchases made with procurement cards during fiscal year 2018. The objective of the review was to determine whether purchases complied with the Procurement Card Policy.

FISCAL IMPACT:

There is no direct fiscal impact associated with this item.

SUBMITTED BY: Auditor's Office

PREPARED BY: S. Renee Tidwell
APPROVED BY:



TARRANT COUNTY
TARRANT COUNTY ADMINISTRATION BUILDING - ROOM 506
100 E. WEATHERFORD
FORT WORTH, TEXAS 76196-0103
817/884-1205
Fax 817/884-1104

S. RENEE TIDWELL, CPA
COUNTY AUDITOR
rtidwell@tarrantcounty.com

CRAIG MAXWELL
FIRST ASSISTANT COUNTY AUDITOR
cmaxwell@tarrantcounty.com

May 14, 2019

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

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

SUMMARY

At the Purchasing Agent's request, the Auditor's Office reviewed purchases made with the procurement cards (p-cards) during fiscal year 2018. The objective of our review was to determine whether purchases complied with the Procurement Card Policy. The last audit of p-card transactions was presented to Commissions Court on March 3, 2009. At that time, we observed that the Procurement Card Policy was outdated and did not reflect the County's current business environment. On March 17, 2009, the Commissioners Court approved an amended Procurement Card Policy. As a result of our current review, we observed significant improvement. However, we observed the following issues that require management's attention:

1. *Employee Agreements were not always signed by the Department Head/Elected Official.* Rather, we observed that oftentimes the agreements were signed by a director or manager over a business functional area. The policy specifically states that only department heads/elected officials may propose personnel to be cardholders.
Recommendation: Employee Agreements should be signed by the department head/elected official as evidence of their approval.
2. *One cardholder did not review the monthly statement.* The cardholder, who is the department head, authorized a staff person to routinely use the p-card. This same staff person reviewed and approved the monthly statement which included their own transactions.
Recommendation: To ensure proper segregation of duties, the cardholder should review the monthly statement for accuracy and sign the statement confirming that the transactions comply with the Procurement Card Policy and other relevant County policies.
3. *P-card purchases did not always comply with the County's Travel and Meetings Policy.* One out-of-state hotel stay was not preapproved by Commissioners Court, and departments did not always indicate the names of attendees for business-related luncheons.
Recommendation: Although it is the cardholder and department reviewer's responsibility to ensure compliance with the County's Travel and Meetings Policy, we recommend that the Purchasing Agent re-emphasize this responsibility.

We also observed that the County Procurement Card Policy that was amended and approved by Commissioners Court in 2009 was not available on the Purchasing Department's webpage or the County's employee portal.

BACKGROUND

The Commissioners Court originally approved the use of p-cards in 1997. Currently, there are 68 cardholders across the County. Although each cardholder is provided a copy of the Procurement Card Policy, cardholders frequently contact the p-card Coordinator, i.e. the Purchasing Agent, for pre-approval of purchases that are not clearly defined by policy.


Cardholders are responsible for maintaining a Purchasing Log that lists each p-card transaction. At the end of each billing cycle, the bank provides each cardholder a statement listing the transactions for the period. The cardholder should verify each transaction listed on the statement against his/her Purchasing Log and relevant receipts. A department designee reviews the cardholder's monthly statement to ensure that 1) receipts exist for each purchase, 2) the goods were received or the services were performed, and 3) the cardholder complied with applicable County and department policies. The department reviewer signs the cardholder's monthly statement acknowledging that they reviewed the statement and supporting documents and that purchases complied with applicable policies. The approved monthly statements, Purchasing Logs, and supporting documentation is forwarded to the Coordinator. Upon the Coordinator's review and approval, the statements and supporting documentation is forwarded to the Auditor's Office for payment.

Chase Bank currently provides p-card services to Tarrant County. The Purchasing Agent plans to solicit bids for a new p-card vendor prior to fiscal year 2020.

CLOSING REMARKS

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

Sincerely,

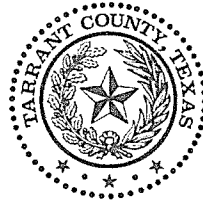


S. Renee Tidwell, CPA
County Auditor

Attachment: Management's response

Distribution: Mr. G.K. Maenius, County Administrator

Audit Team: Kim Trussell, Audit Manager
Kara Hoekstra, Senior Internal Auditor



TARRANT COUNTY
PURCHASING DEPARTMENT

JACK BEACHAM, C.P.M., A.P.P.
PURCHASING AGENT

MELISSA LEE, C.P.M., A.P.P.
ASSISTANT

Memorandum

DATE: May 14, 2019
TO: S. Renee Tidwell, CPA
County Auditor
SUBJECT: Procurement Card Program Auditors Report

Dear Ms. Tidwell,

I would like to thank you and your team for reviewing the Procurement Card Policy and Procedures. We have reviewed your observations and recommendations. We will implement your recommendations by updating our Procurement card procedures reflected in the Purchasing Manual to correspond with the policy and then distribute to all cardholders. Depending on workload schedules, Purchasing will make every effort to solicit proposals before fiscal year end 2020.

The Coordinator's responsibilities are to maintain all records of procurement card requests, spending limits, cardholder transfers, and lost, stolen, or destroyed information. The policy clearly defines unauthorized procurement card use. The policy allows the Coordinator full discretion for approval outside these limits.

Thank you and your audit team for the effort and professionalism you put into this report. I look forward to working with you and your department in the future.

Respectfully,



Jack Beacham, C.P.M., A.P.P.
Purchasing Agent