Purchasing Cards

| Dean Mealy, II CPPO | Town of Palm Beach
Overview Goals

- The number **ONE AUDIT ISSUE** for OIG Investigations is misuse of government issued purchasing cards.

- Goal of today’s presentation is to reflect on how the Town of Palm Beach migrated from an outdated manual system to a web-based Purchasing Card Program that provided automation of all phases of the process, thereby, promoting greater control measures.

- And lastly, a quick review of recent OIG Audits concerns that you need take into account when managing your program.
Quick Question

▪ How many of you by a show of hands administer your purchasing card program?

▪ For those that do, how many of a manual reconciliation program?

▪ Have you have ever had an audit issue?

▪ If you have, would anyone like to share a story?
"That university credit card was for business purposes only. So would you kindly return the Harley you bought?"

Welcome
Need for Change Recognized

- I began with the Town in May 2017 and at the time Purchasing was using Bank America with monthly paper reconciliations.

- New card creation, suspension of charge privileges was not web based and was more difficult to administer and audit internally.

- Vendor spend and employee spend data capturing was not available at the hit of a button.

- Account structures, business purposes for use of card and additional review/approval was cumbersome at best.

- The Town was not receiving a rebate for annual spend of the card purchases.
Analysis

▪ Competitors
  – What were other local government agencies utilizing for their purchasing card programs?

▪ Strengths
  – What strengths did they have with their program?

▪ Weaknesses
  – What would they change?

▪ Recent OIG Reports on Misuse of Purchasing Cards...
  – There were some very interesting reads. I had also reached out to their office for feedback as to risk assessment issues.
Business Decision to Make a Change

▪ We secured Town Council review and approval.

▪ Established a new Purchasing Card Manual with the appropriate check and balances.
  – If you would like a copy of the manual, I am willing to share our latest version.

▪ Train staff, train staff and when required, retrain staff. Goal is to be proactive and manage the program efficiently and effectively.
# Home Page for Town P-Card Program as Seen by an Administrator

## ADMINISTRATOR

### Corporate Summary

<table>
<thead>
<tr>
<th>Town Of Palm Beach (0705510)</th>
<th>Credit Limit (USD)</th>
<th>Current Balance (USD)</th>
<th>Available Credit (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>400,000.00</td>
<td>25,163.18</td>
<td>362,464.40</td>
</tr>
</tbody>
</table>

### Account Management

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Unmapped</th>
<th>Active</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMO</td>
<td>0</td>
<td>105</td>
</tr>
<tr>
<td>Out of Pocket Expense</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

### YOUR ACCOUNTS

<table>
<thead>
<tr>
<th>Account Type</th>
<th>BMO Card</th>
<th>Displaying 1 of 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5660-08xx-xxxx-7541</td>
<td></td>
</tr>
</tbody>
</table>

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## Announcements

**BMO Spend Dynamics Message**

Click here to see what's new with our latest BMO Spend Dynamics® release! (9/2019 - Release 4)

**Are you receiving notifications about card mapping?**

Each card account must be linked (or unmapped) to a BMO Spend Dynamics user so they can access card information such as eStatements and complete expense reports. Program Administrators will receive notifications for unmapped accounts. Card mapping is quick and easy – please refer to the Companion Guide within the Help Menu for instructions.

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**Important Note**

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Administrative Overview

The following diagram represents how your organization is pieced together. If at any time you require any more information or help, please contact your main administrator or help desk.
Adding an Employee
Adding an Employee

- We need an authorization form from their Director
- We need account numbers to be authorized for that employee to use
- We need their DOB, Employee ID Number and their immediate supervisor so we can route the new employee’s transactions to the immediate supervisor and their director for weekly approval.
Adding Charge Account Structures
### Managing an Account

#### Account Details

<table>
<thead>
<tr>
<th>Details</th>
<th>Properties</th>
<th>Controls</th>
<th>Delegation</th>
<th>History</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account Number</strong></td>
<td>5550-50ee-nn 7541</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Account Name</strong></td>
<td>Malay A Dean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Card Issuer</strong></td>
<td>BMO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mapped Employee</strong></td>
<td>Malay A Dean</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Account Status</strong></td>
<td>Open</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Billing Currency</strong></td>
<td>USD</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activation Status</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Activation Date</strong></td>
<td>04/03/2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Date Last Issued</strong></td>
<td>02/20/2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Card Address</strong></td>
<td>Business Address</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>561 Oceanview Rd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Palm Beach</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FL 33402</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Home Address</strong></td>
<td>561 Oceanview Rd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WEST PALM BEACH</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>FL 33402</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Company Phone</strong></td>
<td>2830556077</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Home Phone</strong></td>
<td>8612277000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Last Bill Date</strong></td>
<td>03/03/2019</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Changes may take 2 business days to be updated. Click History to review the status of your requests.
### View & Maintain Account Details

<table>
<thead>
<tr>
<th>Details</th>
<th>Properties</th>
<th>Controls</th>
<th>Delegation</th>
<th>History</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Issued</td>
<td>02/29/2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Card Address</td>
<td>Business Address (Statement Address)</td>
<td>Home Address</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>861 Oakchobee Rd</td>
<td>861 Oakchobee Rd</td>
<td>WEST PALM BEACH</td>
<td></td>
</tr>
<tr>
<td></td>
<td>33401, FL</td>
<td>33401, FL</td>
<td>33401, FL</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United States</td>
<td>United States</td>
<td>United States</td>
<td>United States</td>
</tr>
<tr>
<td>Company Phone</td>
<td>2833555557</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Phone</td>
<td>5612277000</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Last Bill Date</td>
<td>11/03/2019</td>
<td>Write-off Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Next Bill Date</td>
<td>01/02/2020</td>
<td>Write-off Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Last Payment Amount</td>
<td>0.00</td>
<td>Delinquency History</td>
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<td></td>
</tr>
<tr>
<td>Last Payment Date</td>
<td>01/10/2019</td>
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</tr>
<tr>
<td>Credit Limit</td>
<td>25,000.00</td>
<td>Open Date</td>
<td>02/27/2018</td>
<td></td>
</tr>
<tr>
<td>Expiration Date</td>
<td>04/03/2021</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Changes may take 3 business days to be updated. Click History to review the status of your requests.
Account Management

- From the Account Management Screen, I can change the following:
  - Credit limit
    - I also use the credit limit screen on a weekly basis when employees do not reconcile within the three day window. I take their credit limit to $0.00 to force timely weekly reconciliations.
  - Close an account, need to secure notices from HR when any employee leaves either voluntarily or involuntarily so that you can close the account.
  - Anyone with a card that approves weekly transactions can re-delegate their authority to another person to approve transactions.
Reconciliations

- When the Town decided to go to the web based application, we setup the program to email employees each Monday night at midnight to notice them of pending transactions that require reconciliations.
  - Employees are provided three days to upload their receipts electronically, use the drop down for account structure and for a legitimate business process.
  - Failure to reconcile by Friday morning results in my office suspending charge privileges until the account is properly reconciled.
Card Transactions

09/04/2019 to 10/03/2019
Mealy II Dean - BMO - (7541)

Quick Coding

<table>
<thead>
<tr>
<th>Trn Date</th>
<th>Supplier</th>
<th>Image(s)</th>
<th>Source Amount</th>
<th>Amount Inv</th>
</tr>
</thead>
</table>
| 09/10/2019 | Amazon.Com B3P234m3 | Yes | 315.00 | |}

Manage / Add Feeds Images

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Card Transactions

Transaction Details

Purchase: 09/19/2019
Amount: $275.00 USD
Florida Association of, 813-436-3109

Merchant Detail Coding Approval

GL Acct Proj Acct Amount Inc N/A
Line 1 001 25 144 513 5C 275.00
Line 2 
Line 3 
Line 4 
More...

Supplier Details

Purchase Florida Association Of

Expense Description (Mandatory)
annual membership for Florida Association of Public Purchasing Officers

Close Reset Save
Card Transaction Approvals
Reports

Scheduled Reports
My Information
Expenditure Analysis
- Company Administration
- Usage and Monitoring
- Bank of Montreal

Transaction Search - Company
Enhanced Data Analysis
Spend - Employee
- Suppliers - Company
- Suppliers - Employee
- Suppliers - Top Spend
Analysis - Company
Analysis - Employee
Environmental Impact

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Choose</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/10/2019</td>
<td>Amazon.Com</td>
<td>$315.00</td>
<td></td>
</tr>
<tr>
<td>06/10/2019</td>
<td>Florida Automobile</td>
<td>$275.00</td>
<td></td>
</tr>
</tbody>
</table>

Manage Record Images
Reporting by Employee
Reporting by Company Expenditure
Broward County, FL

Port Everglades


- In February 2019, and internal county audit cannot locate materials purchased with a county p-card
- The worker in the hot-seat explained. He “told investigators the port received what was purchased. He told them he could not explain why the materials were not where they should be.”
- Goods were not being centrally received, tracked, or re-distributed
- Storage areas were not secure, not locked, and without cameras
- No inventory system in place.
Audit Report
2019-A-0003
City of Riviera Beach Purchasing Cards and Council Members’ Out-of-State Travel
January 17, 2019
Audit Report
2019-A-0010
City of West Palm Beach Travel
September 9, 2019
WHAT WE DID

We conducted a travel reimbursement and expenditures audit of the City of West Palm Beach (City). This audit was performed as part of the Office of Inspector General, Palm Beach County (OIG) 2019 Annual Audit Plan.

Our audit focused on travel processes that occurred during Fiscal Year (FY) 2016 through mid-FY 2019 (October 1, 2015 – April 19, 2019).

WHAT WE FOUND

We found control weaknesses for the City’s travel processes and discretionary fund expenditures. Expenditures lacked adequate documentation, lacked proper approvals, and were non-compliant with policy or statutory requirements. Our audit identified $803,949.34 in questioned costs1 with the majority of the exceptions being for non-compliance with City policy, $6,503.81 in identified costs2 which were mostly for Florida sales tax, and $21,222 in avoidable costs3 for unnecessary costs incurred that could be avoided.

Lack of Travel Policy Compliance and Insufficient Oversight

We found that 38 of 685 (6%) travel expenses we tested totaling $855.22 did not comply with the City’s Travel Policy in effect at the time of travel. The exceptions were from per diems being paid to travelers when meals were provided at the event, fuel purchases, food purchases when per diem paid to the traveler, tips and gratuities, extra days at hotel, and lack of adequate support for parking and toils. We found that 12 of 685 (2%) travel expenditures tested erroneously included Florida sales tax totaling $363.52.

We also found that 16 of 685 (2%) travel expenditures tested totaling $179.34 were...
In Closing…

▪ Be able to manage what staff is purchasing.
▪ Be able to create reports as required.
▪ Stay on top of card users that leave employment or are under discipline.
▪ Question what doesn’t look correct…you know the rules.
▪ Update and keep your Policy and Procedure for P-Cards updated.
▪ Sit with your Finance Director and Inspector General for their feedback as to how you currently manage your program and if they have any constructive feedback.
▪ Automate and secure rebates on annual spend!!!!!!!!!!
THANK YOU FOR ATTENDING!