



Review of Port Everglades Department Procurement Card Transactions

Office of the County Auditor Audit Report

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Report No. 18-1
September 27, 2017



Office of the County Auditor

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Honorable Mayor and Members, Board of County Commissioners

We have conducted a review of procurement card transactions for Port Everglades.

We appreciate the cooperation and assistance provided by Port Everglades and other County agencies, including the Purchasing Division and Accounting Division, contacted during the course of our review.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

cc: Bertha Henry, County Administrator
Joni Armstrong Coffey, County Attorney
Andrew Meyers, Chief Deputy County Attorney
Brenda Billingsley, Director of Purchasing
Steve Cernak, Director of Port Everglades

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INTRODUCTION

Scope and Methodology

We conducted a review of procurement card transactions for the Port Everglades Department (Port). Our objectives were:

1. To determine whether procurement cards have been used and accounted for properly in accordance with the policies and procedures established for the County's procurement card program.
2. To determine any opportunities for improvement.

To determine whether procurement cards have been used and properly accounted for in accordance with the policies and procedures established for the County's procurement card program, we reviewed County Administrative Policies and Procedures (CAPP) Volume 10, Chapter 5 and Appendix titled Procurement Card Program Manual; interviewed Port, Purchasing Division, Accounting Division, and Enterprise Resource Planning Division (ERP) staff; reviewed ERP PeopleSoft system documentation; and tested random and judgmental samples of procurement card transactions.

To determine opportunities for improvement, we interviewed staff from the Port, Purchasing Division and Accounting Division; obtained reports and reviewed financial documentation; reviewed policies and procedures as stated in the Procurement Card Program Manual; and selected and tested samples of transactions.

Our review included such tests of records and other review procedures as we considered necessary in the circumstances. The review period was October 1, 2016 through December 31, 2016. However, transactions, processes, and situations reviewed were not limited by the audit period.

Overall Conclusion

We conclude that Port has properly used and accounted for procurement cards in accordance with the policies and procedures established for the County's procurement card program. We noted no opportunities for improvement.

Background

The procurement card is a credit card designed to provide County employees with an efficient and reliable way to make non-recurring, low dollar purchases.

The Director of Purchasing has the authority to delegate the purchase of specific items or classes of items below the mandatory bid amount¹ and has authorized the Procurement Card Program.²

The procurement card can be used for all purchases of \$3,500 or less. Procurement cards may also be authorized as a travel card to pay certain approved expenses during County authorized travel. All procurement card purchases must be for non-luxury, non-personal, and County business purposes.

Procurement card purchasing limits are \$3,500 per single transaction (including shipping, installation, warranty, handling, etc.), \$6,000 per day and \$20,000 per month. "Splitting" of purchases to exceed the procurement card limits is not allowed.

Participant Responsibilities

The Purchasing Division's Procurement Card Administrator is responsible for the overall administration and oversight of the Procurement Card Program, including

- maintaining Procurement Card Program policy and procedural guidance for agency participants;
- serving as the primary contact between the County and the Bank;
- providing training for Procurement Card Program participants;
- providing support to participating agencies;
- suspending card holder privileges when Card Holders and/or Approvers fail to comply with Procurement Card Program policies and procedures;
- cooperating with audit and investigative authorities with respect to identifying and mitigating suspected, alleged, or confirmed instances of waste, fraud or abuse related to the Procurement Card Program;
- conducting routine quarterly transaction reviews and investigations of potential procurement card violations and issuing the appropriate sanctions; and
- providing quarterly transaction reports to the Office of the County Auditor, identifying all individuals whose procurement cards have been revoked and/or reinstated.

¹ Section 21.8.b.41, Administrative Code - The mandatory bid amount is \$50,000.

² Section 21.15, Administrative Code

The Director for each participating agency is responsible for a thorough review of monthly expenditures, ensuring all transactions conform to the policies and procedures. Roles within divisions include a Procurement Card Coordinator, Approver, and Holder.

A Procurement Card Coordinator is designated by each agency Director to manage all Procurement Card Program activities within the participating agency, in cooperation with the Purchasing Division. The Procurement Card Coordinator is responsible for requests to the Purchasing Division for new procurement card orders, cancellations, reinstatements, name changes, approver changes, and alerting the Procurement Card Administrator to cancel or transfer an account when a Card Holder is leaving the participating agency.

The Procurement Card Approver is responsible for ensuring Card Holder compliance with requirements of the Procurement Card Program and ensuring that Card Holders enter the correct budget line item number, and attach receipts and supporting documentation in PeopleSoft.

The Procurement Card Holders are responsible for a diligent review of all Procurement Card transactions to ensure that all transactions conform to policies and procedures, including:

- the items purchased meet County business needs;
- the use of approved procurement contracts first;
- the price paid for goods and services is fair and reasonable;
- verification that funds exist to cover the purchase and correctness of the budget line item the purchase will be charged against;
- purchase from Broward County Certified Small Business Enterprises (SBE) and/or local Broward County businesses when feasible; and
- receipt of all orders at the Card Holder's Broward County work place to allow proper receipt and inspection.

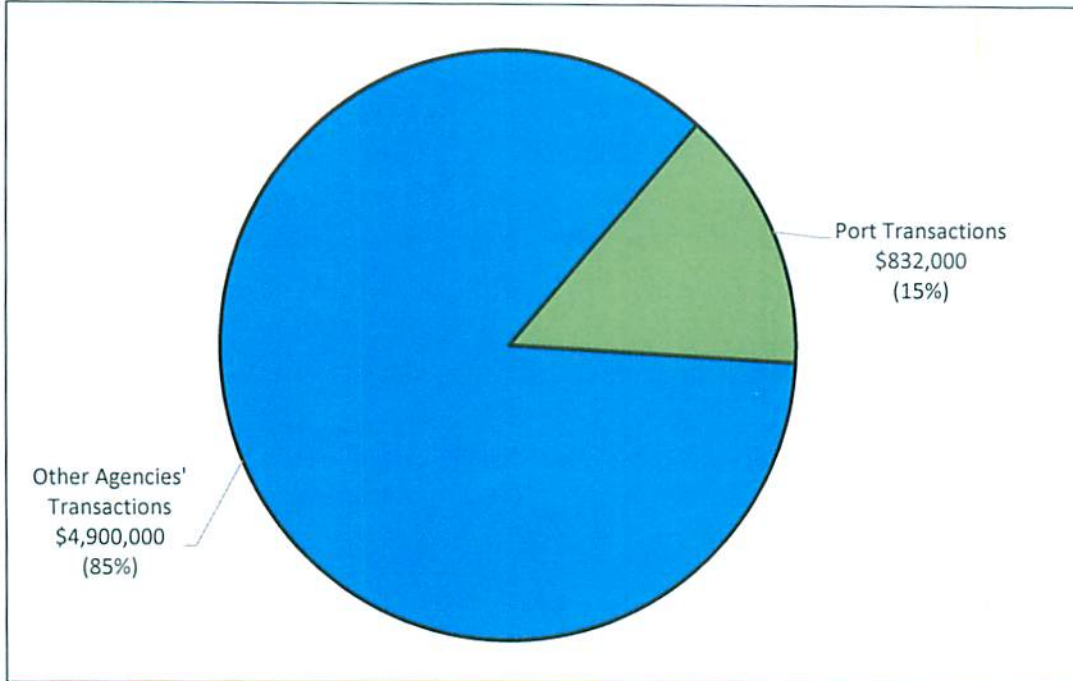
Each assigned individual must complete the online tutorial and sign an agreement to abide by all procurement card policies and procedures. Any violation of procurement card rules may result in disciplinary action and/or revocation of the procurement card. Any misuse of the procurement card shall constitute immediate revocation of the procurement card.

Calendar Year 2017 Procurement Card Transactions

For the three month period of October through December, 2016, Broward County procurement card transactions totaled \$5.7 million, consisting of approximately 14,000 transactions and 950 procurement cards. For this three month period, Port procurement card purchases total approximately \$832,000, consisting of approximately 1,400 transactions and 81 procurement cards.

As shown in Exhibit 1, Port procurement card transactions are 15% of all County procurement card transactions for the three month period.

Exhibit 1 – October through December 2016 Procurement Card Transactions



Source: Prepared by the Office of the County Auditor based on Information obtained from the County's PeopleSoft financial system.

OPPORTUNITIES FOR IMPROVEMENT

We noted no Opportunities for Improvement. Our review was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the areas reviewed in this audit may not be all-inclusive of areas where improvement may be needed.