

Purchasing Card Use

Scope Statement – March 17, 2021

Background

The city began using purchasing cards (P-Cards) more than 20 years ago. P-Cards are credit cards assigned to city employees to make work related purchases. Their use is meant to improve efficiency for small dollar transactions (under \$5,000).

The Finance Department manages the city's P-Card program. The department developed P-Card policies and processes. The city began contracting with Bank of America in 2013 to provide Visa credit cards and track purchases at no charge to the city. Bank of America's service includes a web application called "Works". The Finance Department uses Works to review transactions, suspend P-cards, and set/remove P-card limits. City employees may upload receipts, and review and approve transactions in Works.

Why audit Purchasing Card Use?

The city currently has over 150 P-Card holders. P-card holders are in every city department. In Fiscal Year 2020, employees made about 9,900 purchases totaling \$3.5 million.

P-Card use comes with inherent risks and vulnerabilities to the city. Our 2009 audit¹ found misuse of P-cards. The city gives P-Card holders significant discretion in purchasing decisions with P-Cards. Prevention of their misuse relies on adequate policies that are put into active use by management. Without these preventive actions and after purchase reviews, P-Cards can be used freely like any credit card.

An audit of P-Card use and the guiding policies will help protect public funds. New technology can find questionable purchases or misuse faster by continuously reviewing posted transactions.

Audit objective

Our objective is to answer the following question:

- Do employees use Purchasing Cards as intended?

Audit methods

We will use a continuous auditing² process to assess Purchasing Card transactions for calendar year 2020 and for a period of time going forward to identify purchases not in accordance with city policies; and evaluate the design, implementation, and operating effectiveness of processes meant to provide reasonable assurance employees do not misuse P-Cards.

Anticipated release date

We plan to issue the audit report in August 2021.

¹ [Performance Audit City Purchasing Card Program](#), Office of the City Auditor, Kansas City, Missouri, April 2009.

² Continuous auditing is a method used to perform audits on a more frequent basis by using technology to automate the identification of exceptions, analyze patterns, review trends, and test controls.