



StarMetro P-Card Purchases

WHAT WE DID

The objective of our audit of StarMetro's purchasing card (P-Card) controls was to determine whether the controls reasonably ensured that P-Card purchases served an authorized City purpose and were made in compliance with relevant Commission, City, and departmental policies and procedures. In conducting our audit, we included in our tests, 396 StarMetro P-Card transactions totaling \$163,666, made by nine cardholders during the monthly P-Card statement periods October 5, 2016, through August 4, 2018.

WHAT WE CONCLUDED

StarMetro's Departmental P-Card Procedures (Procedures) were, for the most part, consistent with the requirements of the City's overall P-Card policy. However, we found that the Procedures were not always timely executed. In particular, we found that the documentation, review, and approval of P-Card transactions were not always performed in a timely manner. Our audit tests also identified a few P-Card purchases in which the public purpose served was not readily discernable from the associated documentation and many instances in which the associated documentation did not demonstrate StarMetro compliance with one or more procedural requirements. Timely execution of the Procedures better enables the prevention, timely detection, and correction of errors or fraud should they occur.

OPPORTUNITIES FOR IMPROVEMENT

We provided for management's consideration, recommendations to improve StarMetro's P-Card controls. These recommendations include:

- Revise the StarMetro Departmental P-Card Procedures to:
 - Specify the documentation that is required to clearly demonstrate the public purpose served by the purchase and the reasonableness of purchases made.
 - Include procedures for documenting the delivery and receipt of goods and services ordered via telephone and online.
 - Address the supporting documentation requirements for food and entertainment purchases.
 - Include all requirements specified in current, applicable City policies and procedures.
 - Clarify their applicability to StarMetro.
 - Clarify the assignment of P-Card process duties within StarMetro.
- Provide additional training to cardholders, proxies, and approvers.
- Establish a process to monitor cardholder, proxy, and approver compliance with P-Card policies and procedures.

Report No. 1907

Audit of StarMetro P-Card Purchases



September 27, 2019

City of Tallahassee
Office of the City Auditor

Dennis R. Sutton, CPA, CIA
City Auditor



TABLE OF CONTENTS

EXECUTIVE SUMMARY 3

 WHAT WE DID 3

 WHAT WE CONCLUDED 3

 OPPORTUNITIES FOR IMPROVEMENT 3

OBSERVATIONS 5

 Observation 1: P-Card Purchase and Cardholder Statement Review and Approval 5

 Observation 2: Supporting Documentation 8

 Observation 3: Departmental P-Card Procedures 11

ATTACHMENT 1 - FOOD PURCHASES (Observation 2) 13

APPENDIX A - BACKGROUND 14

 PURCHASING CARD PROGRAM 14

 STARMETRO SERVICES AND ORGANIZATION 14

APPENDIX B - PURPOSE, SCOPE, AND METHODOLOGY 15

APPENDIX C - MANAGEMENT RESPONSE 17

DISTRIBUTION 18

ACKNOWLEDGEMENTS 18

PROJECT TEAM 19

STATEMENT OF ACCORDANCE 19

Audit of StarMetro P-Card Purchases

EXECUTIVE SUMMARY

WHAT WE DID

The objective of our audit of StarMetro's purchasing card (P-Card) controls was to determine whether the controls reasonably ensured that P-Card purchases served an authorized City purpose and were made in compliance with relevant Commission, City, and departmental policies and procedures. In conducting our audit, we included in our tests, 396 StarMetro P-Card transactions totaling \$163,666, made by nine cardholders during the monthly P-Card statement periods October 5, 2016, through August 4, 2018. Additional background information relative to StarMetro's P-Card activities can be found in Appendix A of this report. Additional information relative to our audit's scope, objectives and methodology can be found in Appendix B.

WHAT WE CONCLUDED

StarMetro's Departmental P-Card Procedures (Procedures) were, for the most part, consistent with the requirements of the City's overall P-Card policy. However, we found that the Procedures were not always timely executed. In particular, we found that the documentation, review, and approval of P-Card transactions were not always performed in a timely manner. Our audit tests also identified a few P-Card purchases in which the public purpose served was not readily discernable from the associated documentation and many instances in which the associated documentation did not demonstrate StarMetro compliance with one or more procedural requirements. Timely execution of the Procedures better enables the prevention, timely detection, and correction of errors or fraud should they occur.

OPPORTUNITIES FOR IMPROVEMENT

We provided for management's consideration, recommendations to improve StarMetro's P-Card controls. These recommendations include:

- Revise the StarMetro Departmental P-Card Procedures to:
 - Specify the documentation that is required to clearly demonstrate the public purpose served by the purchase and the reasonableness of purchases made.
 - Include procedures for documenting the delivery and receipt of goods and services ordered via telephone and online.
 - Address the supporting documentation requirements for food and entertainment purchases.
 - Include all requirements specified in current, applicable City policies and procedures.
 - Clarify their applicability to StarMetro.
 - Clarify the assignment of P-Card process duties within StarMetro.

- Provide additional training to cardholders, proxies, and approvers.
- Establish a process to monitor cardholder, proxy, and approver compliance with P-Card policies and procedures.

OBSERVATIONS

Element	Observation 1: P-Card Purchase and Cardholder Statement Review and Approval
Criteria	<p>Administrative Policy and Procedure (APP) No. 603 <i>P-Card Procedures</i> and StarMetro’s Departmental P-Card Procedures require that P-Card transactions, supporting documentation, and monthly cardholder statements be timely reviewed by cardholders, proxies, and approvers. More specifically:</p> <ol style="list-style-type: none"> 1. Within three working days of each P-Card purchase, cardholders are to submit to the proxy supporting documentation for the purchase (i.e., a completed P-Card Purchase Form,¹ along with the receipt, invoice, and any other required documentation of the purchase). The proxy is to then review the submitted P-Card Purchase Form and the associated supporting documentation for compliance with City and department requirements and code the charge in City’s accounting system. All transactions must be reviewed, approved, and coded in the period that charges appear on the monthly invoice (that is, the monthly cardholder statement provided by the participating P-Card program bank). 2. On the 4th day of each month, cardholder statements from the bank become available showing the P-Card purchases made by the cardholder during the preceding month (e.g., the October 4th statement shows purchases made from September 4, through October 4, 2017). The proxy is to print the monthly statement and match each transaction to the related P-Card Purchase Form and the associated supporting documentation. The statement and the supporting documentation are to be provided to the cardholder by the 15th of the month for verification by the cardholder and the approver (e.g., the cardholder’s supervisor). This verification is to include a reperformance of the proxy’s matching of the statement charges to the P-Card Purchase Form and the associated supporting documentation. To evidence the verification, the cardholder and the cardholder’s supervisor are to sign and date the monthly cardholder statement.
Condition	<p>StarMetro management has established procedures and practices for the timely approval and coding of P-Card transactions and the review of cardholder statements and associated P-Card purchase documentation. However, those procedures and practices were often not timely and effectively executed as indicated by the following:</p> <p>Generally, the P-Card Purchase Form and the supporting documentation for P-Card purchases were not submitted to the proxy within three working days of the purchase.</p>

¹ The P-Card Purchase Form is a purchasing document required by StarMetro’s department guidelines and initiated for each purchase by the P-Card holder. The P-Card holder records on the form the items purchased, the prices, and the purpose of the purchase and then signs the document. The document, along with receipts and associated documentation, is then submitted for approval and the signature of the P-Card holder’s supervisor.

	<p>In addition, the proxy did not, as of the date of coding, have available for review the P-Card Purchase Form and the associated supporting documentation for many of the tested purchases. More specifically, for a sample of 196 purchases made by two cardholders, a comparison of the coding date as shown by the City’s accounting system, to the date of approval on the P-Card Purchase Form (which represents the earliest date that all documentation for the purchase became available for proxy review), found that 48% (95 purchases) were coded prior to the date of P-Card Purchase Form approval.</p> <ol style="list-style-type: none"> 1. Monthly cardholder statements were not always timely signed by the cardholder and the supervisor to evidence the verification of the charges. Our review of 42 monthly cardholder statements found two statements that were not signed by the cardholder and one statement that was not signed by the supervisor or other approval authority. Additionally, the approving authority signatures for four of the 42 statements were dated subsequent to our request for the document. More specifically, the monthly statements for July, September, October, and November 2017 were signed by the supervisors after our request on December 12, 2017. The cardholder statement for the month of July 2017 was signed by the supervisor on February 1, 2018, and the cardholder statements for September, October, and November 2017 were signed on December 15, 2017. 2. For one cardholder, we found that, of the 97 transactions tested (6 statement periods), the applicable statement approval date preceded the P-Card Purchase Form approval date for 24 purchases (25%). In these instances, the monthly cardholder statements were approved absent the availability of all associated documentation necessary for the effective verification of statements.
Cause	<p>With respect to transactions coded prior to the P-Card Purchase Form approval date, StarMetro’s proxy indicated that purchase documentation was not always provided timely for review. For the cardholder statements which were not timely reviewed and approved, the delays were attributed to an oversight occurring during a period of organizational changes.</p>
Effect	<p>Absent the timely review and approval of P-Card purchase documentation and statements, unauthorized or otherwise noncompliant purchase transactions may not be timely detected and resolved. Our audit procedures identified examples of such purchases, which are described in more detail in Observation 2. Also, the absence of documentation at the time of coding may have contributed to accounting errors. We noted that 6% (25 of 396) of transactions tested were not coded to the appropriate general ledger code. Purchases which should have been coded as office supplies, food, or equipment were coded as unclassified supplies.</p>

Recommendation

We recommend StarMetro establish a process to monitor cardholder, proxy, and approver compliance with established P-Card policies and procedures requiring timely documentation, review, approval, and processing of P-Card purchases.

We also recommend that additional training be provided to cardholders, proxies, and approvers.

Element	Observation 2: Supporting Documentation
Criteria	<p>Policies and procedures governing the use of a City P-Card and related documentation requirements are found in APP No. 603 <i>P-Card Procedures</i>, APP No. 602 <i>Travel and Training</i>, City Commission Policy 242, <i>Procurement Policy</i>, and StarMetro’s Departmental P-Card Procedures titled <i>Purchasing Cardholder Guidelines</i>. Provisions specific to this observation include:</p> <ol style="list-style-type: none"> 1. P-Card purchase documentation must contain notations that a P-Card was used to make the purchase. 2. To support the expenditure of public funds using a P-Card, documentation supporting purchases must include, at minimum, the vendor confirmation of payment identifying the items purchased, the amount charged, and the cardholder’s name. 3. The purchase of food or entertainment with a P-Card must be supported by documentation that indicates the purpose/nature of City business, the names of the individuals involved, and a detailed description of the food that is purchased. 4. P-Cards must only be used to make authorized purchases on behalf of the City. 5. For purchases over \$1,000, City Commission Policy 242 requires that competitive procurement processes be used. For such purchases less than or equal to \$10,000, the Policy requires that phone or written requests for quotation be obtained, unless the purchase is made under an existing City contract or the item purchased is available only from a sole source. <p>As required by APP No. 603, StarMetro had adopted for its use department level procedures (StarMetro’s Department P-Card Procedures) identifying the standard method of documenting that purchased items were received by StarMetro.</p>
Condition	<p>Our review concluded that, generally, the StarMetro purchases tested served an authorized City purpose. However, our tests of 396 transactions identified many purchases for which the available supporting documentation did not demonstrate compliance with one or more of the requirements described above. In summary, we found:</p> <ol style="list-style-type: none"> 1. The supporting documentation for 52 purchases did not indicate that a P-Card had been used to pay for the good or service. 2. A total of 58 purchases were not supported by a vendor confirmation of payment for the goods or services. Support for these purchases was limited to documentation such as an order form or invoice. Examples include purchases from Amazon, purchases of printing services, purchases of lodging, payments for internet services, and registration fee payments. 3. For 33 purchases of food, totaling \$3,431, the supporting documentation did not describe one or more of the following: the nature of City business, the individuals

involved, or a detailed description of the food that was purchased. (For additional details, see **Attachment 1**)

4. For four purchases, with amounts exceeding the competitive procurement threshold, the supporting documentation did not include the required quotes, or documentation demonstrating the purchase was exempt from competitive procurement requirements (for example, the purchase was made under an existing contract or the item purchased was available only from a sole source.) These purchases, in amounts totaling \$1,226, \$1,490, \$2,471, and \$1,750 pertained to printing and electrical services.
5. For one transaction, although the required competitive quotes were obtained, the purchase was not made from the vendor offering the lowest price. The purchase, totaling \$1,818, related to equipment rentals for an employee appreciation event. The documentation indicates the lowest price offering was \$1,395 and did not explain the rationale for vendor selection.
6. For 82 transactions, related to items that were not received at the time of purchase (e.g., online and telephone orders), the documentation did not show the goods or services were received. Such documentation should include, for example, a receiving report, stamp, or signature on the invoice evidencing delivery of the described goods or services.
7. For three transactions, supporting documentation did not clearly demonstrate that the purchase served an authorized City purpose (see Table 1 below). For example, one transaction involved the purchase of a water quality check; however, the vendor invoice does not identify the City location at which the work was performed. Two of the three transactions were for the purchase of postage for certified letters, the business purpose of which was not identified by documentation accompanying the transactions.

Table 1 - Purchases Without Documentation of City Purpose			
Billing Date	Vendor Name	Purchase Amount	Transaction Description
6/4/2017	USPS PO 1188940684	\$ 6.59	Postage for Certified Letter
7/4/2017	USPS PO 1188940684	\$ 6.59	Postage for Certified Letter
8/4/2017	ACKURITLABS	\$ 30.00	Water Quality Check

8. For 13 transactions totaling \$1,961, sales tax or other taxes in the amount of \$351.27 for which the City is exempt, were paid. Examples of items purchased included books, internet service, and food.

Cause

As noted in Observation 1, reviews of purchases made by StarMetro cardholders were not always performed timely and in accordance with established procedures. Also, cardholders, proxies, and approvers were not always aware of the all the policies and procedures applicable to the use of a City P-Card and their respective roles in ensuring the maintenance of adequate controls and complete records. In addition, StarMetro's Departmental P-Card Procedures do not address documentation requirements for the

	purchase of food, competitive procurement, and evidencing that purchased goods and services are received.
Effect	Absent sufficient supporting documentation, StarMetro was unable to always demonstrate that purchases were for an authorized City purpose and made in compliance with applicable City and department policies and procedure.
Recommendation	<p>We recommend StarMetro provide training to cardholders, approvers, and proxies, as needed, to ensure documentation supporting P-Card purchases is sufficient to support the expenditure of public funds and sales or other taxes for which the City is exempt are not paid.</p> <p>We also recommend StarMetro's Departmental P-Card Procedures be amended to:</p> <ul style="list-style-type: none"> • Require for P-Card purchases, documentation which clearly explains the purpose and demonstrates the reasonableness of purchases. Revisions to the guidelines should also address documentation required to support the purchase of food with a P-Card. • Specify a standard method of evidencing that purchased goods and services are received. These procedures should address specifically the documentation required for items purchased online and by telephone.

Element	Observation 3: Departmental P-Card Procedures
Criteria	<p>As previously noted in Observations 1 and 2, APP No. 603, <i>P-Card Procedures</i>, governs the use and administration of P-Cards within the City. Among other things, APP No. 603 requires departments that elect to utilize P-Cards to maintain department-specific P-Card guidelines (policies and procedures). Those guidelines are to include, but not be limited to, a listing of authorized cardholders and transaction limits, supporting documentation submittal requirements, transaction coding and approval requirements, and oversight and review requirements.</p> <p>Additionally, to facilitate understanding and compliance, the guidelines should: 1) Be logically organized and written in clear and concise language, 2) clearly articulate staff roles and responsibilities, and 3) define specialized or unclear wording.</p>
Condition	<p>During our review of the StarMetro Departmental P-Card Procedures, we identified areas where the Procedures did not address particular requirements of APP No. 603 and areas where improvements in Procedure clarity was needed: Specifically, we noted:</p> <ol style="list-style-type: none"> 1. Appropriately, the Departmental Procedures assigned responsibility for the various parts of the P-Card process (e.g., record retention, coding of transactions, and review and approval of transactions) to specific staff positions (e.g., cardholder, coder, administrative supervisor, and staff assistant). However, those responsibilities were all included incorrectly under a caption entitled "Individual Cardholder Responsibilities." 2. The Procedures do not indicate they are applicable to StarMetro. The Procedures are specifically identified as Fleet Management procedures. 3. In some instances, specific individuals are named in the procedures rather than using position titles. The use of position titles will better ensure the Procedures do not become outdated each time an employee with P-Card duties terminates or moves to a different role or position. 4. Acronyms and unique terms are not defined in the Procedures.

Cause	<p>The Departmental P-Card Procedures used by StarMetro were established in October 2013 by Fleet Management. As part of a reorganization of certain City operations, management of the StarMetro and Fleet Management departments was consolidated. With the consolidation of management, many Fleet Management departmental procedures, including the P-Card Procedures, were adopted for StarMetro.</p> <p>Our review of the P-Card Procedures also showed they had not been updated to reflect the most current version of APP No. 603.</p>
Effect	<p>Without clear and up-to-date Departmental Procedures, there is an increased risk of non-compliance with City purchasing and City P-Card requirements and an increased risk that errors in the purchasing process will not be detected in a timely fashion.</p>
Recommendation	<p>We recommend StarMetro, in addition to the revisions identified in Observation #2, revise the StarMetro Departmental P-Card Procedures to:</p> <ul style="list-style-type: none">• Separate the description of the responsibilities of various staff involved in the P-Card process into distinct and clearly identified sections within the Departmental P-Card Procedures,• Clearly identify the Procedures' applicability to StarMetro,• Use position titles rather than employee names when describing P-Card procedure responsibilities.• Define acronyms and any other terms that may not be clear to a cardholder or other individual with P-Card process responsibilities.

ATTACHMENT 1 – FOOD PURCHASES (Observation 2)

Billing Date	Vendor Name	Purchase Amount	Transaction Description	Purchase supported by documentation that includes purpose, individuals involved, and description of food?
7/4/2017	WAL-MART #1408	\$ 100.18	Snacks for training classes	Does not include individuals involved.
7/4/2017	WAL-MART #1408	\$ 100.18	Snacks for training classes	Does not include individuals involved.
8/4/2017	PUBLIX #782	\$ 64.43	Snacks for training classes	Does not include individuals involved.
8/4/2017	PUBLIX #782	\$ 64.43	Snacks for training classes	Does not include individuals involved.
11/4/2017	SAMSCLUB #8120	\$ 39.98	Customer Service Week luncheon	Does not include individuals involved.
11/4/2017	SAMSCLUB #8120	\$ 99.90	Customer Service Week luncheon	Does not include individuals involved.
6/4/2017	NEWK'S - TALLAHASS	\$ 20.58	Working lunch	Does not include purpose/nature of City business or individuals involved.
7/4/2017	PUBLIX #1306	\$ 87.97	Training	Does not include individuals involved.
7/4/2017	PANERA BREAD #600984	\$ 113.86	Training	Does not include individuals involved.
7/4/2017	NEWK'S - TALLAHASS	\$ 73.04	Lunch meeting - Technology	Does not include description of food.
7/4/2017	PUBLIX #1306	\$ 174.96	Food for 6/08/17 luncheon	Does not include purpose/nature of City business.
7/4/2017	PANERA BREAD #600984	\$ 139.78	Food for training	Does not include individuals involved.
7/4/2017	PIT A PIT - TALLAHASSEE -	\$ 8.58	Dinner meeting	Does not include purpose/nature of City business.
7/4/2017	PANERA BREAD #600984	\$ 114.26	Food for training	Does not include individuals involved.
7/4/2017	PANERA BREAD #600984	\$ 122.49	Food for training	Does not include individuals involved.
8/4/2017	PUBLIX #1306	\$ 160.84	Leadership dev/professional dev graduation & luncheon	Does not include individuals involved.
6/4/2017	PUBLIX #782	\$ 142.94	Food for driver training	Does not include individuals involved.
6/4/2017	WAL-MART #1408	\$ 140.52	Food for driver training	Does not include individuals involved.
6/4/2017	PUBLIX #782	\$ 59.76	Food for driver training	Does not include individuals involved.
7/4/2017	PUBLIX #782	\$ 186.48	Items for employee workshops	Does not include individuals involved.
7/4/2017	PARTY CITY #327	\$ 112.62	Picnic supplies for employee picnic Sunday 06/11/17	Does not include individuals involved.
7/4/2017	WM SUPERCENTER #1408	\$ 316.89	Picnic supplies for employee picnic Sunday 06/11/17	Does not include individuals involved.
7/4/2017	WM SUPERCENTER #1408	\$ 64.26	Picnic supplies for employee picnic on Sunday June 11, 2017	Does not include individuals involved.
7/4/2017	WAL-MART #1408	\$ 25.84	Food for Tallahassee Youth Academy employee lunch	Does not include individuals involved.
7/4/2017	HUNGRY HOWIES 248	\$ 16.47	Food for Tallahassee Youth Academy employee lunch	Does not include individuals involved.
8/4/2017	PUBLIX #782	\$ 120.61	Snacks for training class	Does not include individuals involved.
9/4/2017	WAL-MART #1408	\$ 35.72	Employee appreciation & trng.	Does not include individuals involved.
9/4/2017	WAL-MART #1408	\$ 56.22	Employee appreciation & trng.	Does not include individuals involved.
11/4/2017	PUBLIX #782	\$ 130.29	Food for United Way fundraiser	Does not include individuals involved.
11/4/2017	WAL-MART #4520	\$ 142.39	Food for United Way fundraiser	Does not include individuals involved.
11/4/2017	COST CO WHSE #1026	\$ 246.71	Food for United Way fundraiser	Does not include individuals involved.
11/4/2017	PUBLIX #782	\$ 67.96	Breakfast for employee mtg	Does not include individuals involved.
11/4/2017	DUNKIN #354829 Q35	\$ 80.01	Breakfast for employee mtg	Does not include individuals involved.

APPENDIX A - BACKGROUND

PURCHASING CARD PROGRAM

The primary objective of the City's Purchase Card (P-Card) program is to reduce the cost of procuring supplies and services costing less than \$25,000, through the reduction of administrative staff support activities such as processing purchase orders, generating checks, and the preparation and maintenance of related documentation. Administrative Policies and Procedures (APP) No. 603, Purchase Card Procedures, delineates roles and responsibilities for management and oversight of the City's P-Card program and establishes Citywide procedures for the procurement of supplies and services with a City P-Card. During the audit period, the Department of Management and Administration (DMA), Procurement Services Office, had overall responsibility of the City's P-Card Program, including the administration of APP No. 603.

As required by Policy No. 603, StarMetro has adopted a departmental P-Card policy, *Purchase Cardholder Guidelines*, which was generally consistent with applicable policies and procedures. Additional internal control strengths include maintenance of written authorizations for card activation and signed cardholder agreements, as well as timely deactivation of purchase cards upon employee termination or transfer.

STARMETRO SERVICES AND ORGANIZATION

StarMetro provides public transportation services for the City of Tallahassee. Transit services include fixed route, FLEX route, paratransit transportation, and university routes for Florida State University and Florida Agricultural and Mechanical University.

During the period under review, there were two significant organizational changes involving StarMetro. In October 2016, StarMetro was aligned with the City's Fleet department under the management of one director. Subsequently, in October 2017, StarMetro was separated from Fleet assigned a director, and functioned as a part of the City's Customer Operations department.

StarMetro was comprised of five divisions: Administration, General Transit Operations, Paratransit Operations, Planning, and Maintenance. The department employed more than 130 coach operators, 35 special transportation drivers, and over 40 administrative staff. During fiscal years 2017 and 2018, StarMetro operating expenses (exclusive of personnel costs and allocated costs) totaled approximately \$1.1 million and \$1.9 million, respectively. StarMetro expenses are primarily funded by StarMetro revenues and subsidies from the City's General Fund.

APPENDIX B – PURPOSE, SCOPE, AND METHODOLOGY

The **purpose** of this audit was to determine if controls over P-Card purchases reasonably ensure the purchases served an authorized public purpose and were made in compliance with relevant laws, rules, and applicable Commission, City, and departmental policies and procedures. The **scope** of the audit included a review of P-Card activity in the StarMetro department during the statement periods October 4, 2016, through November 4, 2017, with selected testing through August 4, 2018. Approximately 38% (\$422,000) of the operating expenses for fiscal year 2017 were paid through the use of P-Cards.

Our **methodology** included review of the City policies, procedures, and guidelines relevant to P-Card purchases. We also obtained an understanding of internal controls relevant to the use of P-Cards by StarMetro and conducted interviews of cardholders, proxies, and approvers regarding StarMetro’s P-Card processes and procedures. To test the effectiveness of controls, we reviewed a judgmental sample of bank statements and related transactions to determine whether the statements and associated supporting documents (P-Card Purchase Forms, vendor receipts, vendor quotes, reconciliations, etc.) demonstrated compliance with the requirements of APP No. 603 and applicable StarMetro policies and procedures. We also reviewed signed cardholder agreements, training records, and other associated documents to determine if P-Cards were issued and deactivated in accordance with policies and procedures. The following table summarizes the number of cardholders, bank statements, transactions, and purchase amounts contained in the audit population along with the number of transactions tested.

	AUDIT POPULATION	AUDIT TESTS (% of Population)	
Cardholders	12	9	75%
Bank Statements	168	42	25%
Transactions	938	396	42%
Purchase Amount	\$301,902	\$163,666	54%

APPENDIX C - ACTION PLAN

Action Plan Steps	Responsible Employee	Target Date
1) We concur with the Auditor's recommendation. StarMetro (department specific) P-Card Procedures will be developed and incorporated into StarMetro's updated Accounting Policies and Procedures. In developing the policies and procedures, we will ensure they are compliant and fall within the framework of the City's Administrative Policies and Procedures No. 603 P-Card Procedures. Our upcoming training module will address P-Card training.	Fred Anderson	12/16/2019
2) StarMetro's Accounting and Administrative Department has already scheduled training on the proper account coding of expenditure transactions that originated from purchase orders and contracts. This training will be expanded to address expenditures made via P-Cards.	Fred Anderson	12/16/2019
3) The StarMetro's P-Card Procedures shall include duties and responsibilities of staff members (positions) involving the P-Card process. This process will be flow charted to reflect the sequence of approval and the level of authority of approving officials. Also, the policies and procedures will address common terms, definitions and acronyms.	Fred Anderson	12/16/2019

APPENDIX D - MANAGEMENT RESPONSE

We have reviewed the City Auditor's Audit of StarMetro P-Card Purchases (2019) and appreciate that for the most part, P-Card transactions and procedures were consistent with the requirements of the City's overall P-Card policy. We understand that in some instances the documentation, review, and approval of transactions were not always performed in accordance with policy or in a timely manner. Since 2015, StarMetro has been in a state of flux with numerous changes in leadership and staffing. Management is currently in the process of rebuilding the department's administrative unit, reestablishing internal controls and procedures, and providing training to staff to ensure that all transactions are documented, reviewed and approved, and are in compliance with policies and procedures. Additionally, we will be hiring a Transit Finance Administrator to maintain oversight of all financial, grant and procurement activities at StarMetro.

We would like to thank the City Auditor's staff for their time and effort on this audit.

DISTRIBUTION

Responsible Manager(s):

Angela Baldwin, Chief Transit Officer

Internal Distribution:

Mayor and Members of the City Commission

Appointed Officials

Executive Team

Director, Communications

Director, Financial Services

External Distribution:

Members of the Audit Committee

External Auditor

ACKNOWLEDGEMENTS

We would like to express our appreciation to the management and staff of StarMetro, Customer Services, and the Financial Services departments for their cooperation and assistance during this audit.

PROJECT TEAM

Engagement was conducted by:

Cameisha Smith, CIA, CGAP, Senior Auditor

Dennis Sutton, CPA, CIA, Audit Manager

Under the supervision of:

Don Hancock, CPA, Senior Audit Manager

Approved by:

Dennis R. Sutton, CPA, CIA, City Auditor

STATEMENT OF ACCORDANCE

The Office of the City Auditor's mission is to provide the City Commission an independent, objective, and comprehensive auditing program of City operations; to advance accountability through the provision of assurance and advisory services; and to actively work with Appointed Officials in identifying risks, evaluating controls, and making recommendations that promote economical, efficient, and effective delivery of City services.

We conducted this audit in conformance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

Please address inquiries regarding this report to the Office of City Auditor at (850) 891-8397 or auditors@talgov.com.

<http://www.talgov.com/transparency/auditor.aspx>