



DIVISION OF INSPECTOR GENERAL
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Clerk of the Circuit Court and Comptroller
Pinellas County, Florida



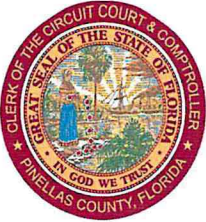
AUDIT OF THE PINELLAS COUNTY PURCHASING CARD ADMINISTRATION



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NOVEMBER 22, 2024



Ken Burke, CPA

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November 22, 2024

Joe Lauro, Director, Department of Administrative Services

We have conducted an audit of the Pinellas County Purchasing Card Administration based on our annual risk assessment.

Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the staff of the Purchasing Department during the course of this review.

Respectfully Submitted,

Melissa Dondero
Inspector General/Chief Audit Executive

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
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cc: The Honorable Chair and Members of the Board of County Commissioners
Barry Burton, County Administrator
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INTRODUCTION

Abbreviations

BCC	Board of County Commissioners
BoA	Bank of America
Cardholder	Pinellas County Employee With An Issued Purchasing Card
County	Pinellas County
Finance	Clerk of the Circuit Court and Comptroller, Finance Division
OPUS	Oracle Project Unified Solution
P-Card	Purchasing Card
P&Ps	Policies and Procedures

Executive Summary

As a result of our annual risk assessment, we conducted an Audit of the Pinellas County (County) Purchasing Card (P-Card) Administration. The audit objectives were to assess the adequacy and effectiveness of internal controls and compliance with policies and procedures governing the administration of the P-Card Program.

The County Board of County Commissioners (BCC) oversees the Purchasing Department, which manages the P-Card Program. The Program was developed as a strategic initiative to streamline procurement processes, reduce transaction costs, and provide a flexible purchasing option for small-dollar transactions.

Our review included interviews with key personnel, a review of relevant policies and procedures, and testing of operational controls, as well as reviewing sample P-Card transactions between April 1, 2023, and March 31, 2024. Figure 1 shows a summary of the BCC P-Card Program for the audit period.

Our audit revealed that while the BCC P-Card Program has established internal controls that mitigate key risks and ensure compliance with applicable statutes and regulations, there are opportunities for improvement to enhance the Program's effectiveness and compliance. Key control areas identified include aligning policies and procedures with training materials, assigning roles and responsibilities, managing user access in Bank of America Works, and overseeing credit limits.

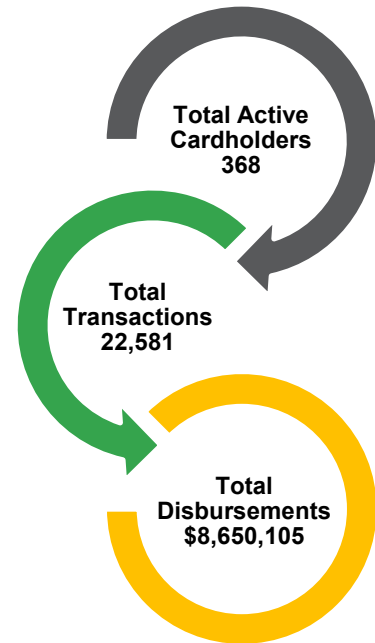
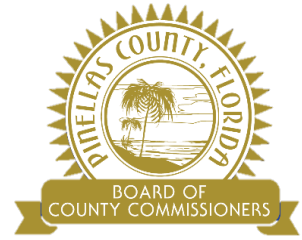


Figure 1 - BCC P-Card Program Summary

Management agreed with our recommendations outlined in this report and has committed to implementing corrective actions to address the identified areas for improvement. The continued enhancement of the P-Card Program will contribute to more efficient and compliant procurement processes, supporting the County's fiscal responsibility and public accountability mission.

Background

The Pinellas County (County) Board of County Commissioners (BCC) oversees the Purchasing Department, which is responsible for acquiring goods and services to meet the needs of BCC departments, independent agencies, and selected constitutional officers.



Pursuant to the County Code, the Director of Purchasing is tasked with formulating operational procedures for managing small purchases valued at less than \$5,000. This mandate has led to the development of the County P-Card Program, a strategic initiative to optimize the procurement process.

Purpose and Benefits of the P-Card Program



The County P-Card Program was designed to enhance procurement efficiency, offering a convenient and cost-effective solution for small-dollar transactions. Allowing County employees with an issued P-Card (Cardholders) to purchase approved commodities and services directly from vendors.

The P-Card Program aims to enhance procurement efficiency by:

- Providing convenience, security, and flexibility to make small-dollar purchases.
- Supporting timely and convenient procurement for small-dollar transactions.
- Reducing transaction costs and minimizing the use of petty cash.
- Gaining significant cost savings in the procure-to-pay cycle by reducing the volume of purchase orders, invoices, and checks.
- Streamlining expense tracking and enhancing capability for expense analysis.
- Generating rebates, thereby adding financial benefits to the County.



Figure 2 - Benefits of the P-Card Program

Roles and Responsibilities

The Purchasing Department administers the P-Card Program as the BCC P-Card Administrator. The BCC Purchasing Procedure Manual, *Section 15: Pinellas County Purchasing Card Program Guidelines*, outlines the Policies and Procedures (P&Ps) required to ensure efficient and effective program administration. The P&Ps have not been updated since September 1, 2020.

The P-Card Program involves several key roles with specific responsibilities to ensure efficient and compliant operations:

- *P-Card Administrator* – Oversees the P-Card Program, including issuing and revoking cards, setting spending limits, and ensuring compliance through established internal controls. Coordinates with the Clerk of the Circuit Court and Comptroller, Finance Division (Finance), and conducts annual audits of Cardholder activities.
- *BCC Department Director* – Authorizes P-Cards for appropriate personnel within the department, designates departmental coordinators and reviewers, and approves monthly iExpense reports to ensure compliance with internal controls and billing statements.
- *Departmental Coordinator* – Monitors P-Card usage, handles disputed transactions, and ensures timely processing of iExpense reports.
- *Departmental Approver* – Reviews transactions for appropriateness and compliance with contracts and ensures proper documentation.
- *Cardholder* – Uses the P-Card responsibly, secures receipts, reconciles monthly transactions, and reports any disputes or unauthorized charges.
- *Finance Division* – Ensures that all P-Card purchases serve a public purpose, comply with governing documents, and are properly documented and approved. Instances of non-compliance are reported to the relevant parties for corrective actions.

P-Card Program Lifecycle

Each P-Card is issued by Bank of America (BOA) to each Cardholder with the County logo prominently identified on the card. The P-Card Administrator provides formal training to Cardholders and authorize purchases up to \$5,000 without quotes, travel-related expenditures, and purchases against selected contracts. The Program enforces usage restrictions based on Merchant Category Codes and sets transaction limits and credit lines tailored to each Cardholder's needs.

Cardholders must perform monthly reconciliations of all charges using the iExpense module within Oracle Project Unified Solution (OPUS). This process includes attaching scanned receipts, invoices, and other supporting documents, and ensuring compliance with the County's Certificate of Exemption on sales taxes. If sales tax is charged incorrectly, Cardholders are required to dispute it.

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Audit of Pinellas County Purchasing Card Administration

After reconciliation, the iExpense report is forwarded to the designated department reviewer for approval. Reviewers check transactions for appropriateness, adherence to contracts, public purpose alignment, and proper documentation. Approved reports are then sent to the department director or designated approver.

Finance further audits individual P-Card transactions for accuracy and completeness according to Purchasing and Finance policies. Non-compliant transactions prompt notifications to the Cardholder, supervisor, director, and P-Card Administrator, with required corrective actions communicated. Figure 3 illustrates the P-Card lifecycle including the reconciliation review process:



Figure 3 - P-Card Lifecycle

In essence, the P-Card Program demonstrates the County’s strategic approach to procurement, balancing the need for operational agility with rigorous financial oversight. This dual focus on efficiency and compliance enhances the County’s procurement process and upholds its commitment to fiscal responsibility and public accountability.

Figure 4 provides an overview and composition of the BCC P-Card Program from April 1, 2023, to March 31, 2024.

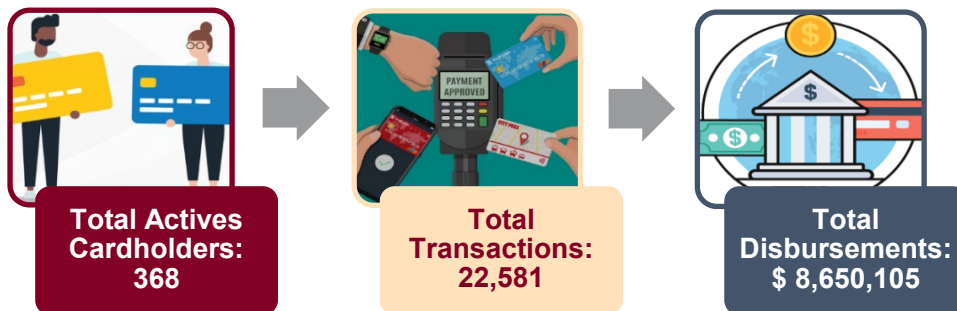


Figure 4 - Composition of BCC P-Card Program During Review Period

SCOPE AND METHODOLOGY

We have conducted an audit of the County P-Card Administration.

The audit period was April 1, 2023, through March 31, 2024.

During the audit, we performed the following:

1. Reviewed policies and procedures that govern the BCC P-Card Program and other relevant guidance.
2. Interviewed the key individual designated as Program Administrator and Finance reviewers to obtain a clear understanding of their processes, procedures, and responsibilities.
3. Evaluated the appropriateness of the internal controls performed by the P-Card Administrator.
4. Tested the effectiveness of the key operational controls of the P-Card Program.

OBJECTIVES AND OUTCOMES

The objectives of the audit were to:

1. Evaluate the adequacy and effectiveness of internal controls over the administration of the BCC P-Card Program.
2. Ensure compliance with the established policies and procedures governing the P-Card Program, especially in terms of procurement efficiency and proper use of P-Cards.

As a result of the audit, we determined:

1. Internal controls are generally adequate, but there are opportunities for improvement, particularly in areas such as user access management, credit limit assignments, and the alignment of P&Ps with current practices and training materials.
2. Instances of non-compliance with the established procedures were identified, including obtaining and documenting appropriate approval for new Cardholders.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General* and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. However, our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not include all areas where improvement may be needed.

1. P-Card Policies and Training Material Did Not Align.

Our review identified instances where the current County P-Card P&Ps did not align with current training materials and other related directives (e.g., Pinellas County Travel Expense Guidelines). Our review of applicable training materials and operational practices confirmed they were current. The following summary outlines discrepancies identified within the P-card P&Ps:

1) Travel:

Section 15(9): Travel and Related Expenditures does not adequately or completely address all travel-related purchases that are addressed in the *PC Travel Expense Guidelines*. Parts of the following travel expenses are omitted in Section 15(9):

- **Airline Tickets:** Requiring the lowest fare or the documentation standards for airline tickets.
- **Cancellation of Non-Refundable Airline Tickets:** Non-refundable airline tickets or under what circumstances cancellation is authorized.
- **Additional Costs for Travel:** Various circumstances where additional travel costs may be incurred regarding what additional travel-related costs are permitted.
- **Checked Baggage Fees:** The reimbursement policy for checked baggage fees.
- **Compensation for Overbooking:** Managing compensation from airlines in cases of overbooking.

2) Prohibited Purchases:

Although *Section 15(7): Prohibited Purchases* addresses prohibited purchases, it does not address all types that have been deemed prohibited by the P-Card Administrator. The following prohibited purchases are included in BCC P-Card training materials, but are not listed in Section 15(7):

- Backordered items - cannot charge in advance

- Gift cards
- Online purchases requiring acceptance of term and conditions
- Purchases requiring signed agreements
- Unauthorized travel expenses
- Charitable Contributions / Donations

3) Vendor Spending Review:

Section 15: Pinellas County Purchasing Card Program Guidelines does not address the requirement of a formal review by the P-Card Administrator to perform a six-month vendor spending evaluation. As outlined in the P-Card iExpense Training:

“The six (6) month spending limit is \$25,000 per vendor. If purchases exceed \$25,000, Purchasing will notify you that a contract should be in place.”

4) Roles and Responsibilities:

Section 15(3): Responsibilities contain outdated roles and responsibilities for Cardholders, Departmental Approvers, and the P-Card Administrator. Additionally, the BCC P-Card training materials include additional roles, such as the Manager of Purchasing Support and the Purchasing Systems Coordinator, which are not mentioned in Section 15(3).

5) Emergency Cards:

Section 15(10): Pinellas County Purchasing Card Program Guidelines – Emergency Cards, does not reflect updates to internal procedures regarding the use of emergency cards. These updates include revised processes for issuing emergency cards, spending limits, and detailed responsibilities for emergency purchases.

The discrepancies between the BCC P-Card P&Ps and training materials resulted from the P&Ps not being regularly reviewed and updated. These misalignments can lead to confusion and improper use of P-Cards and highlight gaps in policy enforcement and operational consistency.

We Recommend Management:

- A. Update P&Ps to ensure alignment with existing training materials and other internal procedures.
- B. Update P&Ps so that references to other County Policies, such as the *PC Travel Expense Guidelines*, are directly linked to avoid partial or incomplete references.
- C. Perform a periodic review, at least biennially, of P-Card P&Ps to ensure updates are performed timely.

Management Response:

- A. **Management Concurs.** Purchasing will review policy and procedures and training for alignment; however, the P&P manual is high level whereas training provides much more detail.
- B. **Management Concurs.** Purchasing will update the policy and procedures to reference and link the PC Travel Expense Guidelines, and all other referenced County policies as long as links are provided to Purchasing and Purchasing is made aware.
- C. **Management Concurs.** Purchasing Policies and Procedures are incorporated into the Purchasing Policy Manual. Purchasing will strive to perform a biennial review of the P&P Manual.

2. Proper Procedures Were Not Adhered To For The Issuance of Five New P-Cards.

A sample review of newly issued P-Cards during the audit period identified six new Cardholder requests that did not follow proper P-Card procedures regarding request and approval from the department level. During the audit period, 50 new Cardholder requests were submitted to the P-Card Administrator. We sampled 13 of the 50 new requests and performed a detailed review of the issuance process. Our review found the following:

- Unauthorized Submission of Requests: Two Cardholder applications were submitted by department employees other than the designated P-Card Department Coordinator in violation of established procedures. No documentation or justification was provided to explain why unauthorized individuals submitted these applications.
- Missing Department Director Approvals: Three Cardholder applications did not have evidence of Department Director approval. The P-Card Administrator sought retroactive confirmation via email on July 9, 2024, for two of the three cases; however, one of the three cases still needs evidence of the department director's approval.

The process for a new Cardholder's request, approval, and issuance of new P-Cards is illustrated in Figure 5:

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Audit Of Pinellas County Purchasing Card Administration

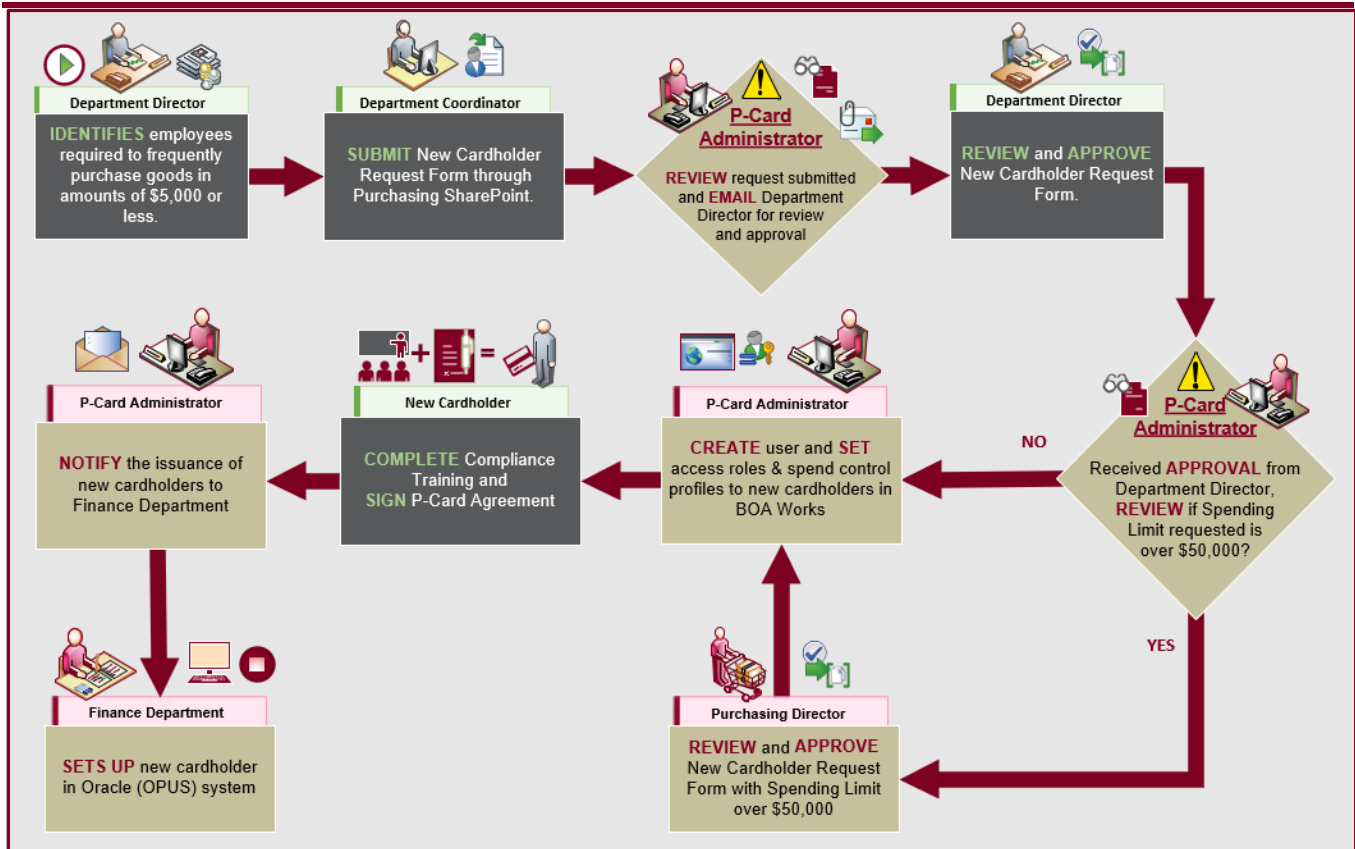


Figure 5 - New Cardholder Request Flowchart

Section 15: Pinellas County Purchasing Card Program Guidelines - Part 4 (A)(1): Requests for an Issuance of purchasing cards, states:

“a. All requests for new cardholders or for changes to current cardholders must be submitted by the department purchasing card coordinator and approved by the Department Director or designee.”

The unauthorized submission of new Cardholder requests by individuals who are not the designated P-Card Department Coordinator undermines the governance and control framework of the P-Card Program. By bypassing established approval chains, the process becomes vulnerable to errors, unauthorized requests, and potential fraud. This weakens the overall control environment, reducing the County's ability to ensure proper oversight and adherence to the policy.

Additionally, not obtaining Department Director approval for new Cardholder requests increases the risk of card misuse. Without formal authorization, it is possible that P-Cards may be issued to individuals who are not appropriately vetted or to those who do not need them for business purposes, which could lead to budget overruns, financial loss, and potential fraud.

We Recommend Management:

- A. Ensure approval from the applicable Department Director is obtained for the remaining Cardholder whose approval was still missing.
- B. Ensure that all established procedures are properly followed when processing new Cardholder requests.

Management Response:

- A. **Management Concurs.** The P-Card Coordinator confirmed that the Former Director approved the cardholder mentioned. The P-Card Administrator will obtain confirmation from the Interim New Director for records.
- B. **Management Concurs.** Established procedures will be followed for all cardholder requests. Purchasing has updated the P-Card request process on SharePoint to include necessary fields to ensure all proper procedures are followed that include a designee. The P-Card Coordinator was on the email but the coordinator delegated the task to another with the coordinator copied. Procedures will now state “Director or Designee”, or “P-Card Coordinator or Designee”. The reason for the designee is due to turnover in directors and turnover in coordinators, or unavailability of same.

3. Unnecessary Roles Were Assigned To Users In Bank of America Works.

Our review of 387 users within the Bank of America (BoA) Works system identified 75 users who were assigned unnecessary roles. BoA Works is a critical system used by the P-Card Program to manage Cardholder information, establish program parameters, and generate reports. It also serves as the portal for Cardholders to access electronic billing statements. Access to the system is granted through role-based permissions, which should align with users’ job responsibilities.

When users are created in BoA Works, basic access is granted, which allows them to fulfill their P-Card responsibilities. Seven roles are available within BoA Works, of which three are considered sensitive due to the access they provide, and four are unnecessary under the current system configuration, as shown in Table 1.

Role	Description
Sensitive Roles:	
Accountant	Provides significant access to financial profile management and transactions.
Auditor	Allows extensive review and data export capabilities across the organization.
Program Administrator	Allows full administrative access, making it highly sensitive.

Role	Description
Unnecessary Roles:	
Purchaser	Redundant, as purchase functions are managed in OPUS.
Purchaser Assigned	Unnecessary under current configurations.
Purchaser Unassigned	Provides no added value in BoA Works.
Requester	Redundant, as purchase requests are handled in OPUS.

Table 1- Summary of roles and user accounts in BoA Works

Our review, as shown in Figure 6, found that 53 users were assigned to sensitive roles, which we determined to be appropriate and necessary. There were 75 users assigned to unnecessary roles that currently do not pose any immediate risk but should be removed to adhere to best practices. Based on current system configurations, the four unnecessary roles do not add value or functionality. We noted that some users had multiple roles assigned to them. In addition, 291 users do not have any role assignments and rely solely on basic access, which allows them to fulfill their P-Card responsibilities without needing additional roles.

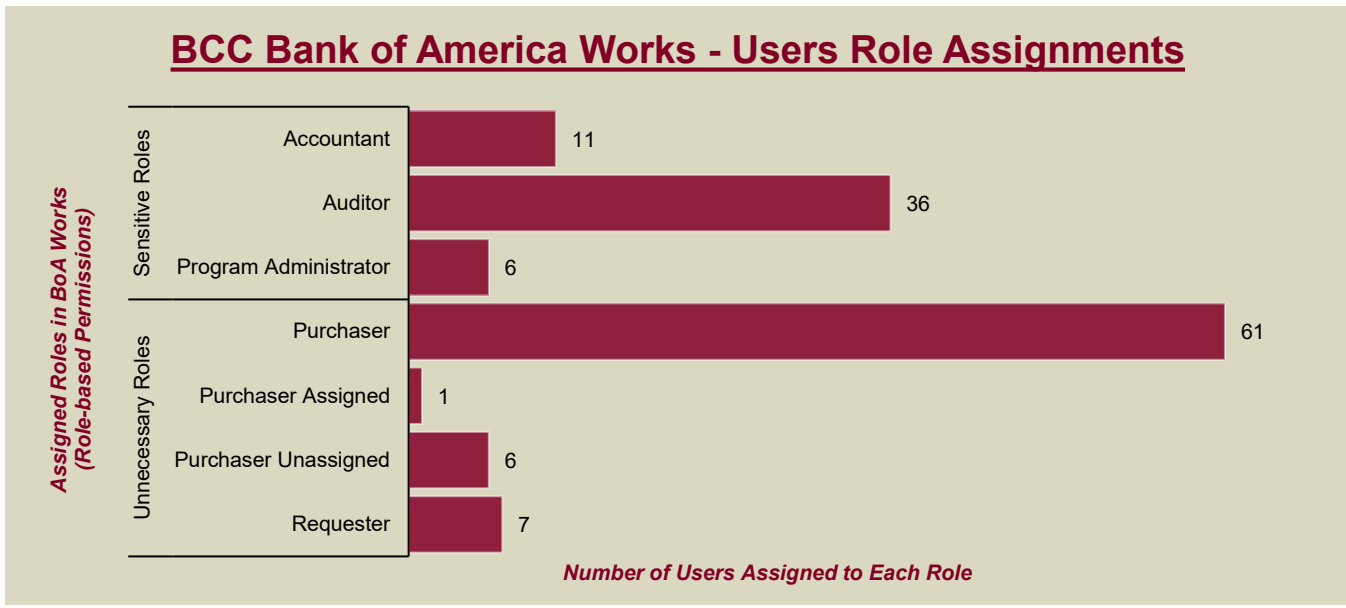


Figure 6 – BCC BoA Works - Users Role Assignments

Best practices for information security and access control recommend that organizations establish documented procedures for assigning user access roles. These procedures should ensure that access is granted based on job responsibilities, with regular reviews to confirm that access levels remain appropriate.

National Institute of Standards and Technology - Special Publication 800-53-R5 established specific security controls for organizations. 3.1 Access Controls, AC-6: Least Privilege, stated the following:

“Control: Employ the principle of least privilege, allowing only authorized accesses for users (or processes acting on behalf of users) that are necessary to accomplish assigned organizational tasks.

Discussion: Organizations employ least privilege for specific duties and systems. The principle of least privilege is also applied to system processes, ensuring that the processes have access to systems and operate at privilege levels no higher than necessary to accomplish organizational missions or business functions. Organizations consider the creation of additional processes, roles, and accounts as necessary to achieve least privilege. Organizations apply least privilege to the development, implementation, and operation of organizational systems....

(7) Least Privilege | Review of User Privileges

- a. Review [Assignment: organization-defined frequency] the privileges assigned to [Assignment: organization-defined roles or classes of users] to validate the need for such privileges; and*
- b. Reassign or remove privileges, if necessary, to correctly reflect organizational mission and business needs.”*

The P-Card Administrator currently relies on the BoA Works User Guide as a reference for role functionality. Currently, no internal P&Ps that outline which roles should or should not be utilized and who should be assigned certain roles, if necessary.

While no immediate risk was detected from the assigned roles, there is a potential risk of inappropriate access if additional access is granted to those roles from BoA Works in future updates. Unnecessary or excessive access could compromise system security, result in data breaches, or expose sensitive information, especially if future changes in BoA Works' configuration are implemented without careful oversight.

We Recommend Management:

- A. Remove the assignment of unnecessary roles from existing users.
- B. Create P&Ps related to the appropriate assignments of sensitive roles within BoA Works.

Management Response:

- A. **Management Concur.** Purchasing has removed the unnecessary roles from the 75 identified users. Unnecessary roles as defined by this audit have been removed from profiles/access as they do not impact or serve a purpose in the current configuration of the Program.
- B. **Management Concur.** This audit identified the 53 users assigned sensitive roles to be appropriate and necessary. Purchasing will establish internal management procedures in

accordance with the BOA Works Admin Guide to ensure users are assigned to the appropriate role(s). Most of the unnecessary P-Card roles were assigned years ago and staff did not realize these nonessential roles were assigned.

4. Cardholder Spending Behavior Does Not Align With Cardholder Spend Profile.

An analysis of all 273 active Cardholders' spending activity compared to their spend profiles identified 101 Cardholders, or 37%, who are either underutilizing or nearing the maximum limits of their assigned credit. Underutilization or nearing maximum monthly spending limits exposes the County to potential financial inefficiencies and operational risks. This stems from a lack of a structured process for regularly evaluating and adjusting credit limits based on actual usage patterns.

Cardholders are typically assigned a \$5,000 monthly spending limit unless they are in management or their position requires a higher spending limit to support their department needs. These limits should align with Cardholders' operational requirements while mitigating risks related to financial exposure, fraud, or improper purchases.

Figure 7 summarizes the actual distribution of active Cardholders per credit limit:

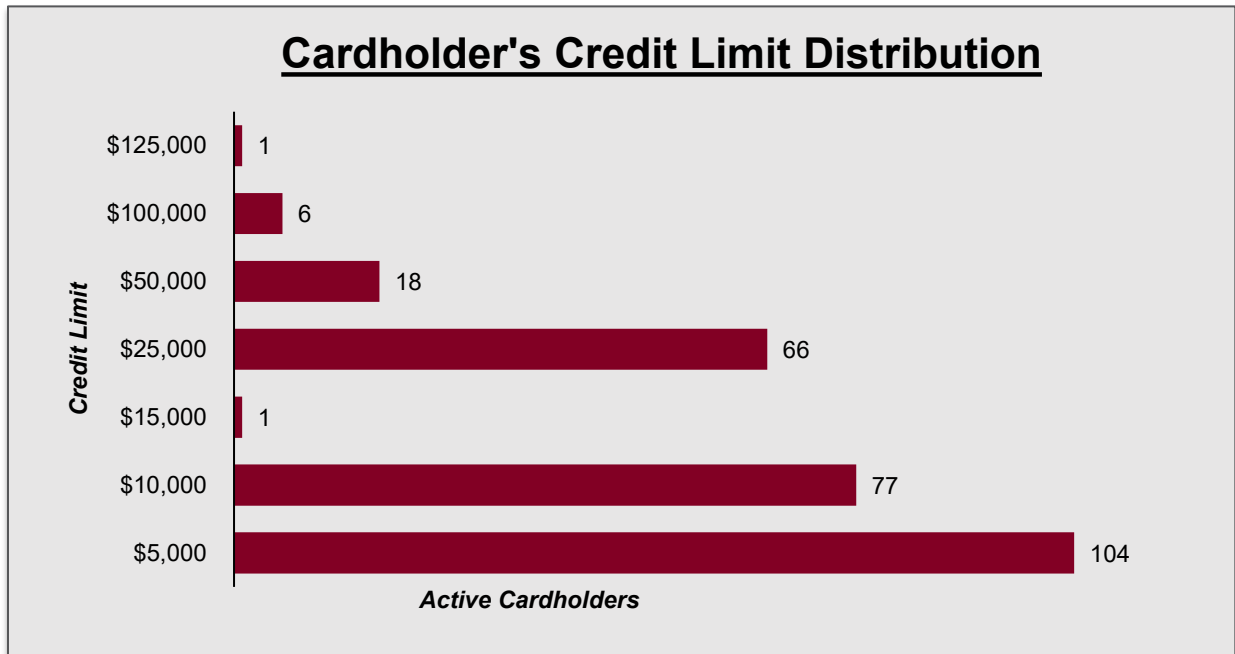


Figure 7 - Cardholder's Credit Limit Distribution

The analysis covered a three-year period, examining fiscal years 2022, 2023, and 2024. Data was obtained from BoA Works, specifically focusing on credit limits and daily transaction records for active cardholders as of March 31, 2024. For each fiscal year within the analysis period, transaction data was summarized to reflect cardholder spending patterns over each 12-month

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cycle. This approach allowed for a year-by-year analysis of individual cardholder utilization rates, categorized according to three industry benchmarks based on best practices:

- **Low** Utilization (below 30%)
- **Optimal** Utilization (30%-85%)
- **High** Utilization (above 85%)

The analysis revealed considerable variability, indicating the need for a more dynamic approach to setting and adjusting credit limits.

- **63% (172 Cardholders)** were determined to have credit limits aligned with their actual spending patterns, with utilization rates within the optimal range.
- **25% (69 Cardholders)** exhibited low utilization, consistently spending less than 30% of their assigned credit limit throughout the analysis period. These cardholders did not reach the optimal or high utilization thresholds in any single month during the three-year evaluation, suggesting that their current credit limits may be higher than necessary. This pattern of underutilization presents an opportunity to reduce financial exposure by adjusting their limits to align better with actual spending needs.
- **12% (32 Cardholders)** showed high utilization, spending over 85% of their credit limits. These Cardholders may be at risk of operational disruptions due to restrictive limits. However, before increasing these limits, a review should be conducted to ensure purchases are appropriate and that no non-contract vendors exceed the \$25,000 threshold.

Figure 8 summarizes the results of the analysis per Cardholder credit limit utilization:

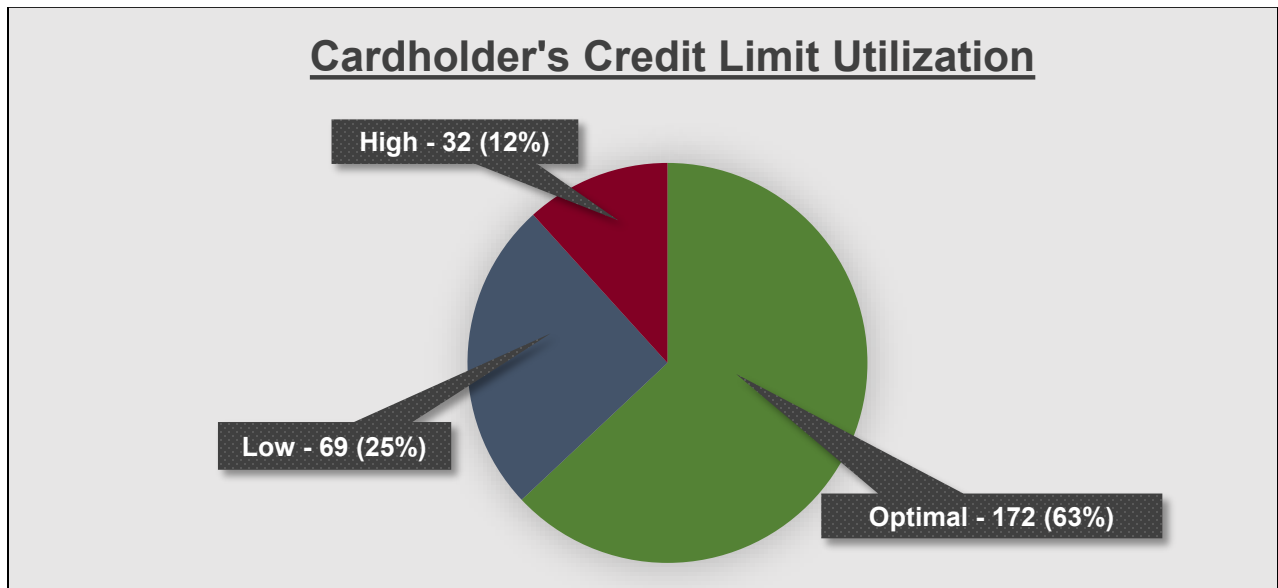


Figure 8 – Cardholder's Credit Limit Utilization

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Table 2 presents the results of the analysis per Cardholder credit limits:

Credit Limit	Total Cardholders	Optimal Utilization	%	Low Utilization	%	High Utilization	%
\$ 5,000	104	97	93%	0	0%	7	7%
\$ 10,000	77	40	52%	25	32%	12	16%
\$ 15,000	1	0	0%	1	100%	0	0%
\$ 25,000	66	25	38%	30	45%	11	17%
\$ 50,000	18	9	50%	7	39%	2	11%
\$ 100,000	6	0	0%	6	100%	0	0%
\$ 125,000	1	1	100%	0	0%	0	0%
Totals	273	172	63%	69	25%	32	12%

Table 2 – Summary of Cardholder’s Credit Limit Utilization

The inconsistency in credit limit usage stems from a lack of a structured and consistent process for evaluating and setting credit limits based on actual operational needs. While the P-Card Administrator performs an annual comprehensive audit to provide departments with a listing of active Cardholders and their corresponding spending limits and card profiles, there is no analysis, either by the P-Card Administrator or the Cardholder’s department, to evaluate whether the current spending limits align with actual spending patterns.

The General Accounting Office publication *GAO-04-87G: Auditing and Investigating the Internal Control of Government Purchase Card Programs* emphasizes the need for management to exercise judgment and set credit limits that align with the operational requirements and expected monthly purchases of Cardholders to minimize financial risk and ensure proper control over purchase card usage.

The variability in credit limit usage exposes the organization to several risks:

- **Financial Risk:** Cardholders who spend close to or above 85% of their limits may require higher credit limits to prevent operational disruptions, but without proper evaluation, this could lead to excessive financial exposure.
- **Inefficiency:** Cardholders using less than 30% of their limits may have been assigned unnecessarily high credit limits, leading to underutilization of financial resources.
- **Increased Risk of Fraud:** High credit limits that are not regularly reviewed or justified can increase the potential for fraudulent, improper, or abusive purchases.

We Recommend Management:

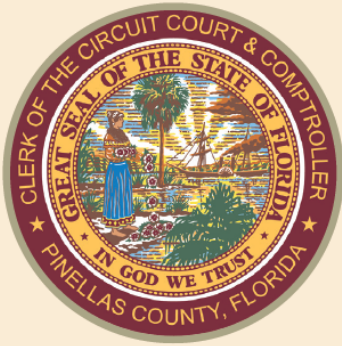
- A. Coordinate with department directors to re-evaluate current cardholder spending limits based on recent spending activity and anticipated future needs and determine whether

adjustments are needed to better align limits with actual and projected departmental requirements.

- B. Include, as part of the P-Card Administrator's annual comprehensive audit of all Cardholders, a spend utilization analysis to assist in the department's evaluation and verification of cardholders' profiles and spend limits to ensure alignment with department needs.

Management Response:

- A. **Management Concurs.** Purchasing recently completed a comprehensive review from April through June 2024, confirming cardholder spend limits with department directors/designees. Some cardholders serve as a backup or have emergency cards that are only used upon emergency activation or when primary cardholder is absent for extended absence. Purchasing will incorporate a spend limit utilization report in the annual cardholder audit. Reporting is currently available to P-Card Coordinators in BoA Works. Additionally, Purchasing has already created new spend controls profiles to better align with the Program utilization and assist departments in requesting standardized cardholder limits.
- B. **Management Concurs.** Purchasing will provide a spend utilization report for the department to analyze and confirm cardholder limits. However, the departments are responsible for providing updated spend limits in accordance with utilization report and department needs as this is a decentralized purchasing process.



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CLERK OF THE CIRCUIT COURT
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