



# AUDIT REPORT



*To preserve the public trust as guardians of the people's records and assets*

**DATE** February 28, 2025

**NO.** 2025-001

## PROCUREMENT CARD PROGRAM

INTERNAL AUDIT DIVISION  
ROGER D. EATON  
CLERK OF THE CIRCUIT COURT AND COUNTY COMPTROLLER  
CHARLOTTE COUNTY FLORIDA



**ROGER D. EATON**  
Clerk of the Circuit Court and County Comptroller

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To: The Honorable Roger D. Eaton, Charlotte County Clerk of the Circuit Court and County Comptroller

From: Dan Revallo, Internal Audit Director

Date: February 28, 2025

Subject: Procurement Card Program

Honorable Clerk Eaton,

The Internal Audit Division has completed a review of the Charlotte County Procurement Card Program. Misti Payette, Internal Auditor II conducted this review.

The Purchasing Division's response is attached to this report. We would like to thank Purchasing Division personnel for their cooperation and assistance in the completion of this audit.

The report will be posted to the Clerk of Courts website, [charlotteclerk.com](http://charlotteclerk.com), under Internal Audit, Audit Reports. A link to this report has been sent to the appropriate parties.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Dan Revallo, CIA, CFE  
Internal Audit Director  
Charlotte County Clerk of the Circuit Court and County Comptroller

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## EXECUTIVE SUMMARY

The Internal Audit Division completed an audit of the Charlotte County Procurement Card Program. The audit considered program activity that occurred during Fiscal Year 2023 (October 1, 2022 through September 30, 2023). Through methods of inquiry, observation and data analysis procedures, the Internal Audit Division was able to conclude that a few control weaknesses were noted; generally, however, controls evaluated were adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Based upon the results of our review, we offer a summary of recommendations. These recommendations are discussed in detail later in this report:

1. **We recommend** management increase controls to ensure cards are not issued to temporary employees or employees on probation.
2. **We recommend** management increase controls to ensure procurement cards are properly issued and closed, and card possession is properly delivered and returned.
3. **We recommend** management increase controls to ensure user account access and set permissions are revoked within a timely manner after employment has terminated.
4. **We recommend** management increase controls governing declined transactions to ensure monitoring and education of proper procurement card use and provide further procurement card training where it may be needed.
5. **We recommend** management ensure compliance with Florida Statute 112.3145(2)(b), and report to the appropriate department and/or division annually, all procurement cardholders who meet or exceed the single transaction limit threshold of \$35,000, and update Procurement Card Guidelines to reflect this requirement.
6. **We recommend** management increase controls over procurement card changes to ensure they are both authorized and documented in accordance with approved policies and procedures. Temporary maintenance changes should be documented to include the reason why the temporary change is needed, the dates applicable, who requested the change and who authorized the change. **We additionally recommend** management update the Procurement Card Guidelines to include guidance on emergency procedures protocol and related documentation requirements, as it pertains to authorization and approval to ensure changes are authorized, documented, and changed back to the original values when appropriate.
7. **We recommend** management ensure staff input transaction data into the WORKS application properly to ensure sales tax is reflected on transactions only when appropriate.
8. **We recommend** management enforce the procurement card guidelines to ensure only authorized transactions are tendered and transactions are adequately supported.
9. **We recommend** management enforce the procurement card guidelines to ensure only authorized transactions are tendered and transactions are adequately supported.

The Internal Audit Division also completed follow-up on the prior comments and recommendations documented in the *Procurement Card Program Audit Report No. 2020-008* dated December 21, 2020. This follow-up considered the responses documented and any subsequent, corrective actions taken or delegated. The statuses of corrective actions reviewed are closed.

## BACKGROUND

Procurement Card Guidelines are included in the *Charlotte County Purchasing Manual* and approved by the Charlotte County Administration Office effective October 1, 2023, and are described below.

The Purchasing Division has initiated a Procurement Card Program for the purpose of expediting small purchases in the most cost effective and efficient method. This program will provide improved tracking of actual spending, and in addition, offer payments to vendors in a much timelier manner, thereby increasing the County's opportunity of obtaining discounted pricing. The Procurement Card system simplifies the procurement/disbursement process by allowing the cardholder to place orders directly with the vendor.

When a purchase is placed with the supplier and the supplier requests authorization, the Procurement Card System validates the transaction against preset, limits established by the Department Head and the Purchasing Division. All transactions are approved or declined (electronically) based on the established procurement card authorization criteria. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following: single purchase limits (\$1,000 or 5,000.00 per transaction for employees and \$5,000 or \$10,000.00 per transaction for supervisors as established by the Senior Division Manager – Purchasing and the Department Head); approved merchant category codes; and monthly credit limit. The exception to this authorization criterion is for those procurement cards that have been established specifically for the payment processing of utility bills, library books, Charlotte County Utilities inventory items and/or animal shelter bills; or in the case where it has been determined by the Senior Division Manager - Purchasing that adjustment to the single purchase limit or credit limit is in the County's best interest. The monthly credit limits and single purchase limits will be established between the user department and the Purchasing Division.

The Purchasing Division is ultimately responsible for administering the Procurement Card Program. They ensure proper coordination between Bank of America, the County's financial institution, the Clerk of Courts' Comptroller Division, and the various County departments. County department management heads are responsible for the monthly review of all procurement activity and billing statements for those individuals reporting to them. Department heads may designate departmental representatives for various tasks; however, they remain ultimately responsible. Cardholders are responsible for proper card use and for safeguarding their card from theft or loss, etc.

Charlotte County utilizes the WORKS application from Bank of America to manage procurement card transactions. The WORKS application is a Web-based and electronic card payment management service that automates, streamlines, and integrates existing payment authorization and reconciliation processes while providing management reporting and spending controls. The County uses the application to order new procurement cards, modify single transaction limits and credit limits, review and report information from procurement card transactions, suspend or revoke procurement cards, and electronically approve transactions by cardholders.

## AUDIT OBJECTIVES

The audit objectives of the Procurement Card Program audit were to determine:

1. The adequacy and effectiveness of the system of internal controls over the Procurement Card Program; and
2. Compliance of the Procurement Card Program with applicable laws, policies and procedures, procurement card guidelines, and best practices; and
3. Procurement Card Program transactions are appropriate, for public purpose, not fraudulent in nature, and properly trace to the Eden general ledger.

## SCOPE AND METHODOLOGY

The Procurement Card Program audit considered procurement card activity and transactions that occurred during Fiscal Year 2023 (October 1, 2022 through September 30, 2023).

Transaction reports were generated from the Bank of America (“BOA”) WORKS application and/or requested from management. CaseWare IDEA was used to perform specific data mining analytics to identify specific transactions and/or patterns for further analysis. Specifically, Internal Audit considered the following risk areas and tested to meet the stated objectives:

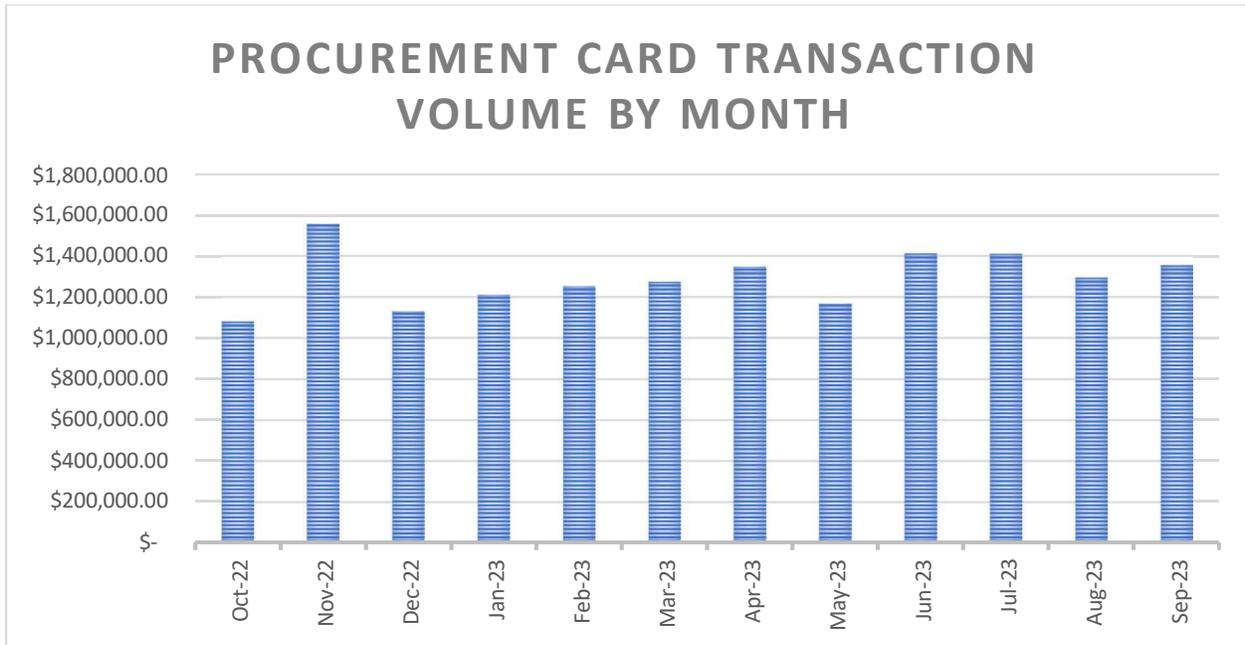
- a. Questionable vendors (by name, merchant category code)
- b. Weekend and Holiday purchases
- c. Split transactions/duplicates
- d. Unusual transaction amounts or relationships
- e. Year-end spending
- f. Transactions by vendor (high and low volumes)
- g. Purchases with sales tax

As of July 2, 2024, there were 431 active procurement cards.

Transaction totals for the past three (3) fiscal years totaled:

Fiscal Year 2023	\$15,473,544.32
Fiscal Year 2022	\$12,676,773.39
Fiscal Year 2021	\$11,447,172.07

Transaction volumes by month for Fiscal Year 2023 are shown below:



The months of November 2022 and June 2023 had the greatest transaction volumes with \$1,554,699.47 and \$1,411,931.62, respectively.

Internal Audit also reviewed procurement card activity and support documents for the months of November 2022 and June 2023. Specifically; Internal Audit reviewed transactions for two (2) County departments, to include: 1) Fiscal Services, and 2) Fleet Management.

Transactions were reviewed for adherence to the *Procurement Card Guidelines* and the key control activities identified during planning procedures. Consideration was also made to ensure the goods or services were appropriate and purchased for a public purpose.

Additional tests performed considered WORKS application users and set permissions, procurement cardholders and employment status, procurement cards issued and closed during the audit period, procurement card maintenance changes, procurement card rebates received, declined transactions, as well as compliance with F.S. Section 112.3145 (Statement of Financial Interests).

## COMMENTS AND RECOMMENDATIONS

### 1. Procurement card issued to an ineligible employee.

Internal Audit identified one (1) of 15 procurement cards sampled, or 6.67%, that was issued during the employee's initial probationary period. The *Procurement Card Guidelines* under Eligibility state, "Temporary employees and those employees on probation are not to be issued a card."

Charges incurred while the employee was not eligible totaled \$537.81.

**We recommend** management increase controls to ensure cards are not issued to temporary employees or employees on probation. The *Request for Procurement Card Form* could also be improved to make eligibility guidelines more transparent.

### 2. Deficiencies identified surrounding procurement card issuances and closures.

Internal Audit identified three (3) procurement cards that were closed due to termination of employment, that were never picked up by the employees or activated after the procurement cards were requested and issued. The identified procurement cards were maintained within the Purchasing Division after being received for 48, 89 and 92 days prior to being closed out. Of the three (3) cards only one (1) had the required *Termination of Procurement Card* form on file with the Purchasing Division.

In addition, three (3) out of the 11 procurement cards sampled, approx. 27.3%, were closed after employee termination dates. These procurement cards were closed 6, 8, and 86 days after termination. No transactions were identified post-employment.

Five (5) of the nine (9) *Termination of Procurement Card* forms reviewed, approx. 55.6%, did not contain any notations of procurement card destruction by the Purchasing Division.

Internal Audit also identified two (2) out of 431 procurement cards that remained open after the employee terminated employment with the County. The procurement cards identified remained open for 226 and 653 days after the employee termination dates (as of 8/1/2024). There were no transactions identified post-employment.

Theft could occur when an authorized cardholder purchases goods or services intended for personal use after employment ends. Theft could also occur when an unauthorized person compromises a cardholder's account by gaining knowledge of and using the procurement card number. Procurement cards not picked up, returned and/or closed out in a timely manner, increases the opportunity for fraudulent, improper and abusive transactions to occur.

**We recommend** management increase controls to ensure procurement cards are properly issued and closed, and card possession is properly delivered and returned.

**3. Bank of America (“BOA”) WORKS application user accounts/profiles identified for terminated employees.**

Internal Audit identified nine (9) WORKS application user accounts/profiles for terminated employees. Eight (8) of the Nine (9) user accounts identified were for employees who terminated employment prior to Fiscal Year 2023, with the earliest being terminated in Fiscal Year 2016. There were no user logins on the identified user accounts post-employment.

The specific users identified maintained the allocation coder and/or auditor user profiles. The allocation coder profile defines what allocation code a user or group is authorized to enter in the allocation segments on a transaction, reimbursement request, or purchase request. The auditor role enables a user or group member to review data for the entire organization and export all company reports. User access post-employment for these specific roles could provide opportunity for unauthorized access to purchase card transaction and master file data and reports, etc.

**We recommend** management increase controls to ensure user account access and set permissions are revoked within a timely manner after employment has terminated.

**4. Declined transactions are not monitored.**

Management does not monitor declined transaction activity to alert of any performance issues where further procurement card training may be needed, and to help detect possible fraud attempts and/or other anomalies that may occur.

There were 1,848 declined transactions identified during Fiscal Year 2023. The records included 243 cardholders and 249 procurement cards. This is approximately 52% of the current procurement card population. 54 of the 249 procurement cards had greater than 10 declined transactions, with the top two (2) procurement cards at 67 and 149 declined transactions.

The records included 22 decline reasons with the top three (3) reasons being “Not Enough Available Money” with 672 declines identified, “Individual MCCG is excluded” (Merchant Category Code Group) with 425 declines identified, and “Account Standard Limit is Exceeded” with 259 declines identified. It is unclear whether management gets notified of and counsels employees on declined transactions. The policy covers billing issues and disputes, but not declined transactions.

Unmonitored transactions (declined or other) could lead to exploitation of the procurement card system and the purchase of goods or services not permitted by policy.

**We recommend** management increase controls governing declined transactions to ensure monitoring and education of proper procurement card use and provide further procurement card training where it may be needed.

#### **5. Non-compliance with F.S. 112.3145(2)(b), Disclosure of Financial Interests**

Internal Audit identified two (2) instances where the *Annual Statement of Financial Interest* form was not filed in compliance with Florida Statute 112.3145(2)(b), which states that “Each state or local officer, except local officers specified in s. 112.3144(1)(d), and each specified state employee shall file a statement of financial interests no later than July 1 of each year.” Florida Statute 112.3145(1)(a)(3) adds that a local officer includes any “purchasing agent having the authority to make any purchase exceeding the threshold amount provided for in s. 287.017 for CATEGORY TWO, on behalf of any political subdivision of the state or any entity thereof.” The threshold amount is defined in s. 287.017, Category 2, as \$35,000 and has remained unchanged since the year 2010.

Noncompliance with Florida Statutes 112.3145(2)(b) can include potential fines of \$25 per day after July 1 of each year up to a max of \$1,500, plus civil penalties that may be imposed if filed greater than 60 days after July 1.

**We recommend** management ensure compliance with Florida Statute 112.3145(2)(b), and report to the appropriate department and/or division annually, all procurement cardholders who meet or exceed the single transaction limit threshold of \$35,000, and update Procurement Card Guidelines to reflect this requirement.

#### **6. Temporary limit changes on procurement cards are generally not documented.**

Temporary limit changes on procurement cards are not documented and are generally “verbal” in nature. In addition, Procurement Card Guidelines do not address emergency procedures protocol for temporary limit increases and documentation requirements.

As a result, support documents could not be produced for the temporary limit changes selected for audit testing.

In addition, documentation to show authorization and to whom was approved for the temporary limit increases made post Hurricane Ian were not readily available. The temporary limit changes allowed for greater purchasing power during that time.

**We recommend** management increase controls over procurement card changes to ensure they are both authorized and documented in accordance with approved policies and procedures. Temporary maintenance changes should be documented to include the reason why the temporary change is needed, the dates applicable, who requested the change and who authorized the change.

**We additionally recommend** management update the Procurement Card Guidelines to include guidance on emergency procedures protocol and related documentation requirements, as it pertains to authorization and approval to ensure changes are authorized, documented, and changed back to the original values when appropriate.

**7. Some data inputs caused sales tax to be reflected on transactions.**

Some data inputs caused sales tax to be shown on transactions in error. Sales tax on transactions in the WORKS application for November 2022 and June 2023 reflected \$99.81 on 18 transactions and \$225.09 on 15 transactions respectively. The actual sales tax totaled \$5.11 on 3 transactions and \$12.56 on 2 transactions respectively. The WORKS transactions largely showed sales tax in error. Also, \$2.87 of the \$5.11 and \$1.36 of the \$12.56, while not material, came from transactions with Florida vendors. Purchases in and for use in Florida are exempt from Florida sales and use tax under the County's tax-exempt identification number.

**We recommend** management ensure staff input transaction data into the WORKS application properly to ensure sales tax is reflected on transactions only when appropriate.

**8. Data mining procedures identified documentation deficiencies and prohibited transactions.**

Some documentation deficiencies and prohibited transactions were identified during data mining procedures; specifically, Internal Audit identified the following:

- a. Two (2) transactions were identified with the *Automated Fuel Dispensers* Merchant Category Code ("MCC") and confirmed to be fuel (gasoline) purchases for \$37.78 and \$48.00. Expenses related to fuel are not permitted under the *Procurement Card Guidelines*.
- b. Eight (8) transactions identified, out of nine (9) reviewed with the *Car Washes* MCC, where the County's vehicle asset identified number was not referenced. The eight (8) identified totaled \$139.15, and one (1) of the eight (8) transactions also included non-refunded, sales tax of \$1.11.
- c. Three (3) transactions identified, out of nine (9) reviewed with the *Gift, Card, Novelty, and Souvenir Shops* MCC, that did not include an itemized sales invoice to detail what the purchases were. The transactions were \$500.00, \$1,000.00 and \$1,000.00, and documentation included referenced "Easter Event 2022 – supply invoice paid" for each transaction.
- d. One (1) transaction for \$171.00 was identified with the *POI Funding Transactions Excluding Moneysend* MCC, and confirmed to be for a TopGolf E-Gift Card. The actual, or intended recipient details were not included. Documentation did reference admin appreciation.
- e. One (1) transaction identified, out of five (5) reviewed with the *Large Digital Goods Merchant* MCC, that did not have a sales receipt attached. The transaction, which was for \$15.99 and purchased through *Amazon*, referenced "music for program" only.
- f. Two (2) transactions identified for \$756.00 and \$896.00 did not identify the purpose for travel. In addition, a separate transaction for valet parking fees was also identified for \$85.60. Expenses related to valet parking are not permitted under the *Procurement Card Guidelines*. These were identified as *Weekend* Transactions.
- g. One (1) transaction identified for \$2,271.96 for four (4) new tires, but the County's vehicle asset identified number was not referenced. Also, a separate transaction was identified for \$419.67 from Sunshine Ace that did not include an itemized sales receipt. Notations indicated "LS operating supplies not in warehouse" only. These were identified as near *Holiday* Transactions.

**We recommend** management enforce the procurement card guidelines to ensure only authorized transactions are tendered and transactions are adequately supported.

**9. Transaction sampling procedures identified documentation deficiencies and prohibited transactions.**

Some documentation deficiencies and prohibited transactions were identified during transaction sampling procedures; specifically, as a result of sampling transactions for the months of November 2022 and June 2023 for the Fiscal Services and Fleet Management departments, Internal Audit identified the following:

Fiscal Services

- a. Sales tax identified on November 2022 transactions reviewed totaled \$7.70.
- b. Sales tax identified on June 2023 transactions reviewed totaled \$11.20.
- c. Three (3) transactions in June 2023 did not include itemized sales receipts. Transactions were for \$90.23, \$560.00 and \$560.55. Two (2) of the three (3) also did not include specific conference and attendee details.

Fleet Management

- h. Sales tax identified on November 2022 transactions reviewed totaled \$539.51.
- i. Totals pages only were attached to the Fleet Management procurement card statement used for the NAPA Store Contracted Parts & Materials purchases for both November 2022 and June 2023. No itemized billings were included. In addition, weekly bill splitting occurred to bypass the established purchase limits in November 2022.
- j. One (1) transaction in June 2023 for \$165.19 did not include vendor invoice or sales receipt; a statement of account was included only.
- k. One (1) transaction in November 2022 for \$1,788.13 did not include the complete detailed support pages, as support did not add up to the total transaction amount.
- l. Various questionable charges at Sam's Club were identified in June 2023 for the purchase of drinks, food, coffee products, kitchen supplies, and club membership renewal totaling \$464.96.

**We recommend** management enforce the procurement card guidelines to ensure only authorized transactions are tendered and transactions are adequately supported.

## FOLLOW-UP ON PRIOR COMMENTS

The Internal Audit Division also completed follow-up on the prior comments and recommendations documented in the *Procurement Card Program Audit Report No. 2020-008* dated December 21, 2020. This follow-up considered the responses documented and any subsequent, corrective actions taken or delegated on the following three (3) comments and recommendations:

### 1. Employees split transactions to circumvent their procurement card's single purchase limit.

**We recommend** the County ensure employees are aware that splitting transactions to circumvent their single transaction limit is prohibited.

**Original Response:** "The seven employees that were identified in the audit report were contacted via email requesting an explanation of the charges. Once that the explanation was received by Purchasing the employee was put on notice of the violation and was provided the information in the guidelines that, "Transactions shall not be split to prevent rejection due to the single purchase limits established."

**Status of Corrective Action: Closed.**

### 2. Prohibited uses (taxi fares) were identified on procurement card.

**We recommend** the County ensure employees do not engage in prohibited transactions as identified in the Procurement Card Program and travel policy.

**Original Response:** "Upon discussions of the use of the procurement card for these transactions, the County will be reviewing and updating the current travel policy to accommodate those instances when taxi cabs or alternative transportation is required and will stipulate that these will be authorized usage of the procurement card."

**Status of Corrective Action: Closed.**

### 3. Identified underutilized procurement cards.

**We recommended** the County ensure procurement card inventory is adequately controlled to limit the number of dormant or rarely used cards.

**Original Response:** "Purchasing reviews and cancels procurement cards that have not been used over a twelve-month period due to inactivity. Upon the next update of the Purchasing Manual this procedure will be documented in the Purchasing Manual under the Procurement Card Policy Section."

**Status of Corrective Action: Closed.**

## **ACKNOWLEDGEMENT**

We would like to thank the Charlotte County Purchasing Division, Human Resources Division, Fiscal Services Division, and Fleet Management Division, as well as the Comptroller's Finance Division and Records Center for their assistance in the completion of this audit.

Audit completed by:

Misti Payette, CIA, CRMA, CGAP

Internal Auditor II

Charlotte County Clerk of Court and Comptroller



## MEMORANDUM

Date: February 18, 2025  
To: Misti Payette, CIA, CRMA, CGAP, Internal Auditor II, Clerk of the Circuit Court  
From: Kimberly A. Corbett, C.P.M., CPPB, Senior Division Manager – Purchasing *KAC*  
Subject: Procurement Audit

The following is in response to the Internal Audit performed on the Procurement Card Program for activity accruing during Fiscal Year 2023 (October 1, 2022 through September 30, 2023):

1. **Procurement Card issued to an ineligible employee.** Probationary Periods will be verified with the Human Resources Department if it is not clear on the form that the employee has completed their initial probationary period. The Request for Procurement Card Form will be modified to incorporate information related to if the employee is in a union or non-union position and confirming the employee has completed their probationary period.
2. **Deficiencies identified surrounding procurement card issuances and closures.** For procurement cards that are requested and not picked up within 30 calendar days of issuances will be canceled along with a follow up to the department. Also, the Purchasing Division monitors transfers, termination, and promotions via the weekly Human Resources employment listing. Upon receipt of this listing action will be taken for all terminated employees and a follow up with the department for the submission of the proper documentation, if not already submitted to Purchasing, will be done.
3. **Bank of America Works application user accounts/profiles identified for terminated employees.** The Purchasing Division monitors transfers, termination, and promotions via the weekly Human Resources employment listing. Upon receipt of this listing action will be taken for all terminated employees or transfers to remove account access and revoke permissions, if applicable.
4. **Declined transactions are not monitored.** Purchasing will establish a monthly review of declined transactions out of the Bank of America Works system to assist with fraud attempts or any other required follow up if needed.
5. **Non-compliance with FS. 112.3145(2)(b), Disclosure of Financial Interests.** Individual cardholder single transaction limits have been modified to not exceed the Florida Statute reporting requirement of \$35,000. The two cards identified in the audit were coordinated with the County Attorney's Office and proper reporting paperwork was completed for one card and the other card was exempted due to the local state of emergency.



6. **Temporary limit changes on procurement cards are generally not documented.** An excel spreadsheet has been established to document and track the temporary limit changes that have been authorized by Purchasing, including who has authorized the change and the description of the change.
7. **Some data inputs caused sales tax to be reflected on transactions.** Coordination with Fiscal AP/AR staff will be implemented to ensure sales tax is reflected on transactions only when appropriate during their coding and review process.
8. **Data mining procedures identified documentation deficiencies and prohibited transactions.** Coordination with Fiscal AP/AR staff to ensure during their review process that only authorized transactions are tendered, and adequate support documentation is attached.
9. **Transaction sampling procedures identified documentation deficiencies and prohibited transactions.** Coordination with Fiscal AP/AR staff to ensure during their review process that only authorized transactions are tendered and adequately supported.

If there is any additional information required, please feel free to contact me.

cc: Gordon Burger, Director of Budget & Administrative Services  
Dan Revallo, Internal Auditor, Clerk of the Circuit Court  
Rick Arthur, Fiscal Manager



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