



DEPARTMENT OF MANAGEMENT AND FINANCE  
INTERNAL AUDIT

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## **Internal Audit Purchase Card Monitoring Program December 2022**

### **Background**

Arlington County established a PCard program over twenty years ago to provide an efficient, cost-effective method of purchasing and payment to vendors. A PCard is a form of a charge card that allows goods and services to be procured without using a traditional purchasing process. They are typically issued to employees who make low dollar, high volume transactions. The use of PCards is not intended to avoid or bypass appropriate procurement or payment policies.

PCard holders receive training provided by the Department of Management and Finance (“DMF”) as well as have access to Purchase Card Program Manual (“PCard Manual”), which provides guidance to employees on the use of PCards. The PCard Program as a whole is monitored by DMF and the Purchasing Card Program Administrator (“PCPA”).

### **Objective and Scope**

The County’s Purchase Card (PCARD) Program was initially part of the 2016-2018 annual Internal Audit Work Plans to perform cycle audits of each department. Over this time, Internal Audit and, RSM US LLP, concluded that the results of the audits continued to improve over the three years and that internal audit resources should be focused on other areas which have greater risks. RSM recommended PCARD Cycle Audits be excluded from the Internal Audit Work Plan and be replaced with monitoring procedures to evaluate compliance with County PCARD policies and procedures that is not just focused on a particular department, but rather takes a broader look at the program. DMF Internal Audit started its monitoring program in FY 2019 and has performed detailed reviews for selected months since then with a plan to conduct one review each quarter.

The primary objective of the PCARD monitoring procedures are:

- Identify any misuse, misappropriation, or potential fraud,

- Determine opportunities to improve the effectiveness of the County PCard Program,
- Obtain insight into the overall use of the County PCARD Program based on testing transactional data.
- Test controls currently in place over the PCARD process.

### **Overall Summary/Highlights – December 2022**

As a result of the objectives identified above, **Internal Audit found internal controls were generally operating as intended with minimal exceptions.** However, during our review, we did discover the following issues and/or made the following observations:

- At the initiation of our review of the December 2022 transactions, we pulled the data on February 21, 2023, and noted 158 of the December transactions were not reconciled. Per the County PCARD policy, all transactions should be reconciled by the 20th of the next month. The December transactions should have been reconciled by January 20th. Based on our recommendation, the Comptroller sent a message to cardholders reminding them of the requirement to perform their reconciliations by the 20th of the month. We recommend the Departments better monitor this process to ensure compliance with policy. During this audit, we continued to work with the Departments and as of the date of this report there is a minimal amount of December transactions still not reconciled. The Departments have been notified.
- IA reviewed transactions related to employee overnight travel and found several cases where there was no documented pre-approval by the traveler's approver for expending more the GSA rates for lodging. The County travel policy states, "Travelers may be reimbursed for expenses above the GSA lodging per diem rate with prior written approval from the appropriate approver. The Departments agreed to re-emphasize this requirement to their staffs.
- We noted sales tax payments as part of the total credit card charge for some transactions. We inquired of the Departments on the reason for paying sales tax. Most stated that it was an oversight and will pursue a credit. We reiterated with the Departments that the County is exempt from sales taxes for certain purchases. The Departments stated that they will reinforce this with their staff.
- During our review, we identified two cases where the PCARDS were being used for personal expenses. Both cases were caught and reported by the employees during the PCARD reconciliation process and both employees reimbursed the County and the documentation is contained in PRISM. One case involved an employee where he erroneously used his County PCARD for personal Uber expenses since it was loaded in the APP on his phone. The second case involved an employee that inadvertently used her County PCARD for a charge at District Taco. Both employees have been counseled.

- IA identified four transactions where the receipts for the purchase were not contained in the backup support in PRISM. We notified the Departments to remind them of the requirement and they uploaded the proper receipts supporting the payment
- IA identified three transactions where there were missing justifications contained in PRISM. We notified the Departments and reminded them of the requirements and they corrected the documentation.
- As part of our review of food purchases, IA identified transactions that had a purpose statement but did not have estimated number of people for each of the food transactions, which is required by PCARD policy. According to the Purchase Card Policy, it states that: “For all non-travel meal purchases, a “purpose statement” and a list of attendees must be attached to the receipt or written on the receipt. If this is for a sizeable group (i.e. more than five) – then a description of the event and estimate of number of people fed should be included.” IA inquired about the number of people for each of the transactions as required by PCARD policy and determined the costs to be reasonable. The Departments were reminded on the requirements to include the number of attendees in the documentation.