



DEPARTMENT OF MANAGEMENT AND FINANCE  
INTERNAL AUDIT

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## **Internal Audit Purchase Card Monitoring Program September 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 Program (PCARD) 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 – September 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:

- The September review disclosed that PCARD holders were not timely reconciling their PCARD transactions. At the initiation of our review of the September 2022 transactions, we pulled the data on November 21, 2022, and noted 86 of the September transactions were not reconciled. Per the County PCARD policy, all transactions should be reconciled by the 20th of the next month. The September transactions should have been reconciled by October 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 recommended the Comptroller staff monitor this process to ensure compliance with policy.
- IA continued to identify purchases of IT equipment (e.g. scanners) without coordinating with DTS or PSIT. The County Policy states, “Technology related expenses to include, but not limited to, all software, desktop computers, laptop computers, monitors, printers, scanners, ipads, tablets, cell phones, smart phones, desk phones, wireless devices and any device that attaches to the County’s wireless or wired network. Exceptions can be made with written approval from DTS which should be attached to the PCard reconciliation.” The Departments stated that they have reiterated to their staffs the requirement to coordinate with DTS or PSIT in accordance with current PCARD policy.
- IA reviewed transactions related to employee overnight travel and found several cases where there was no documented pre-approval by the Department Director or designee. The County travel policy states, “Requests by all other staff must be made to their supervisor and Department Director for review and written approval prior to travel.” The Departments agreed to re-emphasize this requirement to their staffs.
- IA identified food 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.” We obtained the number of attendees from the Departments and found the costs expended to be reasonable. The Departments agree to reiterate the policy to their staff.