



"Making a Positive Difference"

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Memorandum

TO: Malcolm Thomas
Superintendent

FROM: David J. Bryant, Director
Office of Internal Auditing

DATE: March 2, 2009

SUBJECT: B.T. Washington High School
Budgeted Purchasing Card (PCard)

Per your request, we visited B.T. Washington High School to inquire about procedures followed at their school in regards to budgeted purchasing cards and to test for supporting documentation. The purpose of this memo is to document the results of our inquiry.

We interviewed the principal's secretary to obtain an understanding of the procedures followed regarding purchasing card purchases. In addition, we judgmentally selected a total of 31 transactions from September 2008 and January 2009. This sample included different cardholders (6 for September 2008 and 5 for January 2009). These transactions were tested to:

- Verify the name of the purchaser was the cardholder by examining supporting documentation for purchases.
- Ensure review/approval of cardholders as evidenced by the signature on the Monthly Signature Report.

The Escambia County School Board Purchasing Card Handbook, which is located on the District's website, states, "The cardholder's name is embossed on the card...and shall make the purchase". A memo was issued on 08/29/2007 by Gloria Johnson, Director – Accounting Operations, stating, "PCards are issued to individuals because that person is responsible for the transaction...A card should not be checked out to a person other than the cardholder. A card that is being kept locked up should never be used to make purchases without the cardholder's knowledge. The cardholder should make the purchases or is allowed to let the secretary/designee make a phone, online, or mail purchase at their request...You will have to get the cardholder to sign they made the purchases."

The results of our review are as follows:

At B.T. Washington High, there appears to be a general lack of understanding of District policy and procedures applicable to purchasing cards. Currently purchases occur via two methods: purchases either are made by individual cardholders or are made by the secretary. Purchases made by individual cardholders appear to follow District policy.

Purchases made by the secretary do not appear to adhere to District policy. Cardholders not wishing to make their own purchases and other employees not having purchasing cards, approach the secretary requesting that she make purchases. The secretary will attempt to use the purchasing card of the Principal. If purchases will cause the card to

exceed the card limit, purchases are split between two cards or any another available card is selected and used. The cardholder whose card is used is not notified of purchases made on his or her card. Therefore, Monthly Signature Reports for individual cardholders include transactions not made by the cardholder and made without their knowledge. Cardholders are then asked to sign the monthly reports attesting, "My signature certifies that the information on this report is correct and that all purchases were made by me in accordance with School Board Policies and the Purchasing Card Rules and Procedures Manual."

Upon examination of the purchase transactions, the following were noted:

- Eleven out of the 31 transactions (35%) tested indicated purchases were made by the cardholder.
- Thirteen out of the 31 transactions (42%) tested indicated purchases were made by someone other than the cardholder.
- We were unable to determine the purchaser for 7 of the 31 transactions (23%) tested.

It appears "using" other cardholder's cards is not a new practice. We noted instances where it appears purchases were made by the previous secretary using the same methodology. We recommend District policies and procedures applicable to purchasing cards be discussed with appropriate staff. We also recommend the District incorporate Ms. Johnson's memo into the Escambia County School Board Purchasing Card Handbook.

If you have any questions or need further assistance, please feel free to contact me.

DJB/mak

cc: Alan Scott, Assistant Superintendent – Human Resource Services
Dr. Michael Roberts, Principal – B.T. Washington High