




*Process Improvement & Audits*  
Improving State Procurement Processes  
*Customer Focused, Performance Driven*



**PURCHASING CARD  
COMPLIANCE REVIEWS**

October 2015      Standard Audit Programs



## Areas of Review (Audit Programs)

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- ❑ Transaction Compliance
  - Official Code of Georgia, Annotated §50-5-80/83
  - *Georgia Procurement Manual*
  - *Statewide Purchasing Card Policy*
- ❑ Purchase Order Spend Analysis (TGM only)
  - Evaluate for possible P-Card opportunities
- ❑ Internal Controls
  - Policy Evaluation
  - Internal Controls Questionnaire
  - Card Management
    - Card Usage Review
    - Spending Limits Review
  - TGM Only
    - Role validation
    - Training verification
    - “Load errors”



## Transaction Compliance

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### Procurement Compliance

- ❑ “Targeted Sample” from 12 Cycles
  - Blocked MCC’s
  - Prohibited Purchases
  - Possible Restricted Items
- ❑ Random sample from last three cycles
  - Verify adequacy of documentation

### Other Observations (TGM)

- ❑ General Ledger account number
  - Correct account
  - Consistency with like purchases
- ❑ Purchase orders
  - PO Type
  - NIGP code



## Policy Evaluation

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- ❑ Responsibilities
  - Clearly defined
  - Separation of duties
- ❑ Certain card management aspects
  - “Dormant cards”
  - Annual review of spending limits
  - Consequences of law or policy violations
  - Audit responsibility
- ❑ Reporting suspected abuse



## Internal Controls Questionnaire

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- ❑ Completed by Card Program Admin
  - Scored on a scale of 0-100
- ❑ Evaluated against “actual” as shown in transaction review
  - Response changed if inconsistencies found
- ❑ Sections
  - Card Management
  - Separation of duties
  - Training
  - Use of the card
  - Reconciliation procedures
  - Audit



## Spending Limits Review

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- ❑ Use 12 full cycles
- ❑ Compare actual spend to limits
  - Largest transaction v. Single Transaction Limit
  - Largest cycle v. Cycle Limit
  - Average transaction and cycle
- ❑ Observations
  - No industry standards or guidelines
  - Make general observations for consideration



## Team Georgia Marketplace™

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- ❑ Training
  - Personnel have completed training for their roles
- ❑ Roles validation
  - Cardholders do not have approval rights
- ❑ “Load errors” query
  - Transactions cannot be reconciled because card is not in TGM
  - Transactions not reconciled within 30 days of statement



## Red Flags & Issues

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### Red Flags

- ❑ Certain MCC's
  - Determined by State Entity mission
- ❑ Multiple purchases, same day / same vendor
- ❑ Only one person uses vendor

### Common Issues

- ❑ Inadequate documentation or comments
- ❑ Split purchases for STL
- ❑ No approval for spending limits
- ❑ Sales tax



## Report

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- ❑ Scope and Methodology
  - Purpose
  - Period covered
  - Number of transactions
- ❑ Summary
- ❑ Details of Results
  - Transactions
  - Internal Controls
- ❑ Other Observations

