

Lancaster County P-Card Program Audit Report

For the period of January 1, 2018 through June 30, 2018



Brian K. Hurter, CPA
Lancaster County Controller

**Lancaster County P-Card Program Audit
For the period of January 1, 2018 through June 30, 2018**

TABLE OF CONTENTS

	<u>Page(s)</u>
Audit Letter to Director of Purchasing	
Relevant Audit Notes	1-3
Audit Findings and Observations	4-7
Audit Recommendations	8-9
Audit Summary of Facts	10
Audit Responses	11-14
Exhibit A	15
Exhibit B	16



Controller's Office

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Controller
Brian K. Hurter, CPA

December 5, 2019

Harry Klinger
Director of Purchasing
150 North Queen Street, Suite 712
Lancaster, PA 17603

Dear Harry:

Attached is the audit report of the County of Lancaster Purchasing Card ("P-card") program audit, prepared by the Lancaster County Controller's Office. A memo (**Exhibit A** of audit report) was sent to you on August 27, 2018 initiating the audit. This audit was a part of the routine audits performed by the Controller's Office. We decided to assess the control environment surrounding the purchases, determine if purchases are being coded correctly in PeopleSoft, and to obtain a reasonable understanding that purchases are not fraudulent, improper, or abusive. We also wanted to provide assurance that all purchases of assets are properly recorded. Our examination procedures were performed for transactions in the period of January 1, 2018 through June 30, 2018. The relevant audit notes detail the objectives of our audit. We hope to provide recommendations and updates to the P-card policy and program to ensure more efficient and economical use of the purchasing cards. The Director of Purchasing, as the program administrator, has the responsibility to ensure transactions are in compliance with County policies and procedures. It is also the responsibility of the individual cardholders and his/her supervisor to ensure transactions are in compliance with County policies and procedures.

We do not express an opinion or provide any assurance on the information examined because the limited procedures executed do not provide us with sufficient evidence to express an opinion. We did, however, note some instances that warrant mention and recommendations for correction and/or improvement, and they are described in the Findings and Observations section of this report.

We acknowledge the cooperation and assistance we received from you during the audit. Your help was instrumental to the performance of this audit.

This report is intended for the information and use of the Lancaster County Purchasing Department, the individual cardholders, and the Lancaster County Board of Commissioners and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
mw

cc: Lancaster County Board of Commissioners



**Lancaster County P-Card Program Audit
Relevant Audit Notes
For the period January 1, 2018 through June 30, 2018**

Note A – BACKGROUND

The Purchasing Department is responsible to administer the County of Lancaster P-card program. Purchasing cards (“P-cards”), offer an added benefit to County of Lancaster employees by eliminating delays associated with requiring many small check requests to vendors and/or purchase orders. However, a P-card program with a lack in policy and adherence to such policy increases the risk of fraud and/or abuse.

The P-card program is through PNC Bank and cardholders have the ability to view transactions and add fund codes to the transactions. After the cardholder reviews his/her transactions and adds fund codes, the Purchasing Department will receive the report and back-up for a review of the information. This information is subsequently sent to the Controller’s Office and reviewed by a Controller’s Office employee who processes the transactions in PeopleSoft, the County’s financial management software.

As of September 2018, when the audit began, there was 32 active cardholders. During the audit period, eight cards did not have any transactions and one card was specifically used for the County’s phone bill. P-card holders are required to follow not only the Purchasing Card Program policies, but also any relevant County of Lancaster policies and procedures.

Department	Status of P-card	Type of P-card	Number of P-cards
Children & Youth	Active	Individual	1
Commissioners	Active	Individual	3
Court Admin	Active	Individual	1
District Attorney	Active	Individual	5
Facilities	Active	Individual	1
Human Resources	Active	Individual	1
IT Department	Active	Individual	1
Office of Aging	Active	Individual	2
Prison	Active	Individual	3
Purchasing	Active	Individual	8
Parks	Active	Individual	2
YIC	Active	Individual	1
Victim Witness	Active	Individual	1
Telephone System	Active	Individual	1
County of Lancaster	Active	Corporate	1

Lancaster County P-Card Program Audit
Relevant Audit Notes (*Continued*)
For the period January 1, 2018 through June 30, 2018

Note B – BENEFITS TO HAVING P-CARDS

There are many benefits to having a P-card or multiple P-cards within the County. As mentioned in **Note A**, one of the main benefits of having P-cards is that it can eliminate delays associated with requiring many small check requests to vendors and/or purchase orders. In addition, having a P-card can also benefit the employee by saving the individual from having to personally bear the brunt of costs he/she would incur while traveling for business. A P-card can also reduce internal administrative costs and can also expedite payments to vendors by streamlining the payment process.

The presence of having a P-card or multiple P-cards also gives businesses visibility into who spent what, where, and why, which can generate insight and opportunities to negotiate better rates with vendors.

Note C – OVERVIEW OF PURCHASING CARD PROGRAM

The County will implement a Purchasing Card Program with the overall goal being to improve efficiency and deliver savings to the County by authorizing designated County employees to make purchases within limits, allowing them to acquire approved commodities and services directly from County vendors, without undue delay. Use of the card is meant to augment established procurement procedures and to simplify and streamline acquisition and payment in order to lower overall transaction costs. The program is not intended to circumvent bid requirements, County policies, or prudent business practices.¹

Note D – OBJECTIVES OF AUDIT

The overall objectives of the audit were to determine:

- If the current control environment is effective
- If transactions are being properly coded in PNC and PeopleSoft
- If all P-card transactions were legitimate business expenses and if back-up was sufficient
- If fraud, abuse, or improper use is present in the current structure
- If assets are properly recorded
- Adherence to the Purchasing Card Program Policy
- Adherence to the County of Lancaster Policy and Procedure Manual

¹ Entire paragraph is taken directly from the County of Lancaster Purchasing Card Program Policy

Lancaster County P-Card Program Audit
Relevant Audit Notes (*Continued*)
For the period January 1, 2018 through June 30, 2018

Note E – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2018 through June 30, 2018.

We reviewed every transaction for every individual who had an active P-card and used his/her P-card for a transaction(s) during the audit scope. The Controller's Office reviewed the transactions to verify that the back-up was sufficient and appropriate and to verify that sales tax was not paid when appropriate. The review of sales tax was completed because the County of Lancaster is tax-exempt and is not supposed to pay sales tax in certain instances. The Controller's Office also reviewed the transactions to make sure the transactions were properly coded in PNC and PeopleSoft.

Along with reviewing the transactions in PeopleSoft, the Controller's Office reviewed the assets that were purchased through a P-card to verify that the assets were properly recorded.

P-cards are also used for travel purposes, so the Controller's Office specifically reviewed any travel related transactions to verify adherence to not only the Purchasing Card Program Policy, but also the County of Lancaster Policy and Procedure Manual.

**Note F – OBSERVATIONS, FINDINGS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES**

The Controller reported certain observations and findings along with recommendations for improvement as a result of the examination performed over the P-card Program and associated transactions. The Director of Purchasing provided responses to these observations, findings, and recommendations. The sections detailing both follow this note.

Lancaster County P-Card Program Audit
Audit Findings and Observations
For the period January 1, 2018 through June 30, 2018

This section of the report presents the findings and observations that resulted from our in-depth examination. Following the findings and observations, we provide recommendations to correct or better the described occurrences.

Finding 1 – Incorrect Fund Coding used in PNC P-card System

Description:

Out of the 32 active P-cards, 24 P-cards had at least one transaction in the audit period. Sixteen cardholders had at least one transaction where the coding was recorded incorrectly in the PNC system. When the transaction is coded incorrectly in the PNC system it has to be corrected before it can be input in PeopleSoft. This process can also be very time consuming depending on the number of transactions that are recorded incorrectly. During the audit, we also reviewed the coding that was recorded in PeopleSoft and noticed there was still a handful of times when the fund coding was erroneously missed, and it was still incorrect in PeopleSoft. After the budget year is over, any changes to the fund coding cannot be completed.

Finding 2 – Back-up Not Sufficient and Does Not Explain Need for Good/Services

Description:

There were 18 cardholders out of the 32 active cardholders where the purchase back-up that was provided did not explain the legitimate need for the good/services, or the back-up was not sufficient to determine the legitimate need. There were also some cardholders who submitted back-up that was illegible or completely not submitted altogether. This issue causes great concern. P-cards present a huge risk for fraudulent purchases and misuse. There is also a delayed oversight to P-card purchases, meaning the P-card bill is paid first and the purchases are audited and entered in PeopleSoft second. This presents a challenge to keeping an eye on the specific need for the goods/services that were purchased.

There were also six P-cards that had at least one instance noted when an overnight form was not submitted with the hotel folio for travel. Typically travel expenses are completed by the Purchasing Department, where each buyer has a P-card. The Lancaster County Board of Commissioners requires that an overnight form be submitted and approved for any overnight travel or travel expenses in excess of \$500. In these instances, we do not know if the overnight form was filled out because the individual who was traveling on County of Lancaster business was not the P-card holder. The P-card holder should always include the overnight form as a part of the transaction back-up.

Lancaster County P-Card Program Audit
Audit Findings and Observations (*Continued*)
For the period January 1, 2018 through June 30, 2018

Finding 3 – Sales Tax Paid When County of Lancaster is Tax-Exempt

Description:

There were dozens of transactions and over half of the P-card users who had a transaction that included sales tax being paid. During the audit period, there was a total of over \$1,400 paid in sales tax. Per Pa. Code §32.23 “Sales of tangible personal property or services to the Commonwealth or its instrumentalities or political subdivisions, are not taxable under section 204(12) of the TRC (72 P.S. §7204(12))”. The County of Lancaster is considered a political subdivision and is therefore exempt from sales tax. P-card holders should be aware that he/she should be asking for sales tax exemptions when making purchases, however, this finding shows that sales tax was still paid. Due to a lack of back-up in some cases, there could have been more sales tax paid incorrectly. There was also no evidence with these transactions that the cardholder tried to recuperate the sales tax that was incorrectly paid.

As mentioned later in this report in Finding 6, Amazon was often used as a cheaper avenue over another vendor. The general term of Amazon also includes Amazon Marketplace. Because Amazon Marketplace is an online shopping platform where other retailers can sell his/her products, it can be harder to recuperate the sales tax through that platform. Additionally, Amazon’s tax-exempt program is offered to marketplace sellers, but Amazon does not require the seller to participate in the program.² Since Amazon does not require Amazon Marketplace sellers to participate in the tax-exempt program, County of Lancaster P-card holders should limit his/her purchases made through Amazon Marketplace. The breakdown of sales tax paid per Amazon Marketplace, Amazon, and all other vendors is listed below:

Vendor	Amount of Sales Tax
Amazon Marketplace	\$268.31
Amazon	\$72.24
Other	\$1,140.15
TOTAL:	\$1,480.70

² Taken from <https://www.amazon.com/gp/help/customer/display.html?nodeId=202036350>

Lancaster County P-Card Program Audit
Audit Findings and Observations (*Continued*)
For the period January 1, 2018 through June 30, 2018

Finding 4 – Goods/Services not Properly Coded as an Asset

Description:

There was one occurrence when a transaction should have been coded as an asset and properly fit with an asset tag, but it was not. County-owned and some County leased assets are required to be fit with an asset tag by either the Controller's Office or the County's IT department.

Additionally, one of the P-card policy objectives is to provide an efficient method of purchasing and paying for goods/services under \$500 per purchase/transaction/job/project. First, County of Lancaster assets are deemed as a capital asset when the good is \$1,000 or greater (or items purchased and used together are \$1,000 or greater) so the purchase of this asset should not have been completed on a P-card. Second, this purchase was also greater than \$500 which is over the threshold listed in the P-card policy objectives. Lastly, when an asset is purchased with a P-card, it can circumvent the whole asset process all together and County assets would not be correctly recorded or accounted for.

Finding 5 – Monthly Cardholder Activity Report Not Complete

Description:

P-card holders are required to complete a "Monthly Cardholder Activity Report" which details the purchases that were made in that period. This sheet is required to be signed by the P-card holder, that individual's supervisor, a program administrator, and the Controller. There were multiple instances when the report was not even provided by certain P-card holders. There were also instances where there was no signature by the approving authority (the designated supervisor/approver) and the Controller. Lastly, there were some P-card holders who had a "Monthly Cardholder Activity Report" that was only signed by themselves or only signed by the Program Administrator. These instances show that the proper approval was not obtained. It is not acceptable for a lack of review to be completed over the purchases made by these individuals.

Lancaster County P-Card Program Audit
Audit Findings and Observations (*Continued*)
For the period January 1, 2018 through June 30, 2018

Finding 6 – Cheapest Avenue Possible Not Always Used

Description:

There were multiple times when an individual with a P-card purchased supplies on Amazon versus another vendor. It can be speculated that this avenue was used due to fast delivery and the accessibility of products available on Amazon. However, there were other vendors that had the same or very similar product for a cheaper price. Often times there was sales tax paid on the Amazon purchase when sales tax should not have been paid. In these occurrences, the product could have been purchased through a vendor that the County has a contract with. The use of P-cards should not be to completely avoid the purchasing and payment remittance process by way of vouchers submitted to the Controller's Office. Vouchers and remittances are still the preferred way of expense remittance.

Finding 7 – Purchase Made by Someone Other Than Cardholder

Description:

We discovered numerous instances when purchases were made by someone other than the cardholder. This was determined by the back-up that was submitted for the purchase. The back-up either had a name other than the cardholder's name listed in the billing information or the back-up was addressed to another individual. It is understood that the individual with the P-card can buy products or services for others in that office, but the individual with the P-card should always be the one receiving the product or services because it is that individual's name on the P-card. Allowing another individual access to the card can increase the risk for fraudulent activity or purchases to occur with the P-card.

Finding 8 – Approval of Expenses for Overnight Travel

Description:

There were three instances (two occurred with the same trip) where there was overnight travel/a hotel room charge that was purchased, but the travel distance was less than 75 miles. Per the County Policy, overnight stays will be limited to circumstances where travel distance from home is at least 75 miles and it includes multiple days of official County business. Special requested circumstances, however, can be approved by the Board of Commissioners or the President Judge. The instances mentioned above were approved by the Chief Clerk (acting on behalf of the Board of Commissioners) so these situations look to be an allowable expense, however, the mileage was not listed on the "Overnight Form" and the Chief Clerk may have been unaware of the distance.

Lancaster County P-Card Program Audit
Audit Recommendations
For the period January 1, 2018 through June 30, 2018

In the preceding section of this report, we listed findings and observations and results from our in-depth examination. This section of the report presents the recommendations we have provided to correct or better the described occurrences listed in the Audit Findings and Observations. Following the audit recommendations, we present the Audit Summary of Facts.

1. Update the P-card policy. The P-card policy should establish more detailed guidelines regarding the reimbursement of expenses for travel (including hotels and meals), entertainment (if applicable), and the procurement of goods/services. The updated P-card policy should also include an enforcement of the understanding that the County of Lancaster is tax-exempt. All P-card holders should annually review these policies, sign off in agreement of the policy, and abide by its rules. The P-card policy should also include a list of fund account codes and the names and contact information of individuals to contact if there are coding questions.
2. Update the Monthly Cardholder Activity Report. This should include an updated list of which individuals should sign the report (i.e. The Controller's section should be changed to "Controller's Office employee") and require all four individuals listed on the Monthly Cardholder Activity Report to sign and date the form. If the P-card holder is a department head or elected official, the "approving authority" signature should be listed as not applicable. The updated report should also have a designated space under each purchase where the cardholder can detail the business purpose of the transaction or explain the need for the purchased goods/services.
3. Require that all purchases be individually itemized and substantiated, which includes requiring original receipts when applicable.
4. Limit the purchase of County assets on P-cards to only extreme or unusual circumstances. When an asset is purchased through a P-card, it should be limited to a specific card through the Purchasing Department.
5. Promote the use of utilizing County vendors on the P-cards rather than another source, when possible.
6. Develop a set of consequences if individuals do not fulfill P-card requirements. Since the Controller's Office is the last office with authority to sign the form, the Controller's Office can inform the P-card Program Administrator of any issues.

Lancaster County P-Card Program Audit
Audit Recommendations (*Continued*)
For the period January 1, 2018 through June 30, 2018

7. Suspend or revoke P-cards if not properly used. Appropriate parties should also be involved in this process, meaning if there is a lack of adherence to the policy regarding assets being purchased on a P-card, then the Controller's Office or the County's IT Department should refer the issues to the Director of Purchasing.
8. Control the issuance of P-cards and limit the number of P-cards per department to avoid misuse. Discontinue and close any unused P-cards. The current number of P-cards makes it an area conducive to fraud. Additional oversight and controls will result in a better accounting of expenses.
9. Any and all employees utilizing a P-card for travel expenses should be aware of the County of Lancaster travel policy. Require employees to submit the County "Overnight Form" to the individual who has the charge on his/her P-card so adequate back-up is provided for County expenses.
10. The Board of Commissioners should consider adding a yes or no check box under the "Method of Travel" section on the "Overnight Form" to allow the employee to identify if trip is over 75 miles, which is the allowance for an overnight request per the County of Lancaster Policy and Procedure Manual. A space should also be provided on the form for the employee to explain why overnight arrangements are requested if the trip is less than the 75-mile allowance.
11. Any and all employees utilizing a P-card should be aware of the appropriate PeopleSoft expense codes for his/her departments. When P-card holders misuse account codes, the Controller's Office should inform the individual of the correction to limit the possibility of the issue re-occurring.

Lancaster County P-Card Program Audit
Audit Summary of Facts
For the period January 1, 2018 through June 30, 2018

We believe there could be more effective controls in place to ensure that the County of Lancaster is not reimbursing for non-business-related expenses purchased with the P-card, that sales tax is not being paid, that assets are not being purchased with the P-card, and to educate individuals on the proper accounts for coding. More effective controls can also ensure that the County of Lancaster is not falling victim to purchasing card misuse or fraud. Purchasing cards are in place to allow designated County employees to more easily make purchases within certain limits without having to create a voucher form and request reimbursement. Purchasing cards also allow payment to be sent to the vendor more quickly than a check request.

Based on our audit, we found many P-card holders did not always use the cheapest avenue possible when purchasing goods/services, which also includes not using a County vendor. We also discovered that sales tax was paid on many transactions which should not have happened because the County is tax-exempt in certain circumstances. An additional issue that was discovered was that fund coding was not correct in the PNC system and it had to be corrected by the Controller's Office before it was input in PeopleSoft. Lastly, there were numerous instances where the back-up submitted with the P-card summary was insufficient and did not provide a legitimate reason for the purchase of the goods/services.

In the audit we also noted other findings with issues relating to: goods/services not properly coded as an asset, travel paid that was not in accordance with County policy, purchase made by someone other than the cardholder, and the monthly cardholder activity report was not completed as required. We have developed recommendations to help address these concerns. We believe that implementing the recommendations in this audit report will help to resolve the issues and assist the County of Lancaster in better utilizing its resources.

Many County of Lancaster departments utilize a County P-card for purchases. This audit was conducted to make sure the Purchasing Card program was being utilized in accordance with the established policies and procedures. Additionally, we wanted to review for possible fraud occurring, and that possible misuse was not occurring. We believe that some of the issues discovered are just a lack of knowledge to the P-card policy and other County policies, but it could also be a clear disregard because of lack of consequences when P-cards are not used properly. While there are many benefits to utilizing a P-card throughout the County, the appropriate County officials should be reviewing for appropriate use due to the risk associated with these cards.

Lancaster County P-Card Program Audit
Audit Responses – December 5, 2019
For the period January 1, 2018 through June 30, 2018

This section of the report presents responses from the Lancaster County Controller's Office to the responses received from the Director of Purchasing on November 20, 2019 in regards to the Lancaster County P-card Program draft audit, which was sent to the Director of Purchasing on November 8, 2019. The memo mentioned below in the responses from the Director of Purchasing is attached as **Exhibit B**.

- A. In response to Finding #1: Beginning January 1, 2020 along with an updated P-Card policy manual and updated approval form, all p-card holders will receive an up-to-date account code listing provided by the Controller's Office. The Program Administrator will review more thoroughly and question account codes when necessary.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. Additionally, we acknowledge that the Program Administrator is going to update the P-card policy for the next year. It is always good practice to review policies and procedures every few years to assess any needed changes based on current practices.

- B. In response to Finding #2: The County does not have a system in place to have the card holder enter purchases in Peoplesoft before the P-card purchases are made. The Program Administrator will more thoroughly review travel forms along with appropriate back-up.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. We appreciate the Program Administrator's efforts to review back-up that is submitted with each purchase. The Controller's Office will also review back-up when P-card documentation is received and will communicate any future concerns to the P-card Program Administrator.

- C. In response to Finding #3: Please see the attached memo sent to all P-card holders dated November 12, 2019 regarding sales tax.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. We appreciate the action you have taken towards this finding by immediately releasing a memo regarding this issue.

Lancaster County P-Card Program Audit
Audit Responses – December 5, 2019 (*Continued*)
For the period January 1, 2018 through June 30, 2018

- D. In response to Finding #4: The P-card policy manual will be updated to clearly define what can and cannot be purchased on a P-card. The \$500 limit will be increased as there is a need to address some software purchases that have to be made on site and can't wait for a purchasing buyer or a PO. Also, please see the attached memo regarding bullet point number 2, regarding purchases over \$1,000.00.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. Additionally, we acknowledge that the Program Administrator is going to update the P-card policy for the next year. It is always good practice to review policies and procedures every few years to assess any needed changes based on current practices. We appreciate the action you have taken towards this finding by immediately releasing a memo regarding this issue.

- E. In response to Finding #5: The Program Administrator is not aware of any reports during the time period that did not have the appropriate signatures other than one card holder. In some cases, signatures for the supervisor line may have been blank because the form was for a purchasing buyer that only needed one signature, which was the Program Administrator. The activity report will be reviewed and some of the recommendations offered in the audit will be put into place.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. After the Controller's Office received the P-card Program audit responses, the Accounting/Auditing Assistant Manager and the Controller met with the P-card Program Administrator to discuss the card holders that did not comply with the signature requirements.

Lancaster County P-Card Program Audit
Audit Responses – December 5, 2019 (*Continued*)
For the period January 1, 2018 through June 30, 2018

- F. In response to Finding #6: The Program Administrator cannot comment on this finding due to lack of information. Amazon and other such vendors do often offer cheaper pricing as well as quick delivery. The Program Administrator will enforce all County contracts and those purchases should be made on a County PO not through the use of a P-card.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. We also acknowledge in the memo sent on November 12, 2019, that non-purchasing staff may no longer utilize Amazon for purchases. We believe this is mainly due to sales tax, but it also reflects this finding. After the Controller's Office received the P-card Program audit responses, the Accounting/Auditing Assistant Manager and the Controller met with the P-card Program Administrator to discuss the card holders that did not always use the cheapest avenue for purchases.

- G. In response to Finding #7: This will be addressed, and a violation will mean the deactivation of the P-card.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. Additionally, we appreciate that the Program Administrator has acknowledged this issue and the seriousness of having another individual utilize a P-card that belongs to another individual.

- H. In response to Finding #8: This will be reviewed and reinforced with all P-card holders. On a side note, the Director of Purchasing will be addressing the entire Travel policy and paperwork flow with the Chief Clerk and HR Director.

Controller's Office Response: The Controller's Office re-affirms our finding and recommendations and we will monitor this finding in future audits of the Lancaster County P-card Program. Additionally, we appreciate that the Program Administrator has acknowledged this issue and has taken steps in contacting other appropriate individuals to discuss the paperwork flow.

Lancaster County P-Card Program Audit
Audit Responses – December 5, 2019 (*Continued*)
For the period January 1, 2018 through June 30, 2018

Controller's Office Summary:

The Controller reported certain observations and findings along with recommendations for improvement as a result of the examination performed over P-card transactions for the period of January 1, 2018 through June 30, 2018. We met with the P-card Program Administrator to discuss specific findings and responses after the draft audit was released. This discussion provided productive conversation and feedback and we are hopeful that the changes implemented to the P-card program will provide a better use of County resources and better controls for the P-card program. We also hope that the changes implemented to the P-card program will allow the program to become more efficient and effective. The Controller's Office appreciates the willingness that the Program Administrator has shown in introducing some changes to the program. We will monitor our findings and recommendations in future audits to assure the recommendations are being properly adhered to.



Controller's Office

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Controller
Brian K. Hurter, CPA

August 27, 2018

Harry Klinger
Director of Purchasing
150 N. Queen Street, Suite 712
Lancaster, PA 17603

Dear Mr. Klinger:

Please be advised that, as part of the routine audits performed by the Lancaster County Controller's Office, we will be examining the activity and operations surrounding the County of Lancaster P-card program. The audit examination will cover the period of January 1, 2018 through June 30, 2018. We will be conducting this audit to assess the control environment surrounding the purchases, that purchases are being coded correctly to PeopleSoft, and to obtain a reasonable understanding that purchases are not fraudulent, improper, or abusive. Additionally, we wish to provide assurance that all purchases of assets on P-cards are properly recorded and/or tagged by the Lancaster County Controller's Office and/or the County of Lancaster's IT Department.

You, or designated member(s) of your staff, should expect the following from us:

- An interview and Internal Control Questionnaire to gather a better understanding of the mission, activities, and operations of the P-cards;
- A flowchart of P-card transactions (from request to payment);
- A request for a listing of cardholders and credit limits for the audit period, including any new cardholders added and cardholders removed during that period;
- Copy of all policies, procedures, and instructions as they relate to the P-card program.

Since we have the monthly reports, statements, and listing of transactions in our Office, we can begin working and will be in contact with further questions and/or requests. If you have any questions, please contact Megan Walsh, Accounting/Auditing Assistant Manager, who will be overseeing the audit process. We appreciate the anticipated cooperation from you and your staff.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
mw

cc: E. William Peters, Chief Clerk





Purchasing Department

November 12, 2019

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County Commissioners

Joshua G. Parsons, Chairman
Dennis P. Stuckey, Vice Chairman
Craig E. Lehman

Director

Harry Klinger

Attention: County Pcard Holders
From: Harry Klinger, Director of Purchasing

You are receiving this memo because you have been authorized to make business purchases on a county issued PNC pcard. Please review this memo immediately.

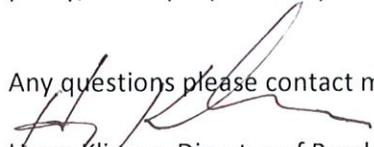
After an audit by the Purchasing Director and Controller's office auditing team some further restrictions on the use of the pcard will need to be put in place. In some cases the county is being charged tax, insufficient paperwork is being forwarded especially specific to travel and incorrect account codes are being used. Therefore, the following will go into effect today November 12, 2019.

1. Non purchasing staff may no longer make purchases through Amazon or Amazon Prime. All Amazon purchases must run through the purchasing buying team that coordinates with your department. The purchasing team is using an Amazon Business account for these purchases.
2. Any single purchase over \$1000.00 must have prior approval from the Director of Purchasing or his designee.
3. Only the use of websites with an URL address of https (secure) should be used. If you have a question please contact the Purchasing Director.
4. Under no circumstance should sales tax be charged on the order. If tax is being charged do not place the order but ask the vendor whether they will use the County EIN to void the tax. Contact Purchasing for a copy of the tax form.
5. Credit limits and single transaction limits are currently being reviewed by the Purchasing Director and may be changed for 2020 and beyond.

Violations of the above can result in a suspension of the pcard or termination of the pcard at the discretion of the Purchasing Director.

Before year end the Purchasing Director will forward to each cardholder an updated pcard policy, activity report and pcard sign off form which will need to be signed yearly.

Any questions please contact me.


Harry Klinger, Director of Purchasing
Program Administrator PNC Pcards

