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Audit Update: Procurement Services is working to address some City credit card risks

News Article



This is a one-year follow-up to our 2021 report, "City credit card use slowed during pandemic but exposed underlying risks."

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We identified risks during the pandemic when employees began working from home and using City-issued credit cards outside of the usual safeguards. Procurement Services is on track to address most of the risks by updating its manual and initiating cardholder testing later this year. A Citywide policy on gift cards and volunteer compensation still needs to be developed.

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One recommendation not implemented



- **We recommended the Office of Management and Finance develop a Citywide policy to address the purchase, documentation, safeguarding, and appropriate use of gift cards, including guidance specific to rewarding volunteers.**

The Office of Management and Finance had not dedicated the resources to develop a policy about gift cards. A Procurement Services manager agreed a policy is necessary to address inconsistency and improve understanding of sound financial practices across the City.

In the absence of a Citywide policy, the Bureau of Financial Services has prohibited bureaus from purchasing gift cards without the approval of the Accounting Division. It has directed bureaus to work with the City Treasurer to buy them. The manager acknowledged this practice is allowing the continued inconsistent use of gift-cards.

Four recommendations in process



- **We recommended Procurement Services update the Procurement Card manual to ensure that the rules it references are accurate and enforceable.**

Procurement Services drafted an update to its Procurement Card Policy manual with the goal of making rules clearer, accurate, and enforceable. The manager anticipated implementing the manual when the City transitions to a new procurement card provider in August 2022.

- **We recommended Procurement Services implement certification and recertification testing to ensure cardholders can demonstrate knowledge of rules.**

Procurement Services is working on a training for card holders to

improve understanding of recent program changes, roles and responsibilities, and consequences for policy violations. It also drafted a test for existing and new cardholders to verify their understanding of rules and responsibilities. The manager anticipated rolling out the training and testing with the transition to the new card provider.

- **We recommended the Office of Management and Finance determine who is responsible for monitoring compliance with rules throughout the purchase cycle and ensure they have the appropriate authority to enforce them.**

The draft of the new manual outlines the positions responsible for monitoring compliance and what they are expected to do. The manual references a separate matrix that further clarifies compliance responsibilities throughout the purchase cycle. Procurement Services should include the matrix in the new manual.

The Accounting Division plans to assign some support duties for the Procurement Card Program to a new position. It estimated that the new position will add about 2,000 hours a year to improve internal controls and monitoring.

The draft manual includes a “three-strikes” model with escalating consequences for policy violations. The manual states that the Procurement Card Administrator has the right to suspend or terminate cards at any time.

- **We recommended Procurement Services update its manuals to incorporate the parties responsible for compliance.**

The draft manual includes information about the positions responsible for monitoring compliance.

One recommendation implemented



- **We recommended Procurement Services ensure the Bureau of Technology Services has direct access to Citywide procurement card transaction data so it can use it to identify violations of technology purchasing rules and opportunities to maximize savings.**

Procurement Services provided Technology Services with direct access to procurement card transaction data. Technology Services said it has

used the data to identify and address some violations of technology purchasing rules.

View the [2021 audit report and recommendations](#).

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Audit Team: Jenny Scott, Performance Auditor III