DATE: November 7, 2019

TO: Ms. Lenora Reid
                Interim Chief Administrative Officer

FROM: Louis Lassiter   _LL_
                City Auditor

SUBJECT: Department of Procurement Services (DPS)
                Purchasing Cards (P-Cards) audit

The City Auditor's Office has completed the DPS Purchasing Cards (P-Cards) audit and the final report is attached.

We would like to thank the Department of Procurement Services' staff for their cooperation and assistance during this audit.

Attachment

cc: The Richmond Audit Committee
           The Richmond City Council
           Betty Burrell, Director of Procurement Services

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City of

RICHMOND
Office of the City Auditor

Audit Report# **2020-05**

Department of Procurement Services
Purchasing Cards (P-Cards)
November 7, 2019

Audit Report Staff
Louis Lassiter, City Auditor
Yolanda McCoy, Audit Manager
Gary Gaunt, Auditor
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Why We Did This Audit

The Office of the City Auditor conducted this audit as part of the annual audit plan.

The controls and procedures in place for the P-Card Program were assessed and reviewed to ensure compliance with policies and procedures and program requirements.

We recommend the:

Director of Procurement Services:
- Develop and implement a process to ensure timely P-Card bill payment.
- Update and enforce approval requirements for cardholders and approvers.
- Work with the Finance Director to develop and implement controls to minimize the risk of employees being reimbursed for P-Card transactions.
- Develop and implement actions that will be taken for non-compliance and include in the P- Card Policy.
- Update the P-Card Policy to be reflective of current practices.
- Define clearly what are allowable flower and food purchases.
- Ensure the P-Card requirements allow for the best use of city resources and purchases are in the best interest of the City.

P-Card Administrators:
- Communicate violations of the tax exemption requirement to the cardholders, approvers and Department heads.

Purchasing Cards (P-Cards)

Background – The City's P-Card Program is administered by the Department of Procurement Services (DPS) and was implemented in November 2018. The program currently has 165 cardholders within 28 departments. The City is participating in the Commonwealth of Virginia's P-Card program with Bank of America through a cooperative agreement. The purpose of the program is to provide a more efficient way to make small purchases under $5,000. During FY2019, 1,860 P-Card transactions totaling approximately $709,000 were processed.

Commendations
- The auditors obtained and reviewed training documentation for five cardholders and determined the cardholders attended the mandatory training, passed the proficiency exam and completed the required eligibility documentation.
- Adequate controls are in place to monitor and prevent cardholders from exceeding assigned card limits. The auditors analyzed the FY2019 P-Card transactions and noted the transactions were within the established limits or limits increases were approved by Procurement Services.
- Adequate controls are in place to ensure P-Card transactions are allowable. Auditors tested 110 expenditures to determine if allowable in accordance with the P-Card policy. One hundred and nine (109) expenditures were deemed allowable. The one unallowable expenditure was identified and addressed by the Department of Procurement Services.
- The P-Card transactions and spending patterns are audited by procurement staff and monthly reports are generated.

Needs Improvement – Both manual and system controls are in place to monitor for program compliance and identify exceptions. However, additional controls are needed to improve oversight; policies and procedures need to be updated to reflect current practices; and program requirements need to be enforced.

Finding #1 –Bill Payments – Bank of America incentivizes timely bill payment with an annual rebate issued after fiscal year end. Late payments may void the rebate, causing financial loss to the City. Three out of the eight monthly billing statements issued during FY19, were paid after the due date by an average of three days. However, the City received confirmation from the Commonwealth of Virginia of the fiscal year 2019 rebate of approximately $13,000.

Finding #2 – P-Card Reimbursements – Adequate controls and procedures are not in place to prevent an employee from inappropriately requesting reimbursement of expenditures that were procured on the P-Card ("double dipping"). Testing did not revealed any instances of this occurring. However, the risk still exists.

Finding #3 – Tax Exemption – Sales taxes totaling approximately $3,000 were paid for P-Card transactions during FY19. Pursuant to the P-Card Policy, purchases of goods or services made on behalf of the City of Richmond (COR) are generally exempt from State Sales and Use Tax, and any sales, use or meal tax applied by the City.

Finding #4– Policy and Procedures – Changes have been made to the P-Card program based upon identified business needs. However, the P-Card policy has not been updated to capture the changes; thus, is not reflective of the current practices in place. Also, some of the allowable expenditures are not adequately defined.

Finding #5– Rebates (e.g. rewards, frequent flyer points) – The policy restrictions regarding rebates may not always be in the best interest of the City and may result in an inefficient use of resources.

Management concurred with 8 of 8 recommendations. We appreciate the cooperation received from Procurement Services management and staff while conducting this audit.

METHODOLOGY, MANAGEMENT RESPONSIBILITY and INTERNAL CONTROLS

This audit was conducted in accordance with the Generally Accepted Government Auditing Standards promulgated by the Comptroller General of the United States. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

Program Overview

The City's P-Card Program is administered by the Department of Procurement Services (DPS) and was implemented as a pilot in November 2018 with 25 cardholders across seven departments. The program currently has 165 cardholders within 28 departments. The City is participating in the Commonwealth of Virginia's P-Card program with Bank of America through a cooperative agreement. The P-Card is a VISA corporate charge card that allows the departments to purchase supplies, materials, and services including business related travel, which do not exceed the single dollar transaction limits established by the DPS. The program is anticipated to streamline the purchasing process for goods/services for $5,000 or less and reduce overall payment processing costs. P-Card purchases eliminate the need to create requisitions, purchase orders and receivers. Below is a comparison of the procurement process using traditional purchasing and P-Card.

Purchasing Process Comparison	
Traditional Purchasing	P-Card
Identify merchant/vendor	Identify merchant/vendor
Vendor needs to be set up as a supplier (if not an existing one)	Procure goods/services
Obtain Quote	Goods/services are obtained same day or delivered
Create a requisition and obtain approval	Upload receipts into P-Card system
Create a purchase order	Obtain approval
Delivery of goods/services	Card accepted worldwide
Confirm receipt of goods/services in RAPIDS	
Vendor submits invoice for payment	
Limited acceptance of PO	

Source: Extracted from P-Card Training PowerPoint Presentation

The Program is also anticipated to offer the below additional benefits.

- Encourages purchases from small, local, and minority enterprises;

- Improves payment turn-around time to suppliers;

- Reduces credit and payment risks; and

- Creates an opportunity to strengthen customer relations.

FY2019 Expenditures

One thousand eight hundred and sixty (1,860) P-Card transactions totaling approximately $709,000 were processed during fiscal year 2019 to purchase allowable goods such as lodging fees, airfare, supplies, food, and services. Below is a breakdown of the top five departmental

groups that had the highest P-Card expenditures during FY2019, which represents approximately 45% of the total expenditures.

Group	P-Card Expenditures
Emergency Communications	$108,186.89
Fire & Emergency Services, Logistics	$62,304.48
Parks & Recreation Administration, Forest Hill	$59,385.47
Parks & Recreation Administration	$53,898.10
Police	$33,650.07

Source: Created by Audit using Bank of America Works data

Also, below are the top ten merchants that received the highest payments during fiscal year 2019.

Merchant Name	# of Transactions	Amount Spent
LOWES #01037	71	$30,895.37
R&R OFFICE SOLUTIONS	37	$22,443.61
SQ RPM SUPPLY LLC	6	$18,500.71
AMERICAN PAPER & CHEM CO	8	$14,531.79
BALL OFFICE PRODUCTS LLC	4	$9,866.71
BW WILSON PAPER COMPANY	2	$9,543.97
ENVIROWASH, INC.	2	$9,460.00
REMICHEL 040 RICHMOND	13	$9,306.11
4IMPRINT	11	$9,029.02
PAYPAL BTURNER	4	$7,975.00

Source: Created by Audit using Bank of America Works data

Purchase and Approval Process

The City's P-Card program is a coordinated effort between the user departments and the Department of Procurement Services.

- **Departments –** Cards are assigned to designated individuals (cardholders) within City departments upon submission of a completed application to Procurement Services and completion of mandatory training and proficiency test. The card can only be used by the cardholder and cannot be loaned to or shared with other employees. The cardholder is responsible for making allowable purchases for official City business; obtaining and uploading itemized receipts into Works[1]; signing off on posted transactions; and allocating the expenditures to the appropriate account codes. The Department approver is responsible for reviewing and approving all P-Card transactions in Works and ensuring they are for legitimate business-related expenses.

- **Procurement Services –** The P-Card Unit is comprised of two P-Card Administrators that are responsible for the day-to-day management of the P-Card program. The Administrators are responsible for issuing, replacing and cancelling the P-Cards; reviewing and approving all transactions and receipts within Works; monitoring and enforcing policy compliance; and providing training to program participants. Once approved, the P-Card transactions are uploaded into RAPIDS to initiate and generate the payments to Bank of America.

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[1] Works is the Bank of America management system for P-Card transactions. Each card user and department approvers are required to use this software to review purchase history, upload receipts, approve transactions, and reconcile expenditures.
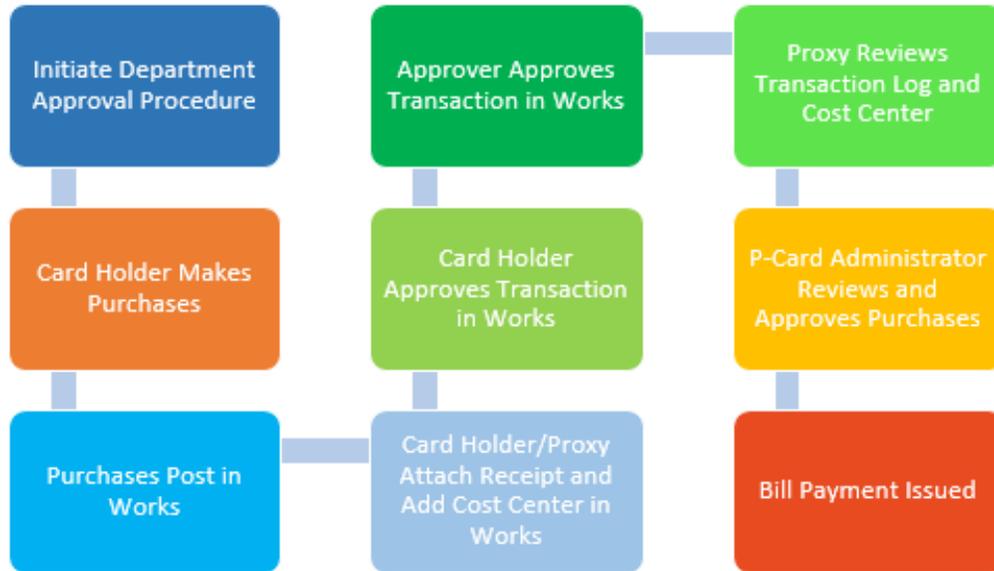
The following flowchart depicts the P-Card usage and approval process.

Source: Created by Audit using P-Card Policy

OBJECTIVES

The objective of this audit was to test expenditures for compliance to policy and internal controls within the P-Card Program.

SCOPE

The controls and procedures in place for the P-Card Program were assessed and reviewed to ensure compliance with policies and procedures and program requirements. Specifically, P-Card expenditures from program inception through June 30, 2019 were tested to ensure they were allowable; adequately supported; and in compliance with policies and procedures. Also, the P-Card transactions were compared to the RAPIDS expenditures to ensure employees did not inappropriately request reimbursements for these purchases.

METHODOLOGY

The auditors performed the following procedures to complete this audit:

- Interviewed management and staff;

- Reviewed and evaluated relevant policies and procedures and tested for compliance;

- Tested expenditures to determine if allowable and compliant;

- Reviewed expenditure reporting for fraud and misuse; and

- Performed other tests, as deemed necessary.

MANAGEMENT RESPONSIBILITY

City management is responsible for ensuring resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

INTERNAL CONTROLS

According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;

- Accurate financial reporting; and

- Compliance with laws and regulations.

Based on the audit test work, the auditors concluded both manual and system controls were in place to monitor for compliance and identify exceptions. However, additional controls are needed

to improve oversight; policies and procedures need to be updated to reflect current practices; and program requirements need to be enforced, which will be discussed throughout this report.

FINDINGS and RECOMMENDATIONS

What Works Well

Cardholder Eligibility

In order to obtain a P-Card, a completed application form must be submitted to DPS and program participants must attend mandatory training and pass a proficiency exam. The auditor selected five cardholders and validated the P-Card applications were remitted to DPS and the cardholders participated in the mandatory training and passed the proficiency exam prior to receiving their cards.

Card Limits

System controls are in place to monitor and prevent cardholders from exceeding assigned single transaction and credit limits. Single transaction limits designate the maximum dollar amount allowed for cardholders to spend on each purchase/transaction. The credit limit is the total amount a cardholder can spend during the monthly billing cycle. At the point-of-sale, the Bank of America's system verifies the purchase amount falls within the approved limits. If the amount requested for authorization exceeds the set limit, the authorization is denied. The Program Administrator may temporarily increase a cardholder's limit in order to accommodate a onetime purchase in excess of the established limits on a case-by-case basis. The auditors analyzed the fiscal year 2019 P-Card transactions and noted the transactions were within the established limits or limits were increased by DPS to accommodate spending needs.

Expenditures

Adequate controls are in place to ensure P-Card transactions are allowable. The P-Card Administrators within DPS review and approve all transactions. Auditors tested 110 expenditures to determine if allowable in accordance with the P-Card policy. One hundred and nine (109) expenditures were deemed allowable. The one unallowable expenditure was identified and addressed by the Department of Procurement Services.

P-Card Program Audits

The P-Card Administrators audited the P-Card transactions and generated monthly reports. The audit reports included areas such as payment of sales taxes, an overview of travel and entertainment expenditures, monthly spending patterns, disputed charges, split purchases and policy violations.

Improvements Needed

Finding #1 – Untimely Bill Payments

Billing statements are issued by Bank of America on the 25th of every month. Each statement covers purchases made between the 26th of the previous month through the 25th of the month of statement issuance. Payments are due 25 days after the statement closing date. From program inception to the end of fiscal year 2019, eight billing statements were issued. The auditor compared the payment dates to the due dates and noted 63% (5/8) of the billing statements were paid timely. However, the April, May and June bills were paid after the due date on average by three days as noted below:

Billing Month	Billing Period	Due Date	Date Paid	Payment Amount	# of days Paid Early (Late)
Dec	10/26/2018-11/25/2018	12/18/2018	12/10/2018	$14,087.45	8
Jan	11/26/2018-12/25/2018	1/18/2019	1/10/2019	$22,260.05	8
Feb	12/26/2018-1/25/2019	2/19/2019	2/19/2019	$31,100.96	0
Mar	1/26/2019-2/25/2019	3/22/2019	3/20/2019	$48,972.85	2
Apr	2/26/2019-3/25/2019	4/19/2019	4/24/2019	$73,934.50	-5
May	3/26/2019-4/25/2019	5/20/2019	5/21/2019	$111,519.82	-1
Jun	4/26/2019-5/25/2019	6/18/2019	6/21/2019	$153,878.57	-3
Jul	5/26/2019-6/25/2019	7/20/2019	7/17/2019	$247,499.61	3

Source: Created by Audit using Bank of America billing statements and Works data

The P-Card staff attributed the late payments to system issues encountered related to the upload of P-Card transactions into RAPIDS.   The payments through April 2019 were manually processed through the Invoice Payment Form. Some of the data entry lines were rejected during the invoice validation process and had to be rekeyed. The Department of Information Technology (DIT) and DPS have been working on an interface process to upload the P-Card transactions into RAPIDS for payment. According to the Procurement staff, the first attempt with the interface occurred in May 2019; however, several issues were encountered.

It was also noted that the transactions were not approved by the cardholders within the timeframe prescribed in the P-Card policy, impacting payment timeframes. During fiscal year 2019, it was noted that the cardholders did not approve 16% of the transactions by the end of the billing cycle. Per the P-Card Administrator, the sign off timeframes are not being strictly enforced as the program has been up and running less than one year and the focus is on program compliance. The P-Card Administrator also indicated changes are needed in the policy language regarding the approvals.

Bank of America incentivizes timely bill payment with an annual tiered rebate to be issued after fiscal year end. Late payments may void the rebate, causing financial loss to the City. Per the fee schedule section of the Bank of America P-Card contract with the Commonwealth of Virginia, all

monthly bills within the fiscal year (July-June) must be paid on or before the due date to receive an annual rebate. However, the City received confirmation from the Commonwealth of Virginia for the fiscal year 2019 rebate of approximately $13,000 as the average payment history equaled to three or less days.

Recommendations:

1. *We recommend the Director of Procurement Services develop and implement a process to ensure timely P-Card bill payment.*

2. *We recommend the Director of Procurement Services update and enforce approval requirements for the cardholders and approvers.*

Finding #2 – P- Card Reimbursements

Adequate controls and procedures are not in place to prevent an employee from inappropriately requesting reimbursements for P-Card expenditures ("double dipping"). Reimbursements are issued to employees for out of pocket expenditures (e.g. mileage, training, office supplies) that are incurred for City related business. Reimbursement requests are submitted to the Department of Finance for processing. The Department of Finance is unaware of the expenditures being processed on the P-Card and do not have access to Bank of America Works to see P-Card transactions and receipts. As such, an employee could submit a reimbursement request for a P-Card expenditure and the Finance staff would not know. Finance and Procurement Services are currently working together to create a joint policy for this. Procurement Services is relying on the departments to ensure this does not occur. However, based upon how the departments are set up, different individuals may be responsible for reviewing and approving employee reimbursements and P-Card expenditures.

It should be noted, the auditors tested 100 expenditures and noted no evidence of employees requesting reimbursements for P-Card expenditures. However, the risk still exists as controls could be improved.

Recommendation:

3. *We recommend the Director of Procurement Services works with the Finance Director to develop and implement controls to minimize the risk of employees being reimbursed for P-Card transactions.*

Finding #3 – Tax Exemption

Sales taxes totaling approximately $3,000 were paid for P-Card transactions during the audit scope (November 2018 - June 2019). The auditor tested 60 expenditures totaling approximately $48,000 and noted the majority of the transactions were allowable and approved. However, sales taxes totaling $497.67 were inappropriately paid for 32 tax exempt purchases. The auditor was unable to conclude if taxes were paid for three of transactions as itemized receipts/vendor invoices were not uploaded into Works.

Pursuant to the P-Card Policy, purchases of goods or services made on behalf of the City of Richmond (COR) are generally exempt from State Sales and Use Tax, and any sales, use or meal tax applied by the City. The P-Card has the Sales Tax Exemption Number imprinted on it. The COR Department of Finance should be contacted whenever a merchant specifically requests a Sales Tax Exemption form (VA ST-12). Transactions made outside of Virginia are not exempt from that locality's sales and use taxes. Meals tax outside of the City of Richmond is not exempt unless the locality has specifically identified that transactions for other municipalities in Virginia are exempt. Departments should make every attempt to not incur sales tax on a transaction, and to recover those charges whenever practically feasible. The cardholder is responsible for informing the vendor/merchant that the City is tax exempt and ensuring the taxes are not applied. Per the P-Card Administrator, the cardholders are asked to seek refunds of taxes for large dollar items.

The cardholders are not consistently notifying the vendor/merchant, in accordance to P-Card policy, that the City is a tax exempt entity and ensuring taxes are not applied prior to finalizing

purchases. This is evident as some cardholders received tax exemption while others did not for similar purchases from the same vendor and location. Also, there was minimal effort noted to seek refunds when taxes were inappropriately paid. The sales tax payments are captured in the monthly Procurement Card Activity and Compliance Review Reports that are generated by the P-Card Administrators. However, the cardholders and departmental approvers are not being notified of the policy violations. It should be noted the tax exemption requirements are covered in the P-Card training sessions. The policy does not address what actions may be taken for non-compliance with the tax exemption requirement.

Recommendations:

4. *We recommend the P-Card Administrators communicate violations of the tax exemption requirement to the cardholders, approvers and Department heads.*

5. *We recommend the Director of Procurement Services develop and implement actions that will be taken for non-compliance and include them in the P-Card policy.*

Finding #4 – Policy and Procedures

Changes have been made to the P-Card program based upon identified business needs. However, the P-Card policy has not been updated to capture the changes; thus, is not reflective of the current practices in place.

* Expenditures totaling approximately $2,800 were processed and approved on the P-Card for flowers and entertainment (e.g. bowling and movies). Per the current policy language, such expenditures are non-allowable.   However, Procurement Services has granted approval for such purchases based on business needs. For example, movie and skating passes were purchased by the Department of Parks, Recreation and Community Facilities for youth in the spring break camp.   Also, flower purchases are now allowed for bereavement.

- Pursuant to the P-Card Policy, the maximum credit limit a cardholder can spend during the monthly billing cycle is $10,000. However, two cardholders have $15,000 monthly credit limits. Also, one cardholder's limit was temporarily increased. Per the P-Card Administrators, the credit limits are assigned based upon the departments' spending needs and can be greater than $10,000.

Also, it was noted food purchases totaling at least $30,000 were processed on the P-Card during FY19. The policy currently indicates food is allowable if "directly related to normal business". However, allowable food purchases and normal business are not clearly defined in the P-Card policy.

Recommendations:

6. *We recommend the Director of Procurement Services update the P-Card Policy to be reflective of current practices.*

7. *We recommend the Director of Procurement Services clearly define what are allowable flower and food purchases.*

Finding #5 – Rebates

Pursuant to the P-Card policy and procedures, rebates received are the property of City of Richmond and cannot be personally accumulated/acquired, and misuse or retention of rebates will result in disciplinary action against the cardholder. "Rebate is defined as a return of all or part of an amount given in payment for a product/services, whether in the form of money, "free" merchandise or future benefits based on purchases made. Examples of rebates include cash, credit towards future purchases, free goods (including food and beverages) and coupons."

The auditors tested 110 P-Card purchases and noted employees received loyalty points/rebates in violation of the policy for sixteen purchases.

- Five purchases were identified as receiving fuel points. Employees used their Kroger customer number when completing the transactions.

- Nine purchases were identified with frequent flyer points. Employees used their mileage rewards number when completing the transactions.

- Two purchases were identified as receiving rental car points. Employees used their car rental rewards number when completing the transactions.

The policy restrictions regarding rebates may not always be in the best interest of the City and may result in an inefficient use of resources. For example, the cardholders saved the City approximately $35 through the use of their Kroger customer number. In return, the cardholders received fuel points towards gas discounts. Using the fuel points earned and maximum discount amount per gallon, the savings the City received is greater than the total benefits the cardholders would have received if fuel savings were exercised. Also, it is not anticipated that the City would use the fuel discounts.

In addition, the City's current P-Card is not set up to accumulate travel rewards. As long as the most economical travel means are being used, the City is not losing anything by allowing the employees to accumulate travel awards.

The cost to police and enforce the policy restrictions on rebates and rewards may outweigh any benefits the cardholders receive. Also, the City may be forfeiting savings if the cardholders do not use their loyalty/reward cards. The program requirements should be structured in such a manner to ensure purchases are in the best interest of the City.

Recommendation:

8. *We recommend the Director of Procurement Services update the P-Card requirements to allow for the best use of city resources and ensure purchases are in the best interest of the City.*

APPENDIX A: MANAGEMENT RESPONSE FORM
2020-05 DPS Purchasing Cards (P-Card) Audit

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
1	We recommend the Director of Procurement Services develop and implement a process to ensure timely P-Card bill payment.	y	DPS has partially automated the payment interface between BofA and RAPIDS to ensure payments can be made timely. DPS continues to work with DIT and Finance to refine and improve the interface process. In any case, P-card Administrators will ensure payments are made to BofA on time every month.
	TITLE OF RESPONSIBLE PERSON		**TARGET DATE**
	P-card Administrators		Interface completion by 6/30/2020
	IF IN PROGRESS, EXPLAIN ANY DELAYS		**IF IMPLEMENTED, DETAILS OF IMPLEMENTATION**
	Different issues have surfaced each month with the interface that must be then tested and corrected, involving all three departments. Once the interface has been stablized, there should be no further problems that need to be fixed.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
2	We recommend the Director of Procurement Services update and enforce approval requirements for the cardholders and approvers.	y	The P-card Policy # 15 now reflects a three business day approval requirement for cardholders and approvers. P-card Administrators monitor and review transactions on a daily basis to ensure compliance with the P-card policy.
	TITLE OF RESPONSIBLE PERSON		**TARGET DATE**
	P-card Administrators and Director of DPS		Final draft of policy to be distributed by 12/31/2019.
	IF IN PROGRESS, EXPLAIN ANY DELAYS		**IF IMPLEMENTED, DETAILS OF IMPLEMENTATION**
	The Director of DPS needs to review and approve the policy revisions among all other priorities for DPS.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
3	We recommend the Director of Procurement Services works with the Finance Director to develop and implement controls to minimize the risk of employees being reimbursed for P-Card transactions.	y	DPS will provide Finance on a weekly basis with a list of all existing and new cardholders. DPS recommends that no cardholder be allowed to claim a Travel Advance payment. DPS will require all travel expenses charged on P-cards to include a Travel Settlement that acknowledges all prepayments by P-card and acknowledges the Settlement Form has been received by the Finance Department.
	TITLE OF RESPONSIBLE PERSON		**TARGET DATE**
	Director of Procurement Services and Director of Finance		12/31/19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		**IF IMPLEMENTED, DETAILS OF IMPLEMENTATION**
	The Director of DPS needs to review and approve the draft policy revisions among all other priorities for DPS.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
4	We recommend the P-Card Administrators communicate violations of the tax exemption requirement to the cardholders, approvers and Department heads.	y	DPS will provide a monthly statement to each department head for offending cardholders in their agency. Additionally DPS will communicate with cardholders who have violated the policy.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of DPS		31-Dec-19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director of DPS needs to review and approve the draft policy revisions.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
5	We recommend the Director of Procurement Services develop and implement actions that will be taken for non-compliance and include them in the P-Card policy.	y	DPS will provide a monthly statement to each department head regarding non-compliance. Cardholders who have charged sales tax to their P-card will be required to seek a refund for any tax amount paid greater than $10 per transaction. This policy update is included with the other draft revisions.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	P-card Administors and Director of DPS		31-Dec-19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director of DPS needs to review and approve the policy revisions.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
6	We recommend the Director of Procurement Services update the P-Card Policy to be reflective of current practices.	y	The P-card Administrators have drafted recommended improvements to the P-card Policy, including this recommendation. The Director of DPS needs to review the recommendations for compliance with DPS Small Purchases Policy and other applicable regulations.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Director of DPS		31-Dec-19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	The Director of DPS needs to review and approve the policy revisions.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
7	We recommend the Director of Procurement Services clearly define what are allowable flower and food purchases.	y	The P-card Administrators have drafted recommended improvements to the P-card Policy, including this recommendation. The Director of DPS needs to review the recommendations for compliance with DPS Small Purchases Policy and other applicable regulations. This policy update will include a form that must be completed by cardholders indicating prior authorization for food purchases, clear description of business meal purpose, full list of attendees, among other items.
	TITLE OF RESPONSIBLE PERSON		**TARGET DATE**
	Director of DPS		31-Dec-19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		**IF IMPLEMENTED, DETAILS OF IMPLEMENTATION**
	The Director of DPS needs to review and approve the policy revisions among all other priorities for DPS.		

#	RECOMMENDATION	CONCUR Y/N	ACTION STEPS
8	We recommend the Director of Procurement Services update the P-Card requirements to allow for the best use of city resources and ensure purchases are in the best interest of the City.	y	The P-card Administrators have drafted recommended improvements to the P-card Policy to include this recommendation. The Director of DPS needs to review the recommendations for compliance with DPS Small Purchases Policy and other applicable regulations.
	TITLE OF RESPONSIBLE PERSON		**TARGET DATE**
	Director of DPS		31-Dec-19
	IF IN PROGRESS, EXPLAIN ANY DELAYS		**IF IMPLEMENTED, DETAILS OF IMPLEMENTATION**
	The Director of DPS needs to review and approve the policy revisions among all other priorities for DPS.		