



**City Auditor's Office**

June 22, 2007

Honorable Mayor and Members of the City Council  
City of Arlington, Texas

Dear Mayor and Councilmembers:

The City Auditor's Office has performed a follow-up audit of our September 22, 2006 Procurement Card Audit report. The purpose for the follow-up was to verify implementation of the recommendations presented in our original report.

Based on our follow-up audit, the City Auditor's Office concluded that management has fully implemented our audit recommendations.

We would like to thank the Financial Services Department for implementing these recommendations in a timely manner.

Sincerely,

A handwritten signature in cursive script that reads 'Patrice Randle'.

Patrice Randle, CPA  
City Auditor

Enclosure

# ***PROCUREMENT CARD AUDIT FOLLOW-UP***



*Office of the City Auditor*

**Patrice Randle, CPA  
City Auditor**

***Project #07-10***

***June 22, 2007***

## ***Executive Summary***

The City Auditor's Office has completed a follow-up audit of our September 22, 2006 "Procurement Card Audit" report. The purpose of the follow-up audit was to verify implementation of the recommendations presented in our original report.

Management concurred with our audit findings and related recommendations included in the original audit report. Management's responses as included in our original report and actions taken since the date of our original report are summarized below.

Based on our follow-up audit, we conclude that management has fully implemented all of our audit recommendations.

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### ***Recommendation:***

The Director of Financial Services should notify Department Heads, in writing, of procurement card logs not properly submitted with supervisory signatures. The Director of Financial Services should refer recurring non-compliant cardholders and departments to the applicable Deputy City Manager for appropriate action.

### ***Management's Response:***

*Notifications on non-compliance will occur in writing.*

*Target Date:                      Immediately*  
*Responsibility:                  Director of Financial Services*

### ***Implementation Status:***

Implemented. The Financial Services Department has begun to notify Department Heads in writing of non-compliance. During its follow-up audit, the City Auditor's Office noted that the Financial Services Department notified Department Heads in writing of non-compliance.

***Recommendation:***

The Procurement Card Administrator should: a) reiterate to cardholders the proper use of the procurement card log related to receipt of goods; b) require cardholders to obtain and retain documentation that clearly indicates receipt of goods; and, c) provide additional training to supervisors to ensure that all supervisors are verifying that goods have been received prior to approving procurement card logs.

***Management's Response:***

*Training to supervisors and cardholders concerning log receipts and maintenance of receipts will be implemented.*

*Target Date: Immediately*  
*Responsibility: Purchasing Manager (Card Program Administrator)*

***Implementation Status:***

Implemented. The Purchasing Department provided training to supervisors and cardholders regarding the completion of procurement card logs and documentation of receipt of goods. The City Auditor's Office reviewed a sample of recently completed procurement card logs and noted that cardholders were complying with the revised policy and training guidance.

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***Recommendation:***

The Procurement Card Administrator should revise the current Procurement Card Policy and Procedures Manual to require user departments to retain documentation supporting proper authorization for blocked transactions.

***Management's Response:***

*The Procurement Card Policy will be modified to reflect the new requirements for maintaining proof of override authority for blocked transactions.*

*Target Date: October 10, 2006*  
*Responsibility: Purchasing Manager (Card Program Administrator)*

***Implementation Status:***

Implemented. The Procurement Card Policies and Procedures Manual was updated in October 2006 and included new language instructing cardholders to retain proof of override authority for blocked transactions. The City Auditor's Office identified recent override authorizations and verified that cardholders retained proof of override authority.