Purchasing Card Audit

ASSURANCE • INSIGHT • OBJECTIVITY

Final Report
Audit Plan Code: 19-03

We noted instances where the purchasing card user administration and the transaction review processes were not functioning as outlined in the EPISD Financial Services Credit Card Manual.

Instances noted include incorrect cardholder setup, untimely deactivation of p-cards, untimely sign off of p-card transactions, and no formal process to identify cardholders' changes in positions and separations.

EL PASO INDEPENDENT SCHOOL DISTRICT

INTERNAL AUDIT

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Abbreviations

BOA	Bank of America
CAP	Corrective Action Plan
EPISD	El Paso Independent School District
IIA	Institute of Internal Auditors
TEAMS	Total Education Administrative Management Solution

We have completed the Purchasing Card Audit. The objective of the audit was to determine whether the purchasing card user administration process and the transaction review process are functioning as designed in the EPISD Financial Services Credit Card Manual. The scope covered the purchasing cards administered and purchasing card transactions made during the period September 1, 2017 to July 31, 2018.

The Executive Summary provides, on a summarized basis, the findings discussed throughout the body of the detailed Internal Audit Report that follows. The Internal Audit Report includes background information and detailed findings, observations, and recommendations.

Summary of Results

1. Purchasing cards (p-cards) have been issued to employees who do not meet the position requirement due to an incorrect setup in the employees' BOA Works spend control profile. In addition, the process followed to add new cardholders has not been consistent with the one outlined in the Credit Card Manual. If the formalized process is not followed, there is a risk individuals could have inappropriate access to p-cards.

2. Purchasing cards are not deactivated timely, as there is no formal process to identify employment status changes. As such, there is a risk cardholders can make purchases after they have separated from the District.

3. Cardholder information in BOA Works has not been updated timely as there is no formal process to identify changes in positions. If location and account codes are not updated in BOA Works timely and accurately, p-card purchases could be impacting the wrong budget accounts.

4. Purchasing card transactions for three administrators show "automatic" sign off/approval in BOA Works. It appears the p-card was set up incorrectly for these three administrators in the system unintentionally.

5. We identified instances where p-card transactions were not reviewed and reconciled as outlined in the Credit Card Manual. In these instances, cardholders and Accounts Payable did not reconcile p-card transactions on a timely basis and program budget authorities did not reconcile or approve p-card transactions. There is a risk potential discrepancies were not identified and resolved timely.

6. Supporting documentation uploaded in BOA Works for four p-card transactions was not sufficient to determine if the p-card transactions were allowable and/or allocated to the correct object code(s).

7. We identified p-card transactions totaling $3,261.40 that were allocated to the incorrect account object code.

8. We identified 27 transactions/purchases within the scope period, which exceeded the $500 single transaction limit outlined in the Credit Card Manual. The p-card transactions were for food, printer, project celebration items, physical education equipment, etc.

9. Credit card purchases are not being tracked by vendors to ensure compliance with the $50,000 purchasing threshold outlined in Board Policy CH(Local) and the Credit Card Manual.

Management's Corrective Action Plan

District management and leadership submitted a Corrective Action Plan (CAP) outlining the activities to be implemented. All 16 recommendations made by Internal Audit were incorporated into the CAP. The CAP appears to be sufficient to address the findings outlined in this report. Internal Audit will conduct follow-up reviews to validate CAP activities have been implemented.

Conclusion

We noted instances where the purchasing card user administration and the transaction review processes were not functioning as outlined in the EPISD Financial Services Credit Card Manual. Such instances include, but are not limited to, incorrect BOA Works cardholder setup, untimely deactivation of p-cards, untimely sign off of p-card transactions, and no formal process to identify cardholders' changes in positions and separations.

Recommendations have been made in this report in an effort to assist Financial Services to strengthen the controls in the user administration and transaction review processes for the expanding credit card program.

Background

The Financial Services Department implemented the District's credit card program in September 2017. According to the EPISD Financial Services Credit Card Manual (hereinafter referred to as "the Credit Card Manual"), "The credit card program at El Paso Independent School District (EPISD) is designed to entrust authority and establish an efficient, cost-effective method of purchasing and paying for select transactions in compliance with procurement laws and policies. The credit card will primarily be used for pre-authorized student travel expenses and limited other approved small-dollar purchases to support District operations."

The credit card program is managed by the District using the Bank of America (BOA) Works application. According to the Bank of America Merrill Lynch Works® website, BOA Works is "…a web-based, user-friendly electronic card payment management service that automates, streamlines, and integrates existing payment authorization and reconciliation processes while providing management reporting and spending controls." The credit card program administrators (two District employees) are responsible for coordinating card member enrollment and card user administration in BOA Works (e.g., add/terminate cards, changes in employment status). The District's Accounts Payable Department is responsible for reviewing credit card transactions and reporting noncompliance issues.

The District uses two different types of credit cards: reloadable cards and purchasing cards (hereinafter referred to as "p-cards"). Reloadable cards do not have funds available until a cardholder submits a purchase request and his/her program budget authority approves it. The p-cards have funds available at any time up to the credit limit assigned to the cardholders; transactions are reviewed after the purchase has taken place.

The focus of the audit was on p-cards as it was identified as a higher risk area in our risk assessment. As of August 9, 2018, there were 209 active p-card cardholders and 1,513 p-card transactions totaling $358,040.77 for the period of September 1, 2017 to July 31, 2018.

The Board of Trustees approved the Purchasing Card Audit as part of the 2018-2019 Internal Audit Plan.

Objective and Scope

The objective of the audit was to determine whether the purchasing card user administration and the transaction review process are functioning as designed in the EPISD Financial Services Credit Card Manual.

The audit scope covered purchasing cards administered and purchasing card transactions made during the period of September 1, 2017 to July 31, 2018.

Methodology

To achieve our audit objective, we:

• Researched relevant Board policies and reviewed the Credit Card Manual.

• Used pre-audit self-assessment and internal control questionnaires.

- Performed walkthroughs with key Financial Services' personnel to obtain an understanding of the credit card user administration and transaction review processes.

- Performed a risk assessment based on our understanding of the credit card user administration and transaction review processes and corresponding controls in place.

- Tested a sample of cardholders to determine whether the process to administer p-cards was followed as outlined in the Credit Card Manual, including deactivations and changes in positions.

- Tested a sample of p-card transactions to determine whether they were allowable and properly reviewed, supported, and allocated.

Inherent Limitations

Because of the inherent limitations in a system of internal controls, there is a risk that errors or irregularities occurred and were not detected. Due professional care requires the internal auditor to conduct examinations and verifications to a reasonable extent. Accordingly, an auditor is able to obtain reasonable, but not absolute, assurance that noncompliance or irregularities do not exist.

Acknowledgement

We want to acknowledge and thank the Financial Services Executive Director and his/her staff for their cooperation and assistance during the audit.

Results

We noted instances where the purchasing card user administration and the transaction review processes were not functioning as outlined in the EPISD Financial Services' Credit Card Manual.

We reviewed two significant areas: the cardholder administration process and the transaction review process. The cardholder administration process review was broken down into three subareas: (i) new cardholder, (ii) cardholder's employment status changes (i.e., separation from the District), and (iii) cardholder position changes. The results for each area and subarea are listed below.

Cardholder Administration Process: New Cardholder

We selected a sample of 21 new cardholders. Below are the results:

Finding 1

Purchasing cards have been issued to employees who do not meet the position requirement. In addition, the process followed to add new cardholders has not been consistent with the one outlined in the Credit Card Manual. If the formalized process is not followed, there is a risk individuals could have inappropriate access to p-cards.

1.1 Ten (10) out of the 21 p-card cardholders tested do not meet the position requirement to be issued a p-card. Of the 10 cardholders, eight are assistant principals, one is a student activity manager, and one is a child development teacher. However, we noted 5 of the 10 cardholders did not have transactions in BOA Works as of October 8, 2018.

1.2 According to Financial Services, District employees who do not meet the position requirement to hold a p-card could use their assigned reloadable card as a purchasing card due to an incorrect setup in their BOA Works spend control profile.

Per the Credit Card Manual, p-cards are for the Superintendent, Leadership, and principals, while reloadable cards are for assistant principals, student activity managers, child development lab teachers, among others.

1.3 None of the 21 new cardholders selected for our sample had a "Request for Cardholder or Change in Credit Card Status" form on file. Requests to add new cardholders have not followed the process outlined in the Credit Card Manual.

During the credit card implementation, selected employees were added as cardholders to BOA Works as part of a mass upload. Per the Financial Services Executive Director, they contacted budget authorities within different groups and had them identify the employees who should receive a credit card. Cardholders were not asked if they needed/required a credit card for their day-to-day operations before the mass upload was performed.

Furthermore, program administrators have also accepted emails or listings of employees from program budget authorities to request credit cards in place of the "Request for Cardholder or Change in Credit Card Status" form.

Per the Credit Card Manual, "To "add" a cardholder or to make changes to a cardholder's information such as employment status or phone number requires the completion of the "Request for Cardholder or Change in Credit Card Status" form."

Cardholder Administration Process: Cardholder's Employment Status Changes

Finding 2

Purchasing cards are not deactivated timely, as there is no formal process to identify employment status changes. As such, there is a risk cardholders can make purchases after they have separated from the District.

Per the Credit Card Manual, "Cardholders or designee(s) separating from the District must turn in their credit card to the Program Administrator along with the "Request for Cardholder or Change in Credit Card Status" form."

We determined the practice outlined in the Credit Card Manual of relying on cardholders to report employment status changes and position changes is not effective based on the results obtained during our testing.

We selected a sample of 10 cardholders' separations from the District. Below are the results:

2.1 For seven cardholders, the p-card was not deactivated timely (i.e., on or before the separation date). The time between the separation date per TEAMS and the deactivation date or deletion date per BOA Works for such p-cards ranged from 14 to 156 days.

2.1.1 Only one cardholder had used the p-card to purchase items; purchases were made before s/he separated from the District.

2.1.2 We noted the remaining six cardholders did not use the p-card at all.

2.2 For nine cardholders, there was no signed "Request for Cardholder or Change in Credit Card Status" form on file. According to the Financial Services Executive Director and Accounts Payable Manager, program administrators had not received forms from cardholders or used the form to document employment separations from the District as required in the Credit Card Manual.

Cardholder Administration Process: Cardholder Position Changes

Finding 3

Cardholder information in BOA Works has not been updated timely as there is no formal process to identify changes in positions. If location and account codes are not updated in BOA Works timely and accurately, p-card purchases could be impacting the wrong budget accounts.

Per the Credit Card Manual, "The cardholder/designee is responsible for: Notifying BOA and the Program Administrator immediately when there is a change in the location, position or employment with the District and complete the "Request for Cardholder or Change in Credit Card Status" form."

We selected a sample of seven cardholders who had changes in positions. Below are the results:

3.1 For six cardholders, there was no "Request for Cardholder or Change in Credit Card Status" form on file as required by the Credit Card Manual. There is reliance on the cardholders to inform the program administrator of any changes in employment.

3.2 For five cardholders, their new location code (i.e., Org ID) had not been updated in BOA Works as of October 8, 2018. Per employee assignment information in TEAMS, the changes in positions had been in effect for three to five months.

3.3 For one cardholder, the new location code was updated approximately three months after the effective date of the position change per TEAMS.

3.4 We could not determine if a p-card purchase made by a cardholder was allocated to the correct account code. The cardholder has been assigned to two different schools (i.e., two different location codes) per TEAMS since July 1, 2018; however, there was only one location code reflected in his/her BOA Works profile as of October 8, 2018.

Per the Credit Card Manual, "As each card is linked to a campus and/or department budget, the card cannot be automatically transferred from one campus/department to another."

Purchasing Card Transaction Review Process

Finding 4

Purchasing card transactions for three administrators show "automatic" sign off/approval in BOA Works.

According to Financial Services,
- It appears the p-card was set up incorrectly for these three administrators in the system unintentionally.
- Purchasing card transactions for the three administrators go through the same review process other transactions go through. However, due to the incorrect setup, the review of such transactions is not being documented in the system (e.g., timestamp).

After March 2018, p-card transactions for one of the administrators had been corrected and showed Accounts Payable's sign off/approval in BOA Works instead of "automatic." P-card transactions sign off/approval for the other two administrators had not been changed because the incorrect setup had not been identified.

We selected a sample of 41 p-card transactions. The results of the tests are in Findings 5 to 8 below:

Finding 5

We identified instances where p-card transactions were not reviewed and reconciled as outlined in the Credit Card Manual. In these instances, cardholders and Accounts Payable did not reconcile p-card transactions on a timely basis and program budget authorities did not reconcile or approve p-card transactions. There is a risk potential discrepancies were not identified and resolved timely.

5.1 For 38 p-card transactions, the program budget authority or immediate supervisor did not sign off (approved) on the transactions in BOA Works.

Per the Credit Card Manual, the cardholder, the program budget authority, and Accounts Payable have to sign off for p-card transactions. According to the Financial Services Executive Director, the Credit Card Manual does not correctly reflect their sign-off process where p-card transactions are signed off only by the cardholder and Accounts Payable. Accounts Payable sign off on p-card transactions for executive-level employees.

5.2 For 29 p-card transactions, the cardholder did not reconcile the purchase on a timely basis in BOA Works. It took the cardholder 4 to 41 days to reconcile the transaction after the purchase post date.

Per the Credit Card Manual, "After purchase(s) are made, the cardholder must reconcile, scan and upload receipts, and sign off in the BOA WORKS system within the earlier of THREE days of transaction or trip return date."

5.3 For 36 p-card transactions, the program budget authority or the Accounts Payable Manager did not reconcile the purchase on a timely basis. It took 8 to 174 days for the program budget authority or the Accounts Payable Manager to reconcile the transaction after the purchase post date.

Per the Credit Card Manual, "Program Budget Authority must reconcile, sign-off in the BOA WORKS system, and close the request within the earlier of FIVE days of transaction" and "Accounts Payable will conduct sign-off within five days of transaction or trip return date…."

Finding 6

Supporting documentation uploaded in BOA Works for four p-card transactions was not sufficient to determine if the p-card transactions were allowable and/or allocated to the correct object code(s).

6.1 Receipt uploaded for one p-card transaction did not open in BOA Works (i.e., file size 0 KB).

Per the Credit Card Manual, "Itemized receipts are required for all transactions. When a purchase is made, a receipt should be scanned and attached to [sic] the transaction in the BOA WORKS system. All receipts must show merchant name, date of transaction, description and cost of item(s)."

6.2 Supporting documentation for three flight reservations made by the Athletics Department with their p-card did not provide details on the names of the passengers and their role (e.g., student or employee). The documentation showed a total number of passengers and the total amount owed. Two flight reservations were allocated to object code 6412 (Travel Subsistence Student) and one to object code 6412 and 1290 (Other Receivables). We could not determine if expenses were properly classified.

According to the Accounts Payable Manager, they do not review flight reservations booked by the Athletics Department to determine if the passengers listed are students or employees as part of their transaction review process.

Passengers who are non-employees or non-students cannot be easily identified by using the current transaction review process and the level of supporting documentation uploaded in BOA Works.

Finding 7

We identified p-card transactions totaling $3,261.40 that were allocated to the incorrect account object code.

Per the Credit Card Manual, "The cardholder will be responsible to review transactions online and verify each transaction is charged to the correct account code. If the charge is not correctly coded, the cardholder will need to update the account information on the bank site before finalizing the transaction."

7.1 Three p-card transactions totaling $402.34 were coded to object code 6399 (General Supplies), but they should have been coded to 6499 (Miscellaneous Operating Costs).

7.2 One p-card transaction totaling $522.00 was coded to object code 6499 (Miscellaneous Operating Costs), but it should have been coded to 6411 (Travel Subsistence Employee).

7.3 During our review for supporting documentation for two p-card transactions sampled, we noted transactions for flight reservations were allocated to one object code rather than to two object codes. Airfare costs for employees totaling $2,337.06 were allocated to student travel. All airfares within the same flight reservation were allocated to object code 6412 (Travel Subsistence Student) when some of the airfares were for employees. Employee airfares should have been allocated to object code 6411 (Travel Subsistence Employee).

| **Finding 8** | We identified 27 transactions/purchases within the scope period, which exceeded the $500 single transaction limit outlined in the Credit Card Manual. The p-card transactions were for food, printer, project celebration items, physical education equipment, etc. |

Per the Credit Card Manual, the "Card is intended to be used for small purchases of $500 or less (Exception: Conference registrations and airfare)."

Furthermore, 4 out of the 27 transactions did not meet the allowability requirements per the Credit Card Manual. Although p-cards are meant to be used for specific purchases, cardholders have used them to purchase other items that are not allowed. Furthermore, cardholders have the option in BOA Works to allocate such purchases to categories (object codes) not listed in the Credit Card Manual. As a result, such purchases may not have been subject to appropriate review and approval.

- One transaction totaling $649.37 for an Adobe Systems Creative Cloud was allocated to object code 6299 (Contracted Services),
- One transaction totaling $798.00 was allocated to object code 6319 (Supplies for Maintenance and/or Operations). According to the Financial Services Account Coding Guidelines, all expenditures in this category require prior approval from Operations, and
- Two transactions totaling $1,961.79 were allocated to object code 6329 (Reading Materials).

According to the Credit Card Manual, "allowable purchases include supplies, professional membership dues, employee travel, snacks, food, and other miscellaneous costs."

Finding 9

Credit card purchases are not being tracked by vendors to ensure compliance with the $50,000 purchasing threshold outlined in Board Policy CH(Local) and the Credit Card Manual.

According to Board Policy CH(Local), "Purchases valued at $50,000 or more in the aggregate of a 12-month period shall be preceded by a formal procurement process to the full extent required by law."

Per the Credit Card Manual, "Vendors that are not on the approved vendor list are limited to a one-time small purchase of $500 and will be unavailable after a District aggregate total of $50,000."

Observations

While conducting this audit, we identified observations that do not violate the Credit Card Manual, local, state, or federal guidelines. As such, we did not include these as findings in the Purchasing Card Audit Report. However, we felt the items noted or observed were worthy of informing you as the data owner/expert for you to determine how they should be addressed.

Observation 1

While performing the Cardholder Administration Process tests, we noted 35 out of 43 cardholders had not used their p-card. They did not have activity recorded in BOA Works as of October 8, 2018.

Observation 2
The Accounts Payable Department manager reported s/he was storing sealed envelopes with a credit card inside for seven cardholders from different locations. The employees identified as cardholders had not picked up their card for at least two months. The cards showed a status of "active" per BOA Works, but there were no transactions for such cards as of October 8, 2018.

Observation 3
We found three instances where cardholder identification data was incorrect. We selected a sample of 15 cardholders to test the completeness and accuracy of the list of cardholders provided by Financial Services. We noted the employee IDs for two employees were incorrect and an employee name had not been updated in BOA Works. The employee's name was changed on August 8, 2017 per TEAMS and it had not been updated in BOA Works as of August 9, 2018.

Recommendations and Management Response

We made 16 recommendations to assist Financial Services to strengthen the controls in the user administration and transaction review processes for the expanding credit card program. Financial Services agreed with the findings, observations, and recommendations made. A Corrective Action Plan (CAP) outlining the activities to be implemented and signed by District management and leadership was submitted to Internal Audit.

1
We recommend Financial Services ensure a "Request for Cardholder or Change in Credit Card Status" form is submitted before a credit card is issued to a new cardholder as outlined in the Credit Card Manual. Budget authorities should determine if the employee for whom they are requesting a credit card has a business need for it and ensure the employee agrees s/he needs a credit card. Budget authorities should document the business need determination.

We recommend Financial Services determine if the new cardholder process should be revised to allow alternative supporting documentation to add cardholders other than the "Request for Cardholder or Change in Credit Card Status" form. Any revisions to the process should be clearly documented in the Credit Card Manual.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities two (2) and six (6).

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

2
We recommend Financial Services determine if there are additional cardholders who do not meet the position level requirement per the Credit Card Manual. If cardholders do not meet the position level requirement, Financial Services should determine whether their credit card spend control profile is correct or incorrect in the system and change it if needed. If during this process Financial Services identifies p-cards that have no business justification, the p-cards should be deactivated immediately.

In addition, procedures on exceptions to the position level requirement for p-card cardholders should be clearly documented in the Credit Card Manual if necessary. The procedures should include documenting the business justification to assign a p-card to an employee who does not fulfill the position level requirement.

Management and Leadership Response: Agreed with the majority of the recommendation and incorporated into the CAP as activities one (1), and three (3) through five (5). Management did not agree to deactivate p-cards that have no business justification, but stated they would change them if needed (e.g., from a p-card to a reloadable card).

Persons Responsible: Payment Services Analyst – Financial Services and Director Technology Services Applications – Information Technology

Implementation Date: December 31, 2019

3

Financial Services should develop and implement a formal process to timely identify cardholders with changes in positions and employment status (i.e., separations) to maintain the cardholder administration integrity within BOA Works. This process should minimize the risks of (i) allocating purchases to incorrect budget accounts and (ii) p-card misuse after an employee has separated from the District. We also recommend including the deactivation and return of p-cards as part of exit meetings/exit checklists for employees who separate from the District.

We recommend a designee from Financial Services work with Human Resources and Technology Services to determine whether a TEAMS report is available or can be created to provide, in a timely manner, changes in positions and separations from the District. The report should be used periodically by Financial Services to make corresponding timely updates and maintain the cardholder administration integrity within BOA Works.

Financial Services should clean/update the cardholder list periodically, at least on a quarterly basis, to minimize the risk (i) there are cardholders who are no longer employees of the District, (ii) cardholders' information in BOA works is incorrect, and (iii) credit card transactions are allocated to incorrect accounts due to changes in positions.

Management and Leadership Response: Agreed with the majority of the recommendation and incorporated into the CAP as activities seven (7) through ten (10). The CAP activities do not include deactivation and return of p-cards during exit meetings/exit checklists. Management will rely on a daily notification system for employee separations instead.

Persons Responsible: Payment Services Analyst – Financial Services, Director Technology Services Applications – Information Technology, and Executive Director Talent Acquisition and Personnel Administration – Human Resources

Implementation Date: December 31, 2019

4

We recommend a program administrator update the location code in BOA Works for the five cardholders who had a change in position per TEAMS.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 11.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: August 31, 2019

5

We recommend Financial Services determine if BOA Works allows for a cardholder to be assigned to two different location codes. If possible, the location codes for the cardholder assigned to two different schools should be updated in BOA Works. If not possible, Financial Services should implement a manual compensating control to assign expenses to the correct location code.

In addition, we recommend Financial Services follow-up with the cardholder mentioned in Finding 3.4 to determine the correct allocation for the credit card purchase s/he made. Reclassify through a journal entry in TEAMS if needed.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 12 and 13.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

Transaction Review Process

6

We recommend Financial Services determine the correct p-card setup for the two administrators mentioned in Finding 4 and update accordingly.

In addition, Financial Services should ensure the p-card review process is being documented in BOA Works for these employees.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 14 and 15.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: July 31, 2019

7

We recommend Financial Services update the Credit Card Manual by (i) clearly identifying the position that will have the responsibility of reconciling p-cards; (ii) reflecting the actual p-card review process; and (iii) stating consequences for p-card abuse (e.g. escalate p-card abuse to the cardholders' supervisors and remove credit card).

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 17.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

8

We recommend adding verbiage to the Credit Card Manual requiring supporting documentation be uploaded to BOA Works for flight reservations to include a list of passengers and their role within the District (e.g., student, employee). This will help determine the correct allocation of expenses (i.e., correct object codes) and identify passengers who are neither employees nor students.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 21.

Persons Responsible: Payment Services Analyst – Financial Services and Director Athletics

Implementation Date: December 31, 2019

9

We recommend the person(s) who is responsible for reviewing receipts uploaded in BOA Works ensures the receipts are itemized. If the receipt does not provide sufficient information to determine whether (i) the purchase is allowable and (ii) it has been allocated correctly, additional documentation should be uploaded to support the purchase.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 20 and 21.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

10

We recommend Financial Services implement a notification system to inform cardholders they have not reconciled their p-card transactions and that they are out of compliance.

Also, we recommend Financial Services consider implementing a process for Accounts Payable to review p-card transactions periodically rather than five days after each p-card transaction takes place. This process could assist in standardizing the review process and reducing the effort of keeping track of p-card transaction and review dates individually.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 16, 18, and 19.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

11

We recommend a process be developed and implemented to periodically review purchases that exceed the single transaction limit of $500 to determine if the purchases have a business justification and comply with local policies/guidelines to include, but not limited to, the Credit Card Manual.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 23. According to the Executive Director of Financial Services, they currently review all p-card transactions. As such, they can identify purchases that exceed the single transaction limit and follow up to determine if they have a business justification. Activity 23 states, "Accounts Payable will update Credit Card Manual to reflect exceptions to the $500.00 limit through pre-approval process and account code updates with pre-approval from Executive Director of Financial Services through various forms of communication."

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

12

We recommend object codes that should not be used with credit card purchases are not provided as an option for the cardholders to select in BOA Works. If cardholders need to use an object code for which they do not have access, we recommend Financial Services determine whether the purchase would be appropriate and whether they should provide access to the object code on a case by case basis. The process Financial Services will follow for those cases should be clearly documented in the Credit Card Manual.

Management and Leadership Response: Agreed with the majority of the recommendation and incorporated into the CAP as activity 22. The CAP activity does not include limiting object codes to only those that should be used with credit card purchases. Management stated since they review all p-card transactions, they can identify discrepancies in object codes and determine allowability on a case by case basis.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: August 31, 2019

13 We recommend Financial Services develop and implement a process to review credit card usage by cardholder periodically (at least on an annual basis) and reevaluate the business need for those cardholders who have low or no credit card activity. If there is no need for a cardholder to have a credit card, the credit card should be deactivated in BOA Works and destroyed immediately.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 25.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

14 We recommend Financial Services determine if there is a business need for the employees who have not picked up their credit card from the Accounts Payable Department. For those cardholders with no business need, the credit card should be deactivated in BOA Works and destroyed immediately.

We also recommend adding verbiage to the Credit Card Manual requiring new cardholders to pick up credit cards within a specific number of days.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 26 and 27.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: December 31, 2019

15 We recommend Financial Services correct the three instances where cardholder identification data was incorrect if it has not been corrected already. Furthermore, we recommend developing a process to periodically review cardholder information (e.g., employee ID, name) and ensure such information is up to date.

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activities 28 and 29.

Person Responsible: Payment Services Analyst – Financial Services

Implementation Date: August 31, 2019

16 We recommend the Procurement Services Department staff obtain the necessary access to BOA Works and monitor purchases for compliance with the $50,000 threshold outlined in Board Policy CH(Local).

Management and Leadership Response: Agreed with the recommendation and incorporated into the CAP as activity 24.

Persons Responsible: Payment Services Analyst – Financial Services and Executive Director Procurement and School Resources.

Implementation Date: July 31, 2019

EL PASO INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES