



THE COUNTY OF GALVESTON
COUNTY AUDITOR'S OFFICE
P.O. Box 1418
GALVESTON, TEXAS 77553

County Auditor
Randall Rice CPA
CITP CISA CIO CBM DABFA CGMA

Kristin Bulanek CIA
First Assistant, Director of Auditing

Jeff Modzclewski CPA
First Assistant, Director of Accounting

November 24, 2015

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court

Honorable Mark Henry and Members of the Court:

Attached for your consideration is the internal audit report on the Procurement Card (P-Card) Expenditure Accounts Review. Also attached is the response letter from Mr. Rufus Crowder dated November 13, 2015.

Sincerely,

A handwritten signature in blue ink that reads "Rice CPA".

Randall Rice CPA
County Auditor

cc: Mr. Rufus Crowder, Galveston County Purchasing Agent

Attachment: P-Card Expenditure Accounts Audit Report
Response Letter, Mr. Rufus Crowder



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October 7, 2015

To: Rufus Crowder
Galveston County Purchasing Agent

From: Jordan Guss
Information Systems Audit Team Lead

Re: Procurement Card (P-Card) Expenditure Accounts Review

The Internal Audit Division of the Auditor's Office performed a review of the general ledger expenditure accounts used to record Procurement Card (P-Card) expenditures. The objectives of the review were 1.) to ensure p-card expenditure accounts are in compliance with the Galveston County Purchasing Agent Policies and Procedures Manual and the Galveston County P-Card Policy and Procedures Manual; and 2.) to provide an accurate and complete list of authorized general ledger accounts per p-card user to be loaded into IFAS, the production financial system, and OneSolution, the new financial system.

Smart Data On-Line is the secure internet access to individual card transactions provided by J.P. Morgan Chase. P-Card users code and approve the monthly charges in Smart Data On-Line to general ledger accounts. At the time of the review, 499 expenditure accounts were loaded into Smart Data On-Line. All 499 accounts were reviewed.

Out of the 499 accounts, the auditor determined 333 of the accounts should be removed from Smart Data On-Line for the following reasons:

- No P-Card activity was charged to the expenditure account for the current fiscal year (October 1, 2014 through the time of the review).
- The expenditure category was deemed inappropriate for P-Card usage such as contract services.
- The expenditure category was unauthorized according to the Galveston County Purchasing Agent Policies and Procedures Manual such as equipment repair and maintenance services.

Recommendation PC-15-01: Remove the 333 general ledger accounts from Smart Data On-Line. Future department requests to add general ledger expenditure accounts to Smart Data On-Line shall be approved by the County Auditor.

Furthermore, Internal Audit verified P-Cards were issued only to Galveston County employees. The auditor found cards were issued to 2 individuals who are not Galveston County employees but work for an outside law enforcement agency with the Galveston County Auto Crime Task Force. These cards have been suspended from use. The Purchasing Agent is currently reviewing p-card authorization regarding these individuals.

We would like to thank the Mr. Crowder and his staff for their cooperation and assistance during the review.

If you have any questions or concerns regarding this report, please contact Kristin Bulanek, Director of Auditing, at (409) 770-5408.

cc: Randall Rice CPA, County Auditor
Kristin Bulanek CIA, First Assistant, Director of Auditing



THE COUNTY OF GALVESTON

RUFUS G. CROWDER, CPPO CPPB
PURCHASING AGENT

COUNTY COURTHOUSE
722 Moody (21st Street)
Fifth (5th) Floor
GALVESTON, TEXAS 77550
(409) 770-5371

GWEN MCLAREN, CPPB
ASST. PURCHASING AGENT

November 13, 2015

To: Jordan Guss
Information Systems Audit Team Lead

From: Rufus G. Crowder, CPPO CPPB
Galveston County Purchasing Agent

A handwritten signature in black ink, appearing to be "R.C.", written over the printed name of Rufus G. Crowder.

Re: Procurement Card (P-Card) Expenditure Accounts Review
Response to Audit Letter dated October 7, 2015

The findings of the Internal Audit Division with regard to the Procurement Card (P-Card) program have been beneficial to the Purchasing Department. Purchasing strives to find ways to make end-user department processes more convenient and efficient while remaining compliant with governing law and internal policy and procedures. The following responses apply to the audit findings.

Finding #1: *No P-card activity was charged to the expenditure account for the current fiscal year (October 1, 2014 through the time of the review).*

Recommendation PC-15-01: *Remove the 333 general ledger accounts from Smart data On-Line. Future department requests to add general ledger expenditure accounts to Smart Data On-Line shall be approved by the County Auditor*

Response: Purchasing is in agreement with the Auditor to remove the 333 expenditure accounts from the current "drop down" list of available accounts for end-users while coding their monthly charges. Department requests to add accounts will be forwarded to the County Auditor for review.

Finding #2: *The expenditure category was deemed inappropriate for P-Card usage such as contract services.*

Response: Continued discussion is requested in this area as this and other categories could be tremendous sources of revenue to increase the County's p-card spend resulting in a higher rebate.

Finding #3: *The expenditure category was unauthorized according to the Galveston County Purchasing Agent Policies and Procedures Manual such as equipment repair and maintenance services.*

Response: This topic will be discussed with the Purchasing Board at the November 19, 2015, meeting. Purchasing will request that the policy be amended to include these categories as well as others that should not be prohibited.

Finding #4: *Furthermore, Internal Audit verified P-Cards were issued only to Galveston County employees. The auditor found cards were issued to 2 individuals who are not Galveston County employees but work for an outside law enforcement agency with the Galveston County Auto Crimes Task Force. These cards have been suspended from use. The Purchasing Agent is currently reviewing p-card authorization regarding these individuals.*

Response: Purchasing has concluded that, unless contractually provided for and approved by the Galveston County Commissioners' Court, the provision of not issuing Galveston County P-Cards to those that are not Galveston County employees, will remain the same. Indeed, the County is the beneficiary of many grant programs, however, extending these services in this area requires more discussion and possible oversight.

In conclusion, I would like to thank Mr. Rice and his staff of professionals for providing fair and balanced audits of procurement operations. As always, these audits have helped to strengthen Purchasing's internal processes to help insure that policy is followed and possible amendments are forthcoming to provide better processes to insure that taxpayer dollars are spent wisely.

If you have any questions or concerns, please feel free to contact me at any time.

cc: Gwendolyn McLaren CPPB, Assistant Purchasing Agent
Randall Rice CPA, County Auditor
Kristin Bulanek CIA, First Assistant, Director of Auditing