

Highlights

Internal Audit Report to the Board of Supervisors

Why We Did This Review

Procurement Card (P-Card) activity increased 53%, from \$18.7 million in FY01 to \$28.6 million in FY07. P-Card transactions are monitored annually by both Materials Management and Internal Audit to deter misuse and increase management's awareness of risks.

The auditors examined:

- 1) Are P-Cards being misused?
- 2) Are unnecessary administrative costs incurred by not using the Office Depot Ghost Card?
- 3) Are rebate revenues properly reviewed?

What We Recommend

Materials Management should:

- Work closely with County agencies to reduce paper-based Office Depot transactions
- Assign responsibility for verifying rebate revenues and request documentation for all rebate deductions
- Improve Ghost Card policies and procedures
- Alert managers and supervisors about electronic approval features available on Office Depot



For more information, please contact
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Procurement Cards

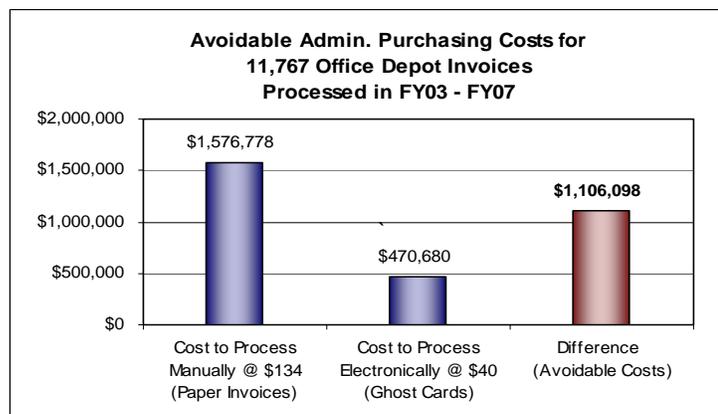
Increased Use of Ghost Card Could Result in Significant Savings

What We Found

Increased use of Ghost Card could save significant dollars

Materials Management has established a "Ghost Card program" for buying Office Depot items. Instead of using a physical card, orders are placed on a County-use only website and departments are billed electronically. The County receives rebate revenue for all Ghost Card orders.

Increased Ghost Card usage could save the County up to \$221,000 annually in administrative purchasing costs. Several agencies (Clerk of the Superior Court, Sheriff's Office, and Trial Courts) do not use the Ghost Card. We estimate that the County incurred \$1.1 million in avoidable purchasing costs from FY03 - FY07 and lost \$44,983 in rebate revenue as a result. The Clerk of the Superior Court has agreed to begin using the Ghost Card in FY09.



Rebate revenue is not properly verified

Materials Management does not properly review rebate revenues to ensure accuracy. The card vendor deducted over \$9,500 in FY07 for fraud losses that the contract does not appear to allow.

Procurement Card testing results

We did not identify any misuse or abuse in the transactions reviewed. We did find P-Card transaction logs were either not signed by an approver or not signed within 14 days. Also, Ghost Card procedures varied greatly due to the lack of clear, Countywide policies and procedures.

Scope of Work

We tested 109 transactions totaling \$743,458, representing 2.6 % of FY07 P-Card transactions by dollar and 0.2 % by number of transactions.