

AUDIT OF PURCHASING CARD EMERGENCY PURCHASES, POLICIES, PROCEDURES AND OPERATIONS

June 2025

Karen E. Rushing
Clerk of the Circuit Court and County Comptroller
Office of the Inspector General
Sarasota County, Florida



CONTENTS

Executive Summary	2
Background and Objectives	4
Opportunities for Improvement and Management Responses	8

AUDIT SERVICES

Jeffrey Lilley, CPA, CIG

Director of Internal Audit and Inspector General

Bradley Warner, CFE, CIGI, CIGA, CGI

Senior Internal Auditor/Investigator

Amandine Louis-Charles

Internal Auditor/Investigator

Please address inquiries regarding this report to Jeffrey Lilley, by e-mail at jlilley@sarasotaclerkandcomptroller.com or by telephone at (941) 861-5280. This and other reports prepared by the Office of the Inspector General are available at <http://www.sarasotaclerk.com/inspector-general/inspector-general-audit-reports>.



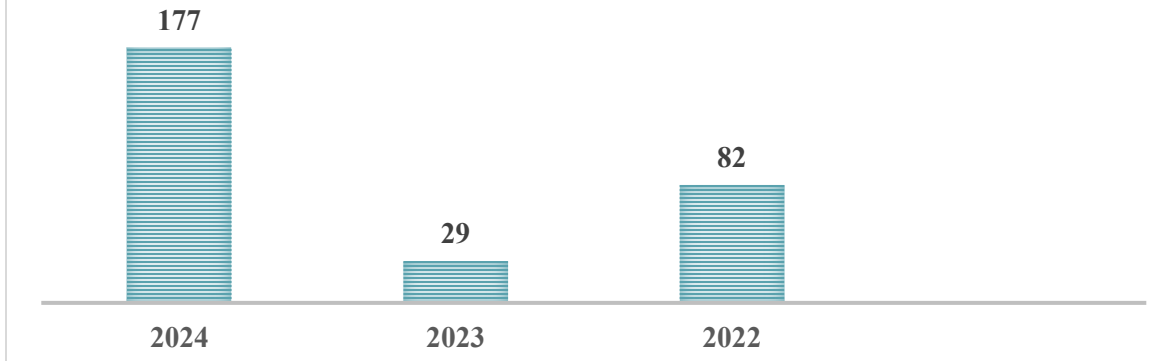
EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller’s *Internal Audit Department and Office of the Inspector General* conducted an independent audit of the Emergency Purchases, Policies, Procedures and Operations in reference to the Purchasing Card Program (P-Card). The purpose of the audit was to review internal controls and test compliance with applicable laws, ordinances, and policies and procedures related to emergency purchases transacted with purchasing cards.

The substantial increase in emergency related expenditures and vendor usage in 2024, as illustrated below, highlight the need for this type of audit. While 2022 saw significant damage from hurricane Ian; 2024 was marked by multiple impactful storms, including Hurricane Debby, Hurricane Helene and Hurricane Milton. In 2024, emergency spending surged to over \$2.5 million, which is more than double the amount recorded in 2022 and eight times that of 2023, which had relatively mild storm related activity. Similarly, the number of vendors utilized increased to 177 in 2024, compared to only 29 in 2023 and 82 in 2022. This sharp increase aligns with the severity and volume of storm activity which underscores the importance of assessing whether emergency purchases were reasonable and compliant with established policies and procedures.



TOTAL VENDORS USED OVER LAST 3 HURRICANE SEASONS (AUG-NOV)



The audit found that some areas of the P-Card Policies and Procedures are not consistently being followed throughout the County in regards to State of Emergency Procurement (SEP) Forms. Additionally, auditor identified areas of improvement pertaining to the documentation of approvers for emergency purchases over \$10,000.

Non-compliance with P-Card Policies and Procedures may result in a higher risk of inappropriate transactions and delay in the emergency reimbursement process.



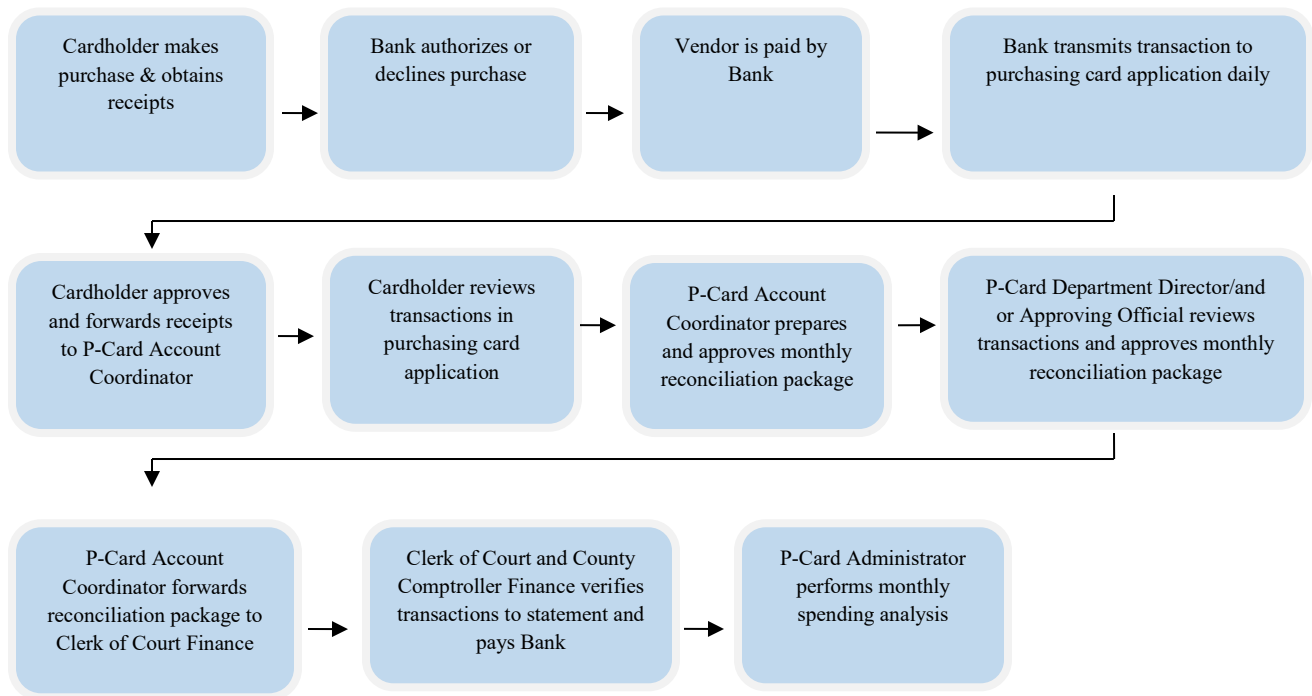
BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an audit of Purchasing Card Emergency Purchases, Policies, Procedures and Operations. The audit was planned and conducted in conformance with the Global Auditing Standards. 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 our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to review internal controls and test compliance with applicable ordinances and policies and procedures related to emergency purchases, policies, procedures, and operations.

Background

A Purchasing Card (P-Card) is a payment mechanism for small purchases of \$10,000 or less that require a minimum of one quote and are awarded without competition. The Procurement Official is responsible for establishment of organizational policies governing the use of P-Cards and the administration of the County's P-Card Program. A P-Card Manual has been established by the Procurement Official in order to explain and facilitate an understanding of the policies, procedures, roles and responsibilities related to the P-Card Program. The Purchasing Card Manual during the audit period effective July 14, 2022 was in effect for the period of July 15, 2022 through present. All purchases made on P-Cards are subject to the policies and procedures contained in County Ordinance No. 2016-019, Article VI, Chapter 2 (the Procurement Code). Ordinance No. 2016-19 was passed and duly adopted by the Board of County Commissioners on March 22, 2016, with an effective date of April 15, 2016.

Purchasing Card Process



P-Cards are assigned to authorized employees after a P-Card Department approving official makes a request and the P-Card Administrator approves the request. P-Cards are generally set with a single transaction limit of \$10,000 and a monthly transaction limit of \$50,000; however, limits do vary based on activity and need of each department. For instance, during a state of emergency, P-Cardholders may have their transaction limit raised for emergency or exigency purchases. As of November 30, 2024, there were a total of 315 active P-Card Enrollees. Of these, 70 were identified essential personnel and had their single transaction limits raised prior to hurricane season and the declared state of emergency. Of the 315 active P-Card enrollees, 105 P-Cardholders made emergency purchases related to Disaster Preparedness Fund 148, with credit limits approximating \$17 million dollars. Of the 105 P-Cards assigned to County employees who made emergency purchases, the County utilizes the following transaction limits:

Number of P-Cards	Single Transaction Limit
8	Suspended to Credit Limit of \$1*
1	\$5,000
69	\$10,000
13	\$50,000
5	\$100,000
9	\$500,000

** P-Cards may be suspended when one of the following circumstances occurs: (1) the P-Card is to be cancelled, (2) the P-Cardholder is disciplined, or (3) the P-Card is used infrequently and the suspension is lifted when purchases need to be made.*

Between the post dates of August 1, 2024 to November 31, 2024 (audit period) there were a total of 684 purchasing card transactions related to Disaster Preparedness Fund 148 totaling \$2.5 million dollars.

The purchasing card application is a web-based application. The County utilizes the application to order new P-Cards, modify single transaction limits and credit limits, review and report information from P-Card transactions, suspend or revoke P-Cards, and electronically approve transactions by cardholders.

Cardholders making purchases must adhere to the cardholder responsibilities listed in Chapter 2 of the P-Card Manual. They are required to utilize the County’s tax-exempt status, collect itemized receipts for each purchase, record the account number or project to be charged, and review and approve charges in the purchasing card application at least monthly. During the monthly review process, the Cardholder signs the billing statement within the reconciliation packet, to acknowledge the transactions purchased on the Cardholder’s P-Card.

The P-Card Account Coordinator reconciles purchases made on P-Cards for their specified group of Cardholders. The P-Card Account Coordinator reviews monthly statements with Cardholders, verifies account codes for each transaction, matches receipts to monthly statements, and compiles a reconciled packet to the Department approving official and Department Director for review and approval. The reconciliation packet contains a statement of acknowledgement stating “I certify that I am authorized to approve this expenditure and that the funds are being spent for a public purpose, in conformance with County Purchasing procedures and vendor contracts, and without overspending the applicable account or fund of the County budget.” This statement is signed, at a minimum, by the Department Head or Representative, and additionally may be signed by the Department approving official and the P-Card Account Coordinator.

The Finance Department receives the reconciliation packet and performs the final verification of receipts and charges, prior to payment to the bank. If questioned items are identified at this stage, they are flagged in the purchasing card application and the Cardholder, P-Card Account Coordinator, Department approving official, and the P-Card Administrator are responsible for resolution.

Objectives, Scope and Methodology

The objectives of this audit were to determine if internal controls related to the Sarasota County Purchasing Card Emergency Purchases, Policies, Procedures and Operations are operating effectively, and if emergency purchases made on County purchasing cards are in compliance with applicable ordinances, policies, and procedures.

The scope of the audit included a review of purchasing card emergency transactions that were made between the post dates of August 1, 2024 through November 30, 2024.

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Reviewed the Sarasota County Procurement Manual, P-Card Manual, County Ordinance No. 2016-019, and the State of Emergency Purchase Process.
- Performed a walkthrough of the P-Card Administrators' functions.
- Performed inquiries of county personnel.
- Reviewed and tested documentation related to split transactions, non-competitive procurement transactions, pre-positioned contracts and personnel, emergency purchases made by essential and non-essential personnel, P-card emergency purchases training, meal expense analysis, noncompetitive transaction > \$100,000 and reasonableness testing related to volume of spending.
- Identified opportunities for improvement



OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to *Standards*:

- (Standard 9.1) Communicating risk and control information to appropriate areas of the organization, and
- (Standard 9.1) The effectiveness of controls related to operations and programs, and compliance with policies and procedures.

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There were 3 *Opportunities for Improvement* identified as a result of the audit:

- 1. Completion of (SEP) Forms**
- 2. Discrepancy in Approver Terminology**
- 3. Lack of Appropriate Reference for Emergency Purchase Authorization in Policies and Procedures**

1. Completion of (SEP) Forms

Observation

The P-Card manual, Chapter 6.9, states that "all receipts must include a complete SEP P-Card Receipt Documentation Form adopted at time of emergency". The auditor identified at least two (2) SEP forms with most sections left blank.

There were 684 transactions during the audit period. Of those, 50 were selected in various samples across different objectives. Through the review of supporting documentation, the auditor identified at least two (2) SEP forms with most sections left blank while a number of others included a few sections with no information.

Recommendation

To ensure compliance with the P-Card manual, Chapter 6.9, all P-Cardholders making purchases during a state of emergency should be reminded of their responsibility to complete every section of the SEP Form as required by the P-Card manual. While all sections left blank were not deemed material, P-Cardholders should be encouraged to complete every section of the SEP form to the best of their ability using "N/A" where appropriate to strengthen documentation.

Management Response

Management agrees with the recommendation and will revise the State of Emergency Procurement (SEP) Form. The revised form will include a note that all sections should be completed, and "N/A" should be used where not applicable. We will also remind all P-Cardholders of this requirement through updated communications and training to ensure consistent and accurate documentation of Emergency Purchases.

2. Discrepancy in Approver Terminology

Observation

The P-Card Manual, Chapter 6.1, states “authority for purchases over \$10,000 lies with the Unit Leader, Branch Director, DOC Manager, Director, Section Chief or Incident Commander as applicable.” Of the 684 emergency transactions during the audit period, a sample of 50 were examined across different objectives, including 35 transactions over \$10,000. While verifying that these transactions were approved by authorized personnel, the auditor noted that the SEP form uses slightly different terminology in stating that purchases, ranging from “\$10,001 to \$50,000 require EOC Unit Leader, Branch Director, DOC Manager or *Director on Duty* approval”. Following discussion with OFM personnel, the auditor was informed that the ‘Director on Duty’ refers to Department Director.

Recommendation

To promote consistency and ensure authorized approvers are clearly identifiable, the Office of Financial Management (OFM) should consider revising the language in the SEP form to align with Chapter 6.1 of the P-Card Manual by clearly stating “Department Director”.

Management Response

Management agrees with the recommendation and will update the State of Emergency Procurement (SEP) Form to align terminology with Chapter 6.1 of the P-Card Manual. The form will clearly state "Department Director" instead of "Director on Duty" to ensure consistency and avoid confusion regarding authorized approvers

3. Lack of Appropriate Reference for Emergency Purchase Authorization in Policies and Procedures

Observation

The current emergency purchasing policies and procedures state that emergency purchases over \$10,000 require authorization from Unit Leader, Branch Director, DOC Manager, Director, Section Chief or Incident Commander. During the audit, the auditor inquired about how this authorization can be verified. OFM personnel stated these authorized individuals are identified in the IAP prepared by the EOC. However, while reviewing policies for this audit, auditor found no formal reference of this in county policies, including, but not limited to P-Card manual, Procurement manual or the state of emergency purchase process.

Recommendation

To strengthen internal controls and support consistent documentation practices, OFM should consider developing a Standard Operating Procedure (SOP) that addresses the authority given to these individuals or revise emergency purchasing to require that approvers for purchases over \$10,000 are identified in the organizational charts of the IAP's prepared by Emergency Services or relevant departments.

Management Response

Management acknowledges the observation and agrees that clear identification of authorized approvers is important. We have verified with Emergency Services that their established protocol designates State of Emergency approvers within the daily Incident Action Plan (IAP), whereas DOC approvers are documented separately in the DOC-specific IAP. We anticipate that full implementation of the WEB-EOC system will address this issue by tracking approvals electronically in accordance with adopted processes.

