



*Cobb County...Expect the Best!*

**INTERNAL AUDIT DEPARTMENT**

**Report Number: 2023-003**

***FINAL REPORT – Review of Compliance with  
Travel Purchasing Card (P-Card) Expenditures***

***June 26, 2023***

***Latona Thomas, CPA, CIA, Director***

***Tenaye Francois-Arneson, CIA, CFE, Internal Audit Division Manager***

## ***Table of Contents***

<b>Transmittal Memorandum .....</b>	<b>Page i</b>
<b>Background.....</b>	<b>Page 1</b>
<b>Results of Review .....</b>	<b>Page 3</b>
<b><i>Control Activities for Travel P-Cards Need Improvement .....</i></b>	<b><i>Page 3</i></b>
Management Oversight of the Travel P-Card Program is Needed .....	Page 3
Segregation of Duties Need to be Implemented .....	Page 4
Travel P-Card Policies and Procedures Needs Improvement .....	Page 5
Additional Travel P-Card Safeguards are Needed .....	Page 5
Consistent Travel P-Card Record Retention Controls are Needed .....	Page 6
<u>Recommendation 1:</u> .....	Page 6
<u>Recommendations 2 - 4:</u> .....	Page 7
<u>Recommendation 5:</u> .....	Page 8
<b><i>Compliance with Travel P-Card Restrictions Needs Improvement .....</i></b>	<b><i>Page 8</i></b>
 <b>Appendices</b>	
Appendix I – Detailed Objectives, Scope, and Methodology .....	Page 9
Appendix II – Abbreviations and Glossary .....	Page 12
Appendix III – Outcome Measures .....	Page 13
Appendix IV – Auditee’s Response to the Draft Report .....	Page 14



# COBB COUNTY INTERNAL AUDIT

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Director

June 26, 2023

## MEMORANDUM

**TO:** Dr. Jackie McMorris, County Manager

**FROM:** Latona Thomas, CPA, CIA, Director 

**SUBJECT:** **FINAL REPORT** – Review of Compliance with Travel Purchasing Card (P-Card) Expenditures

Attached for your review and comments is the subject final report. The overall objective of this audit was to review travel expenditures paid with Purchasing Card (P-Cards) to ensure compliance with the Cobb County (County) Travel Policy and Policy on Procurement and Contract Management (Procurement Policy) and to evaluate whether adequate controls exist over Travel P-Card transactions.

### **Impact on the Governance of Cobb County**

The recommendations, when implemented, will improve and strengthen the controls over the Travel P-Card program. The County and its stakeholders can be assured that the Travel P-Card is administered in accordance with the Board of Commissioners (BOC) approved purpose and in compliance with the County's Travel Policy and Policy on Procurement and Contract Management.

### **Executive Summary**

During our audit fieldwork, we identified existing controls within the Travel P-Card program designed to comply with the County's Travel Policy; however, existing controls need to be improved and additional control activities need to be implemented to ensure adequate oversight over the Travel P-Card program, adequate policies and procedures exists, and Travel P-Cards are adequately safeguarded.

### **Recommendations**

We made five (5) recommendations to improve and strengthen the control activities over the Travel P-Card program; ensure that Travel P-Cards are only used for the payment of travel expenditures; and that the Travel P-Cards are adequately safeguarded. The recommendations are documented in the 'Results of Review' on Pages 3 - 8.

## **Responses**

The Chief Financial Officer provided a response to our draft report and concurred with each of the five (5) recommendations. The complete responses to the draft report are included in Appendix IV. The Finance Department initiated the referenced corrective actions, with an expected completion date of December 2024. The Finance Division Manager and/or Chief Financial Officer are the positions responsible for implementation unless designated in the respective responses. We will perform a follow-up on corrective action in one year from the date of this report. A copy of this report will be distributed to those affected by the report recommendations, as reflected below. Please contact me at (770) 528-2559 or Tenaye Francois-Arneson at (770) 528-2642 if you have questions.

CC: Bill Volckmann , Chief Financial Officer  
Curtis (Buddy) Tesar, Assistant Financial Comptroller  
Stefani Balli, Finance Division Manager  
Jimmy Gisi, Deputy County Manager  
Cobb County Audit Committee  
Internal Audit Department File

## ***Background***

On July 10, 2017, the County Manager<sup>1</sup> authorized Bank of America (BOA) to begin implementation of the P-Card portion of the County's existing Epayables/P-Card program with an expected spend not to exceed \$2,000,000. At its April 24, 2018 meeting, the Board of Commissioners (BOC) "authorized<sup>2</sup> the Finance Director/Comptroller to proceed with the appropriate actions to begin the Purchasing Card (P-Card) testing Phase One – Travel and amendments to travel policy". Following the BOC approval, the Finance Department initiated the Travel P-Card program with Bank of America (BOA) as the credit card provider, as part of an agreement with the State of Georgia consortium or Public Contract. Per the implementation of the Bank of America Merrill Lynch (BAML) card program form dated 07/26/2018, the Travel P-Card program was initiated with a credit limit of \$1,000,000.

### ***Overview of the County's Travel P-Card Program***

Travel P-Card is a purchasing card program administered and managed by the Accounts Payable Division of the Finance Department. The Travel P-Card is used for the payment of expenditures for approved instructional courses, related travel expenditures, and travel costs associated with conducting business. Per the Finance Department's Procurement Card Program Policies & Procedures, "The Travel Procurement Card is intended to be used for any travel that does not require an individual log in to pay for said items and to ease the burden on the employees on out-of-pocket costs. The Travel P-Card can be used for including but not limited to flights, hotels, registration, car rentals, parking fees. The Travel P-Card can only be used in conjunction and following the rules and regulations of the Travel Policy."

Travel P-Card transactions are processed through the BOA 'Works'<sup>3</sup> credit card management system. BOA Works is a web-based electronic card payment management service that automates, streamlines, and integrates existing payment authorization and reconciliation process while providing management reports and spending controls. BOA Works also provides for Travel P-Card program management, reconciliation, and workflow approval in a single application.

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<sup>1</sup> Previous Cobb County Manager.

<sup>2</sup> Excerpt taken from the Cobb County Board of Commissioners, Minutes of Regular Meeting dated April 24, 2018.

<sup>3</sup> Bank of America's credit card management system where Purchasing card clients have access to manage their cards, review purchases, and run a variety of reports.

## ***Travel P-Card Responsibilities***

### **User Department**

When a travel need has been identified, the User Department employee submits a Pre-Trip Payment Form (T2)<sup>4</sup>. The T2 form must be approved by the employee's supervisor, with all applicable fields completed. Employees may request payment of travel related expenses by the Travel P-Card by indicating the preferred payment method on their T2; however, the Accounts Payable Division determines if the travel expense will be paid via the Travel P-Card.

### **Accounts Payable (AP) Division Travel Function**

The County's travel function is performed by a designated AP team member who is responsible for the review and approval of employee travel expenses related to employee business and/or professional/educational travel. The travel team member reports to AP Division Manager, who perform travel team duties in the case of absence or vacancy. During the fieldwork phase of this engagement, the travel team position was vacant, and the AP Division Manager had to perform the required duties.

### **Accounts Payable Division Manager**

The AP Division Manager is in charge of all aspects of the Travel P-Card administration to include, but is not limited to coordinating with BOA to request initial or replacement Travel P-Cards; receiving and physically safeguarding Travel P-Cards; modifying monthly card limit amounts; reviewing transactions on Travel P-Cards via BOA Works; approving travel expense requests/reimbursements; reviewing monthly Travel P-Card statements; and approving the subsequent payment to BOA via an electronic funds transfer (EFT).

The scope of our review period covered Travel P-Card transactions for the period October 1, 2021 to July 31, 2022. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I.

## ***Supplemental Letter Report***

During the audit period we observed the existence of 2 (two) Travel P-Cards and additional P-cards administered by the AP Division. These cards were implemented prior to the approval and launch of countywide P-Card program administered by the Purchasing Department in connection with its Procurement Modernization Initiative. Internal Audit will perform a survey of the non-travel related P-Card usage managed by the Finance Department, and the results will be issued in a supplemental letter report.

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<sup>4</sup> A Pre-Trip Payment Form documents travel and training expenses and any direct payment to vendors and it is approved by an employee's supervisor prior to making any purchases.

## ***Results of Review***

The overall objective was to review travel expenditures paid with Travel Procurement Cards ( P-Cards) to ensure compliance with the Cobb County (County) Travel Policy and Policy on Procurement and Contract Management (Procurement Policy) and to evaluate whether adequate controls exist over Travel P-Card transactions. Specific controls in the overall Travel P-Cards administration to be evaluated included the existence and adequacy of program oversight; program and transaction monitoring; segregation of duties; policies and procedures; supporting documentation; validation and reconciliation of payments to Bank of America; and P-Card physical and data safeguards. We performed our preliminary survey procedures to understand the Travel P-Card control environment and compliance requirements; conducted interviews with the Accounts Payable (AP) Division Manager; documented Travel P-Card issuance and administration related to authority levels, responsibilities, and oversight; and reviewed the Finance Department's Travel P-Card guidelines. We also analyzed Travel P-Card expenditures and total spend for the audit period, October 1, 2021 through July 31, 2022. The total Travel P-card expenditures for the ten-month audit period was \$562,894, per data obtained from WEBI<sup>5</sup>.

Based on the procedures performed, we identified existing controls within the Travel P-Card administration and program designed to comply with the Finance Department's Travel P-Card Policy. Travel advances, direct payments, and reimbursements are processed using various travel forms. Employees initiate the travel forms and review/approval by one or more supervisors is required prior to submission to the travel team within the Accounts Payable Division. Notwithstanding, existing controls need to be improved and additional control activities need to be implemented to ensure adequate oversight over the Travel P-Card program, adequate policies and procedures exists, and that Travel P-Cards are adequately safeguarded. The accompanying pages include recommendations to address the additional control activities needed to strengthen the overall control environment over Travel P-Cards.

### ***Control Activities for Travel P-Cards Need Improvement***

The identified control activities needed for the effective and efficient administration of the Travel P-Card program include program oversight; segregation of duties; revised policies and procedures/guidelines; Travel P-Card safeguards; and record retention of supporting documentation for Travel P-Card purchases.

#### **Management Oversight of the Travel P-Card Program is Needed**

No periodic management/supervisory oversight exists to ensure the Travel P-Cards program and administration is operating as intended and in accordance with County policies, guidance, and expectations. The AP Division Manager is the designated administrator of the Travel P-Card program and the assigned cardholder.

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<sup>5</sup> A tool that is used to report data from the CGI Advantage Financial System, the County's Financial System.

The AP Division Manager is also responsible for each phase of the Travel P-Card implementation and modifications, as needed, without additional oversight controls. Existing implementation and modifications include, but is not limited to establishing transaction and monthly P-Card limits, changing the allowable Merchant Category Codes<sup>6</sup> (MCC) codes, maintaining inventory and custody of Travel P-Cards, making travel payment/purchases using Travel P-Cards, reviewing and facilitating Travel P-Card transactions for payment, and overseeing the County's travel function within the AP Division.

The Travel P-Card program, administration, and related activities should be periodically monitored to ensure the program is operating as intended and that all transactions are processed in compliance with the County's Travel Policy. Additional oversight responsibilities should include, but is not limited to establishing and adjusting per transaction and monthly purchase limits, approving the allowable MCC codes, and managing authorization levels and BOA Works system user roles. Oversight and monitoring should also include the analyses of various reports in BOA Works and CGI Advantage Financial System<sup>7</sup>, to monitor the Travel P-Card program. At the time of our fieldwork, no such oversight or monitoring process was in place and the existing process created segregation of duties weaknesses.

Without proper oversight and independent monitoring of the Travel P-Card program and administration, the County does not have reasonable assurance that the Travel P-Card program is managed in accordance and compliance with County policies, guidance, and expectations. The added oversight will also eliminate or minimize the risk of errors, fraud, and misuse or ensure that these are identified timely.

### Segregation of Duties Need to be Implemented

The current Travel P-Card environment does not include adequate segregation of duties or compensating controls to ensure duties separated among different employees. As stated previously, the AP Division Manager performs each phase of the Travel P-Card implementation, use and modifications, without additional oversight controls. The AP Division Manager request credit cards from Bank of America; manage monthly credit limits, authorizes Bank of America to increase or decrease the credit limits; determine which MCC codes will be allowed for Travel P-Card; makes travel related payments/purchases using the Travel P-Card; has access to BOA Works system. Within BOA Works, the AP Division Manager can view all posted transactions; receive monthly bank statements from Bank of America; reconcile monthly bank statement with Travel P-Card receipts or assign a designee to perform the reconciliation. The Manager also approves the monthly payments to BOA following receipt of the monthly credit card statement.

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<sup>6</sup> "Merchants are assigned a merchant category code (MCC) based on the kinds of products and services they sell. Bank of America does not determine which MCC a merchant chooses to classify itself." [Source: [bankofamerica.com/credit-cards/products/](https://bankofamerica.com/credit-cards/products/)]

<sup>7</sup> The County's financial system.



Segregation of duties is a key internal control intended to minimize the occurrence of errors or fraud by ensuring that no one employee has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. The primary incompatible duties of the Travel P-Card program that need to be segregated are the authorization, accounting and recording, and asset custody. The absence of segregation of duties or compensating controls within the Travel P-Card environment may increase the risks of errors, theft, loss, or misappropriation and/or the improper use of a Travel P-Card may not be detected or may not be detected in a timely manner.

#### Travel P-Card Policies and Procedures Needs Improvement

The Travel P-Card program policies and procedures document does not contain key controls for the Travel P-Card administration, nor reflect the current practices of the AP Division. In addition, the Travel P-Card document includes references to the other cards related to the County's initial P-Card program, which was originally drafted for all P-Card administration by the Finance Department. As stated in the Background section on Page 1, the BOC authorized "the Finance Director/Comptroller to proceed with the appropriate actions to begin with the Purchasing Card (P-Card) testing Phase One – Travel". Since this time, the Purchasing Department recently implemented a countywide P-Card program to give County departments an efficient, cost-effective alternative to make purchases of goods and services under \$2,000. As such, the current document was not revised to reflect BOC approval of the Travel P-Card, nor the countywide P-Card program.

A comprehensive policies and procedures for use and administration of Travel P-Card is essential for providing directives for use of the Travel P-Card; defining cardholder responsibilities and authorities; the establishment of spending limits; transaction review and approval; monitoring and oversight responsibilities; and outlining the County's action in case of P-Card misuse and/or fraud. Policies and Procedures should also be designed to set clear rules for Travel P-Card use and administration.

A lack of adequate policies and procedures for the administration and usage of Travel P-Cards may result in improper, fraudulent, and abusive purchases and/or the misuse of County funds. Additionally, a lack of clearly outlined expectations on authorized usages, restrictions, prohibited uses and delineated areas of responsibilities creates a weak internal control environment. The AP Division should update its current Travel P-Card policies and procedures to reflect corrective actions noted in this report and additional procedural changes or compensating controls needed.

#### Additional Travel P-Card Safeguards are Needed

Travel P-Cards administered by the Finance Department are kept in a safe box, with access limited to the AP Division Manager. While no other staff have access, the AP Division Manager sometimes provides the physical Travel P-Cards to travel staff to make travel-related purchases. A strong internal control environment includes P-Cards being securely and physically stored in a safe that is mounted to a permanent structure, assigned to one individual, and not shared with anyone, and with limited access to the P-Cards.

Additionally, all Travel P-Cards are issued to the Finance Department, instead of individuals who make travel and registration related purchases. In the event of Travel P-Card misuse, it will be difficult to place responsibility and accountability on one staff as the card is shared. There may be disputes as to who made any questioned purchases or P-Card misuse.

During our review of sampled Travel P-Card transactions, we also observed two receipts and supporting documentation with the sensitive Travel P-Card data, including the Travel P-Card number and expiration date. The full credit card data should always be encrypted, with only the last four digits displayed on receipts. If this is not feasible, compensating controls such as redacting the credit card data should be implemented. Because the receipts and supporting documentation is stored in OnBase<sup>8</sup> for record retention purposes, the information may be accessible to other County employees. Ineffective security measures increase the risk of loss to the County.

### **Consistent Travel P-Card Record Retention Controls are Needed**

We examined a sample of 56 Travel P-Card transactions and noted that supporting documents for 17 (or 30%) were not readily available in OnBase. The AP Division's practice is to index and upload all Travel P-Card supporting documents into OnBase, where they can be accessed as needed. Internal Audit was informed that AP Division Manager updated the process of adding supporting documents for Travel P-cards to OnBase in July 2021. Per the AP Division Manager, the travel team experienced employee turnover, the documents were not uploaded by a former Travel team member, and the AP Division Manager was unaware that Travel P-Card documents had not been uploaded to OnBase prior to calendar year 2022. We did note that the supporting documents were available on the Division's shared drive and made available to Internal Audit as requested. Travel P-Card supporting documents should be retained in OnBase on a consistent basis or compensating controls implemented to minimize the risk of loss, misplacement, and efficient access to the documents. .

### **Recommendations**

The Chief Financial Officer or designee should:

**Recommendation 1:** Implement an oversight and monitoring process where changes to Travel P-Card program are reviewed/approved, purchases made by Travel P-Card are independently periodically reviewed, and any non-compliance is addressed in a timely manner. This oversight process should also manage BOA system user roles and authorization level.

**Auditee Response:** Concur, there should be a different level added in oversight post purchase. We do have pre-oversight with the "request on the Tdoc" to make a purchase but not only to cover our actual purchases but to monitor requests made by departments, I agree it should be reviewed periodically post purchase at a higher level outside the approvals.

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<sup>8</sup> The County's electronic content management system.

**Auditee Response, continued...**

We do currently have in place a request to purchase, a purchase and then a post approval set in place, so it is set up pretty much like the rest of Payables, but an overall review will be added on an annual review at year end, beginning in December 2023, which can go hand in hand with the updated policy and procedures. Responsible party will be an Accountant III in Accounts Payable or Finance Division Manager.

**Additional Auditor Comment:** The implemented oversight process should also include the management of the Bank of America system user roles and authorization levels.

**Recommendation 2:** Revise the Travel P-Card policies and procedures in accordance with Board of Commissioners approval and include key Travel P-Card use and administration controls.

**Auditee Response:** Concur, the policy needs updating and more in-depth procedural approvals added. This will begin being added with the Travel policy update which has already begun with the hopes to be completed by December 2023 and will be reviewed quarterly for any needed changes throughout the year. Responsible Party: Finance Director and Finance Division Manager.

**Recommendation 3:** Assign the proper roles and responsibilities and segregation of duties related to Travel P-Card to ensure incompatible duties are not performed by the same person.

**Auditee Response:** Concur, we do currently have the same segregation set up as any Payables, as far as the request comes from outside and we facilitate the payment. But I see the understanding of wanting a secondary approver after the first, but at this time the staffing levels are not sufficient on this and are not required for the process we have in place because we have the approval to purchase, but also I do feel a periodic review of the purchases that was stated in the above section is needed and will be implemented by December 2023. Responsible party will be Finance Division Manager.

**Recommendation 4:** Revise the current Travel P-Card safeguards and discontinue the sharing of P-Cards. If not, implement the appropriate compensating controls.

**Auditee Response:** Concur, I see the point of this request and this would be a good plan of action to take. This will make us all more secure that no one is sharing a card so it cannot be placed blame on another. Absolutely, or possibly a sign out process or what not, we do however currently have the ability to track because the person that swiped/used the card is the person that must supply the backup and that is trackable because it all goes into our ECM system. But I do agree we shall look into this and can accomplish it by December 2023 beginning. Responsible party will be Finance Division Manager.

**Recommendation 5:** Revise the current controls to ensure that all Travel P-Card receipts and supporting documents are uploaded to OnBase in a timely manner and during instances of vacancy and absence. This process should also ensure that adequate record retention procedures are followed, such as the encryption of credit card numbers.

**Auditee Response:** Concur, back filing is on the list of things we need to accomplish with a new staff member (No name to give employee not yet hired) to do the back filing to complete the old purchases and place them in the same location. Will continue to process this and finish with the next year, end of December 2024. Responsible party will be Finance Division Manager.

### ***Compliance with Travel P-Card Restrictions Needs Improvement***

During our review, we noted instances where the Travel P-Cards had been used for non-travel related expenditures. The AP Division used the Travel P-Card to pay for non-travel related goods, such as gift cards for a department employee appreciation and a payment to a vendor for purchase of utility hardware. The AP Division Manager stated that the Travel P-Card was used due to an emergency; however, our review of documentation related to department request for one of the two payments does not support this assertion. The department requested payment on May 9, 2022 and vendor was paid on June 28, 2022. As such, there was enough time to pay via other payment methods.

The Board of Commissioners approved for the Finance Department to implement a Purchasing Card program to pay for travel related expenditure only. Therefore, the use of Travel P-Card to pay for non-travel expenditure is non-compliant with the BOC approved use of the Travel P-Card. Refer to Recommendation 1 on page 6 for the applicable recommendation.

### ***Detailed Objectives, Scope, and Methodology***

We conducted the audit in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing. Our overall objective of this audit was to review travel expenditures paid with Travel P-Cards to ensure compliance with the Cobb County (County) Travel Policy and Policy on Procurement and Contract Management and to evaluate whether adequate controls exist over Travel P-Card transactions. Our procedures covered travel expenditures for the period October 1, 2021 to July 31, 2022.

To accomplish our objective, we performed the following steps:

- I. Assessed whether adequate segregation of duties exist for Travel P-Card purchases, monitoring, and payment to Bank of America:
  - A. Reviewed and documented the duties performed by the AP Manager and other staff related to Travel P-Card administration, purchases/payments using Travel P-Card, review/approval of purchases made with Travel P-Card, reconciliation of purchases/supporting documentation with Monthly Bank Statements, and monitoring activities.
  - B. Determined if there are any compensating controls implemented by Finance Department in absence of adequate segregation of duties, to ensure Travel P-Card is used appropriately or purchases are adequately supported.
  - C. Summarized results and documented conclusion.
- II. In order to assess the existence and adequacy of policies and procedures related to the Travel P-Card, we
  - A. Reviewed the P-Card Policy provided by AP Division Manager for:
    - a. Key controls to ensure the appropriate use of the Travel P-Card for County business;
    - b. Authority and responsibilities of the cardholder/administrator; and
    - c. Reference of the P-Card usage in accordance with County's Travel and Procurement Policy.
  - B. Obtained and reviewed Finance Department's procedures related to Travel P-Card usage and administration, including instructions to departments/users.
  - C. Assessed if the policies and procedures include a list of possible consequences for non-compliance and misuse/fraud using the Travel P-Card.
  - D. Summarized results and documented conclusion.

- III. Reviewed and confirmed that appropriate oversight of Travel P-Card purchases is performed to ensure Travel P-Card is used appropriately and in compliance with the Travel Policy.
  - A. Inquired on the process of management/supervisory oversight of Travel P-Card use.
  - B. Confirmed management supervisory oversight and determined if documented evidence of oversight exists.
  - C. Evaluated monitoring procedures for effectiveness and appropriate monitoring of per transaction and per month credit limits. Also evaluated the monitoring effectiveness of changes made to the Travel P-Card account with Bank of America.
  - D. Obtained three-year transaction history and analyzed year-to-year transactions. Also reviewed monthly payments for accuracy and timeliness.
  - E. Summarized results and documented conclusion.
- IV. To ensure payments were made with the Travel P-Card are in compliance with the County's Travel Policy and Procurement Policy, obtained purchases made with the Travel P-Card for the period of October 1, 2021 to July 31, 2022 and performed the following procedures to test compliance.
  - A. Sorted transactions for the audit period by expenditure code and ensured all purchases are related to travel and registration only. For any non-travel related expenditure codes identified, inquired of AP Division Manager the reasons using Travel P-Card to purchase non-travel and registration goods and services.
  - B. Judgmentally selected 56 transactions totaling \$141,818 (25% of total expenditure (\$562,894) for the review period) and obtained supporting documents (i.e. T2 and receipts) to identify any duplicate purchases, over the limit expenditures, or improper spending.
  - C. Verified that each purchase is in compliance with the Travel Policy.
  - D. Confirmed that travel expenses paid with the Travel P-Card are documented on applicable travel forms.
  - E. Reviewed transactions for compliance with County business and not for personal purposes.
  - F. If non-travel purchases were noted, observed existence of items purchased and used to benefit the County.
  - G. Examined the supporting documentation for adequacy and accuracy.
  - H. Summarized results and documented conclusion.
- V. To verify the safeguarding of the Travel P-Card:
  - A. Inquired where the P-Card is kept and who can access the P-Card.
  - B. Inquired if the P-Card is given (shared) to other County staff for use.
  - C. Observed the location of the Travel P-Card.
  - D. Summarized results and documented conclusion.

- VI. Determined if the Finance Department has controls in place to deter and detect the fraudulent use of Travel P-Card:
- A. Reviewed the configuration of merchant type and transaction limit controls for vendors with travel and training related goods and services.
  - B. Determined that adequate oversight exists to identify and address fraudulent or inappropriate Travel P-Card use.
  - C. Identified any transactions that maybe personal in nature or that may have cash value such as gift cards purchased with Travel P-Card.
  - D. Summarized results and documented conclusion.

***Abbreviations and Glossary***

P-Card	Purchasing card (business credit card)
Works	Bank of America's web-based credit card management system
BOA	Bank of America
AP	Account Payable
BOC	Board of Commissioners
MCC	Merchant Category Codes



### ***Outcome Measures***

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on County governance. These benefits will be incorporated into our annual report to the Board of Commissioners, Audit Committee, and County Manager.

#### **Types of Value of Outcome Measure:**

Improved Control Activities – Actual; Recommendation when implemented will ensure control activities are improved to provide reasonable assurance that the Travel P-Card program is administered effectively, and improper use or errors are deterred or detected timely. (See Pages 3 - 8).

Compliance with County Policy – Actual; Recommendations, when implemented will provide reasonable assurance to County management that the Travel P-Card expenditures are in compliance with BOC approval and errors, fraud, and misuse are prevented or detected in a timely manner (See Page 8).

Increased Safeguards over Assets/Protecting Resources – Actual; Recommendations, when implemented will provide increased controls over the actual Travel P-Card expenditures processed within the Accounts Payable Division (See Pages 4 - 7)

Record Retention – Actual; Recommendations, when implemented, will ensure that supporting documentation is maintained in appropriate format and readily available within the County's electronic content management system (See Pages 6 - 8)

#### **Methodology used to Measure the Reported Benefit:**

We reviewed travel expenditures paid with Travel P-Cards for the period October 1, 2021 to July 31, 2022 for compliance with the County's Travel Policy and Policy on Procurement and Contract Management and evaluated whether adequate controls exist over Travel P-Card transactions. Discussed program oversight and observed physical safeguard of Travel P-Cards. The total Travel P-Card expenditures for the ten-month period was \$562,894.

## Auditee's Response to the Draft Report

From the desk of:  
WILLIAM VOLCKMANN  
CHIEF FINANCIAL OFFICER  
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COBB COUNTY  
FINANCE DEPARTMENT



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DATE: June 2, 2023  
TO: Latona Thomas, CPA, Director, Internal Audit  
FROM: William Volckmann, Director of Finance *Will Volckmann*  
SUBJECT: Response to Review of Compliance with Travel Purchasing Card (P-Card) Expenditures

Five recommendations were made and our response to those recommendations are below.

The Chief Financial Officer or designee should:

**Recommendation 1:** Implement an oversight and monitoring process where changes to Travel P-Card program are reviewed/approved, purchases made by Travel P-Card are independently periodically reviewed, and any non-compliance is addressed in a timely manner. This oversight process should also manage BOA system user roles and authorization level.

**Response:**

*Concur, there should be a different level added in oversight post purchase. We do have pre-oversight with the "request on the Tdoc" to make a purchase but not only to cover our actual purchases but to monitor requests made by departments, I agree it should be reviewed periodically post purchase at a higher level outside the approvals. We do currently have in place a request to purchase, a purchase and then a post approval set in place, so it is set up pretty much like the rest of Payables, but an overall review will be added on an annual review at year end, beginning in December 2023, which can go hand in hand with the updated policy and procedures. Responsible party will be an Accountant III in Accounts Payable or Finance Division Manager*

**Recommendation 2:** Revise the Travel P-Card policies and procedures in accordance with Board of Commissioners approval and include key Travel P-Card use and administration controls.

**Response:**

*Concur, the policy needs updating and more in-depth procedural approvals added. This will begin being added with the Travel policy update which has already begun with the hopes to be completed by December 2023 and will be reviewed quarterly for any needed changes throughout the year. Finance Director and Finance Division Manager*

**Recommendation 3:** Assign the proper roles and responsibilities and segregation of duties related to Travel P-Card to ensure incompatible duties are not performed by the same person.

**Response:**

*Concur, we do currently have the same segregation set up as any Payables, as far as the request comes from outside and we facilitate the payment. But I see the understanding of wanting a secondary approver after the first, but at this time the staffing levels are not sufficient on this and are not required for the process we have in place because we have the approval to purchase, but also I do feel a periodic review of the purchases that was stated in the above section is needed and will be implemented by December 2023. Responsible party will be Finance Division Manager*

**Recommendation 4:** Revise the current Travel P-Card safeguards and discontinue the sharing of P-Cards. If not, implement the appropriate compensating controls.

**Response:**

*Concur, I see the point of this request and this would be a good plan of action to take. This will make us all more secure that no one is sharing a card so it cannot be placed blame on another. Absolutely, or possibly a sign out process or what not, we do however currently have the ability to track because the person that swiped/used the card is the person that must supply the backup and that is trackable because it all goes into our ECM system. But I do agree we shall look into this and can accomplish it by December 2023 beginning. Responsible party will be Finance Division Manager*

**Recommendation 5:** Revise the current controls to ensure that all Travel P-Card receipts and supporting documents are uploaded to OnBase in a timely manner and during instances of vacancy and absence. This process should also ensure that adequate record retention procedures are followed, such as the encryption of credit card numbers.

**Response:**

*Concur, back filing is on the list of things we need to accomplish with a new staff member (No name to give employee not yet hired) to do the back filing to complete the old purchases and place them in the same location. Will continue to process this and finish with the next year, end of December 2024. Responsible party will be Finance Division Manager*