



February 19, 2021

## PURCHASE CARD PROGRAM COMPLIANCE REVIEW SECOND QUARTER ENDED DECEMBER 31, 2020



Project #21-PCR-01

### A Report to:

**Commissioners:**

Chair, Howard A. Denis  
Vice-Chair, Keith E. Bell  
Fausto R. Bayonet  
Howard A. Denis  
T. Eloise Foster  
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Sandra L. Thompson

**General Manager/CEO:**

Carla A. Reid

**Acting Corporate Secretary:**

Julianne Montes de Oca, Esq.

### Office of the Inspector General

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Interoffice Memorandum

**TO:** CAPRECIA POOLE-WILLIAMS, CHIEF PROCUREMENT OFFICER  
PROCUREMENT OFFICE

**THRU:** ARTHUR A. ELKINS, JR., INSPECTOR GENERAL <sup>DS</sup> AE  
OFFICE OF THE INSPECTOR GENERAL

**THRU:** MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT <sup>DS</sup> MB  
OFFICE OF THE INSPECTOR GENERAL

**FROM:** DANA E. WHITING, DEPUTY ASSISTANT <sup>DS</sup> DW INSPECTOR GENERAL FOR AUDIT  
OFFICE OF THE INSPECTOR GENERAL

**DATE:** FEBRUARY 19, 2021

**SUBJECT:** **PURCHASE CARD PROGRAM COMPLIANCE  
REVIEW FOR THE SECOND QUARTER ENDED DECEMBER 31, 2020**

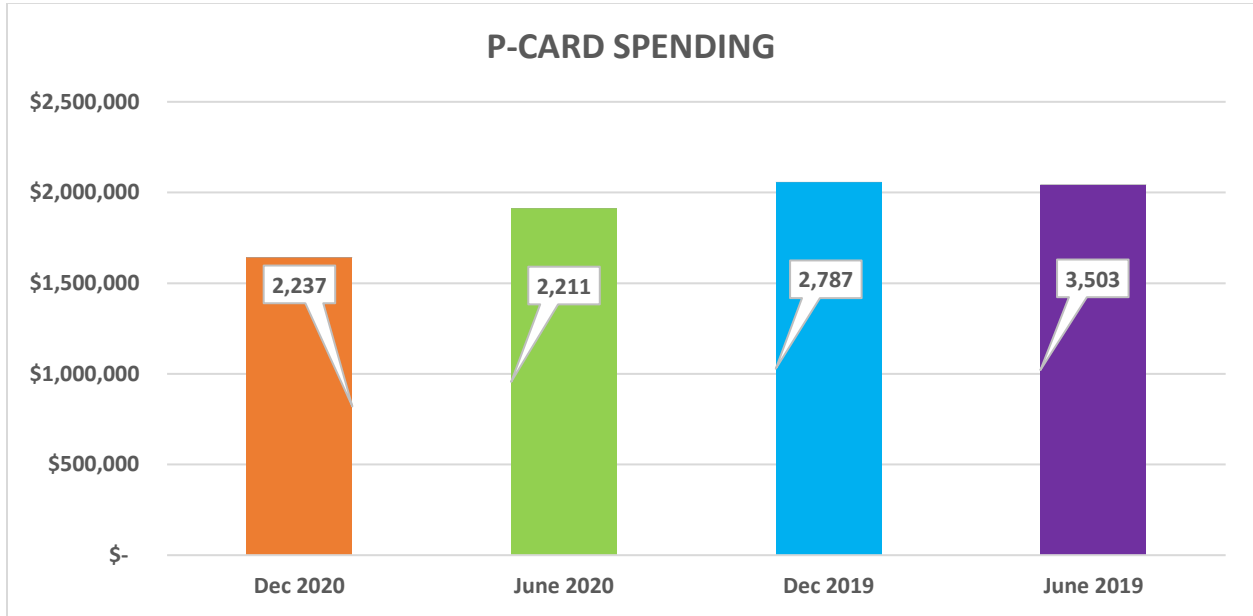
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***BACKGROUND***

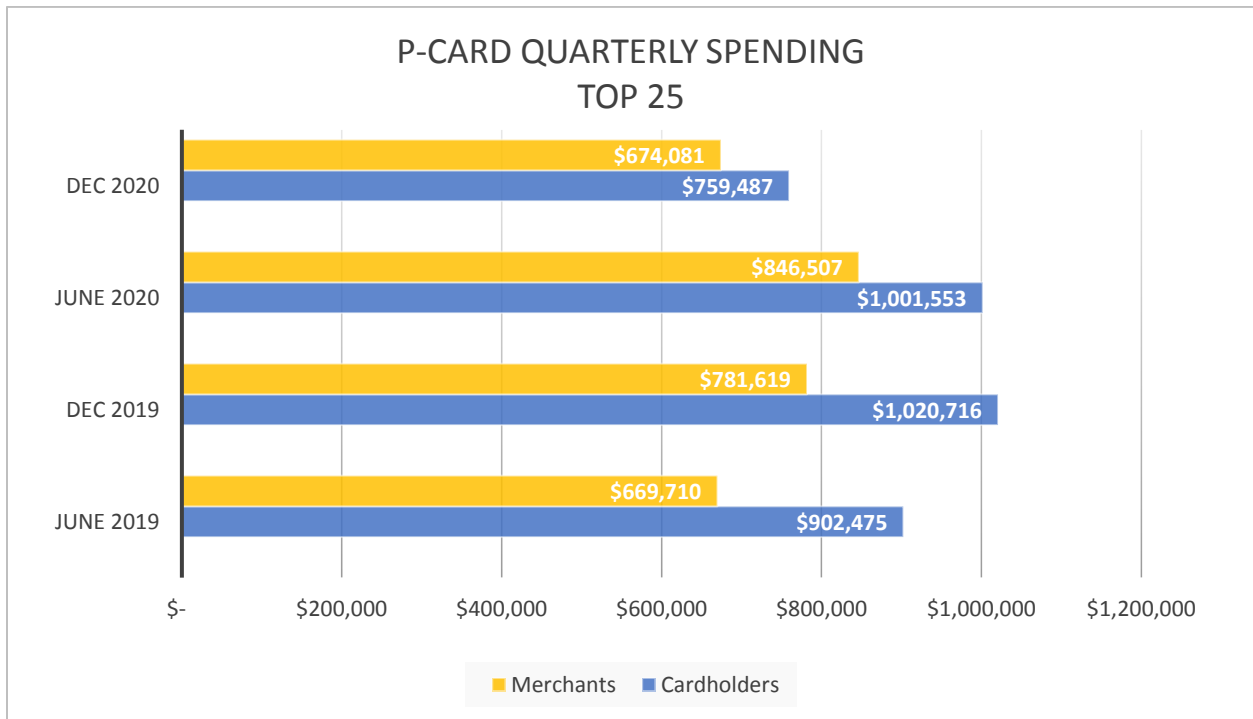
In accordance with the Fiscal Year 2021 Risk-Based Audit Plan, the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General (OIG) examined purchase card transactions for the quarter ended, December 31, 2020. Purchase card transactions are governed by the WSSC Water's Purchase Card Program (P-Card Program), set forth in Chapter 6.20 of WSSC Water's Manual of Standard Procedures. The P-Card Program is also subject to WSSC Water's Procurement Regulations in Chapter 6.15 of the Code of Regulations. Both the Manual and the Code are supported by policies and guidelines that provide further details about the execution of the P-Card Program. The Procurement Office's Operations & Administration Division (Procurement Office) oversees the P-Card Program, and the day-to-day responsibilities are assigned to the P-Card Specialist. The OIG conducted the audit in accordance with the International Professional Practice of Internal Auditing and the Generally Accepted Government Auditing Standards, except for the peer review requirement.

During the quarter ended, December 31, 2020, there were 2,237 transactions totaling \$1,640,904, which is an increase of 26 transactions compared to 2,211 transactions for the fourth quarter ended, June 30, 2020, totaling \$1,911,605.

CAPRECIA POOLE-WILLIAMS, CHIEF PROCUREMENT OFFICER  
 PROCUREMENT OFFICE  
 FEBRUARY 19, 2021  
 PAGE 2



The top 25 cardholders accounted for 542 transactions or 24% of the total transactions, and \$759,487 or 46% of the total P-Card dollars spent during the quarter ended, December 31, 2020. Active cardholders purchased items from various merchants, and the top 25 merchants accounted for \$674,081 or 41% of the total dollars spent by cardholders. The number of cardholder transactions totaled 564 or 25% of the total number of P-Card transactions among the top 25 merchants.



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FEBRUARY 19, 2021  
PAGE 3

***SCOPE AND OBJECTIVE***

This quarter's scope focused on internal policies and procedures, extended credit limits, possible charges from terminated employees, and the impact of increased authorization limits due to the Coronavirus (COVID-19) pandemic. Other substantive testing procedures included verifying proof of purchase and determining whether moveable assets were classified properly. The OIG also expanded audit procedures to include certain Level 3 data, which is an analysis of detailed transaction data. The OIG examined the merchant spend analysis, declined transactions, multiple vendors with common addresses, common addresses among WSSC Water employees and vendors, high dollar volume purchases from obscure vendors, and split transactions. The limited procedures provided sufficient evidence to accomplish the overall objective to validate P-Card management controls and identify risk-related areas of P-Card Program noncompliance.

To accomplish these tests, the OIG auditors downloaded quarterly information directly from the JP Morgan Chase & Company's credit card system and imported the information into data analysis software. The OIG worked with the Disbursements Division to help research items and other issues related to compliance with the P-Card Program. The P-Card transactions under review are based on a three-month quarterly period. For the quarter ended, December 31, 2020, the OIG auditors sampled 29 cardholders that had 40 transactions totaling \$45,874.

The audit's objective was to determine compliance with WSSC Water's Procurement Regulations, standards, and policies and procedures. The OIG developed audit procedures and tests to identify instances of fraud, waste, and abuse.

***CONCLUSION***

The P-Card transactions tested for the quarter ended, December 31, 2020, are in compliance with WSSC Water's Procurement Regulations, standards, and policies and procedures. The OIG did not detect any instances of fraud, waste, or abuse. The OIG determined that the P-Card management controls were sufficient to identify risk-related areas of P-Card Program noncompliance.

cc: GM/CEO, (C. Reid)  
DGM for Administration, (J. Beach)  
Chief Financial Officer, (P. Colihan)  
Chief Strategy and Innovation Officer (T. Allen)  
Operations & Administration, Division Manager, (K. Harley)  
Disbursements Division Manager, (J.D. Noell)  
Accounts Payable Section Manager (P. Edwards)  
P-Card Specialist (T. Roland)