



Interoffice Memorandum

October 29, 2020

PURCHASE CARD PROGRAM COMPLIANCE REVIEW FOURTH QUARTER ENDED JUNE 30, 2020



Project# 19-PCR-01

A Report to:

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 Interoffice Memorandum

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 PROCUREMENT OFFICE

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 OFFICE OF THE INSPECTOR GENERAL

THRU: MAXENE M. BARDWELL, ASSISTANT INSPECTOR GENERAL FOR AUDIT ^{DS} MB
 OFFICE OF THE INSPECTOR GENERAL

FROM: DANA E. WHITING, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDIT ^{DS} DW
 OFFICE OF THE INSPECTOR GENERAL

DATE: OCTOBER 29, 2020

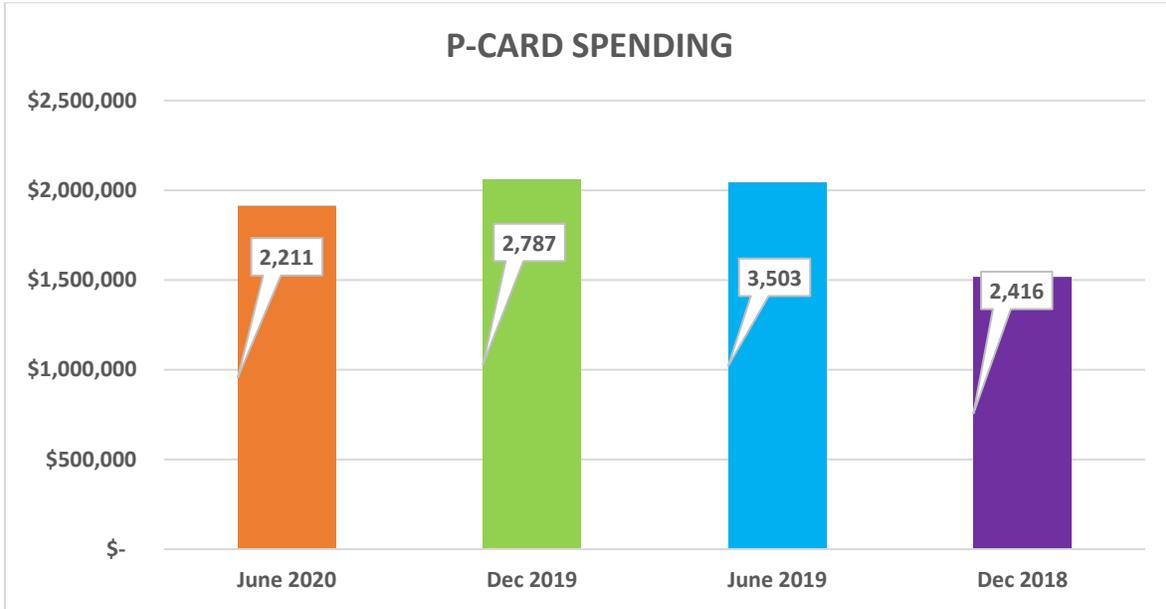
**SUBJECT: PURCHASE CARD PROGRAM COMPLIANCE
 REVIEW FOR THE FOURTH QUARTER ENDED JUNE 30, 2020**

BACKGROUND

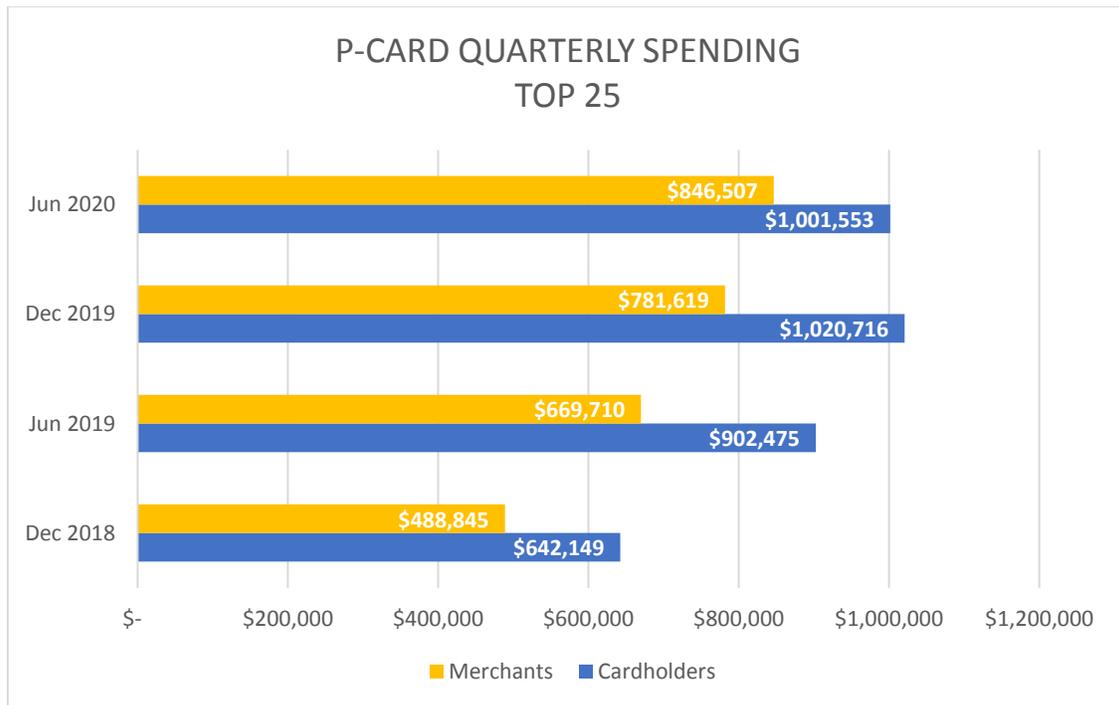
In accordance with the Fiscal Year 2021 Risk-Based Audit Plan, the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General (OIG) examined purchase card transactions for the quarter ended, June 30, 2020. Purchase card transactions are governed by the WSSC's Purchase Card Program (P-Card Program), set forth in Chapter 6.20 of WSSC's Manual of Standard Procedures (Manual). The P-Card Program is also subject to WSSC's Procurement Regulations in Chapter 6.15 of the Code of Regulations (Code). 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 (Standards) and the Generally Accepted Government Auditing Standards (GAGAS), except for the peer review requirement.

During the quarter ended, June 30, 2020, there were 2,211 transactions totaling \$1,911,605, which is a decrease of 576 transactions compared to 2,787 transactions for the second quarter ended, December 31, 2019, totaling \$2,056,180.

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The top 25 cardholders accounted for 536 transactions or 24% of the total transactions, and \$1,001,553 or 52% of the total P-Card dollars spent during the quarter ended, June 30, 2020. Active cardholders purchased items from various merchants, and the top 25 merchants accounted for \$846,507 or 44% of the total dollars spent by cardholders. The number of cardholder transactions totaled 546 or 25% of the total number of P-Card transactions among the top 25 merchants.



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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 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 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 OIG changed the frequency of the audit from every quarter to semi-annually; therefore, there was no data for the quarter ended, March 31, 2020. The P-Card transaction under review are still based on a quarterly period (three (3) months). For the quarter ended, June 30, 2020, the OIG auditors sampled 36 cardholders that had 40 transactions totaling \$31,136.

On March 12, 2020, the Procurement Office temporarily doubled the daily limits for each cardholder position. All limits were doubled through the fourth quarter ending, June 30, 2020. According to the Procurement Office, the increased limits provides opportunities for WSSC personnel to quickly and easily purchase goods and services that WSSC requires to address critical issues and/or emergencies during Covid-19. As of July 1, 2020, the daily limits have returned to normal.

The audit's objective was to determine compliance with WSSC'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, June 30, 2020, are in compliance with WSSC'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)
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