



OFFICE OF THE INSPECTOR GENERAL

ANNUAL PURCHASE CARD COMPLIANCE REVIEW PROCUREMENT OFFICE



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OIG PROJECT NUMBER 25-PCR-01

14501 SWEITZER LANE, LAUREL, MARYLAND 20707
(301) 206-8300 / officeoftheinspectorgeneral@wsscwater.com
OG #20250605-022217




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
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TO: CHAIR FOSTER, VICE CHAIR SMITH, COMMISSIONER BAYONET,
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AND COMMISSIONER SPEED-BOST
GENERAL MANAGER/CEO POWELL

THRU: JON T. RYMER, INSPECTOR GENERAL  OFFICE OF THE INSPECTOR GENERAL

THRU: DANA E. WHITING, DEPUTY ASSISTANT INSPECTOR GENERAL FOR AUDIT  OFFICE OF THE INSPECTOR GENERAL

FROM: SUGANDHA SINGH, AUDITOR  OFFICE OF THE INSPECTOR GENERAL

DATE: JUNE 9, 2025

SUBJECT: ANNUAL PURCHASE CARD COMPLIANCE REVIEW

OG #20250605-022217

The Office of the Inspector General (OIG) for the Washington Suburban Sanitary Commission (WSSC) has completed its Annual Purchase Card Compliance Review of the Commission's Purchase Card Program (P-Card Program). A detailed audit report is attached for your review. The OIG conducted the review in accordance with the Association of Inspectors General's Principles and Standards for Offices of Inspector General, *Quality Standards for Inspections, Evaluations, and Reviews*.

We appreciate the assistance provided by management and other personnel and hope the information in our report is helpful.

Attachment

cc: Chief of Staff, (N. Hickson)
Deputy General Manager External Affairs, (C. Bickham)
Performance and Accountability Director (Acting), (H. Hagos)
Chief Procurement Officer, (C. Poole-Williams)
Chief Financial Officer, (M. Musara)
Operations and Administration Division Manager, (K. Harley)
P-Card Specialist, (B. Haggins)

ANNUAL PURCHASE CARD COMPLIANCE REVIEW**JUNE 9, 2025****PAGE 2****BACKGROUND**

In accordance with the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General's (OIG) Fiscal Year 2025 Risk-Based Work Plan and the authority granted pursuant to Public Utilities Article ("PUA"), § 17-605 (a)(6) of the Annotated Code of Maryland, the OIG conducted an annual review of WSSC's purchase card transactions from the period October 1 through December 31, 2024 (three-month period ended December 2024). The OIG conducted the review in accordance with the *Association of Inspectors General's Principles and Standards for Offices of Inspector General, Quality Standards for Inspections, Evaluations, and Reviews* (July 2024). Purchase card transactions are governed by the WSSC Water's Purchase Card Program (P-Card Program). The applicable rules and guidance are established in Chapter 6.15 of the WSSC Code of Regulations (Code) and further detailed in Chapter 6.20 of WSSC Water's Manual of Standard Procedures (Manual). The P-Card Program is not intended to circumvent WSSC's purchasing rules and procedures but is designed to streamline the procurement process by permitting the acquisition of specific goods and services in an efficient and timely manner.¹ All transactions must comply with WSSC's regulations, policies, procedures, expenditures, and purchase guidelines.² To manage WSSC's P-Card, the Code and the Manual are used in conjunction with the supplemental WSSC Purchase Card Program Manual (P-Card Program Manual).³ The Procurement Office's Operations & Administration Division (Procurement) oversees the P-Card Program, and the day-to-day management responsibilities are assigned to the P-Card Specialist.

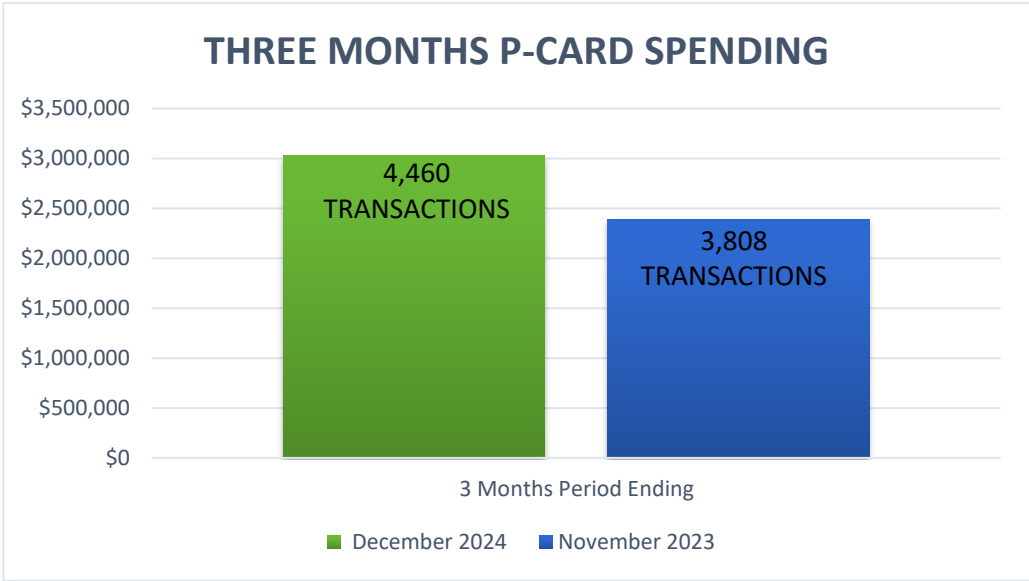
The charts below illustrate and compare audit review data from 2024 and 2023. There were 4,460 transactions totaling \$3,034,344 from October 1 through December 31, 2024, and 3,808 transactions totaling \$2,392,726 from September 1 through November 30, 2023. This reflects an increase of 663 (14.83%) transactions compared to the previous audit review period; correspondingly, the total expenditure increased by \$657,333 (21.55%) over the same comparative periods.

¹ See WSSC *Code of Regulations*, § 6.15.010 et seq. (2023)

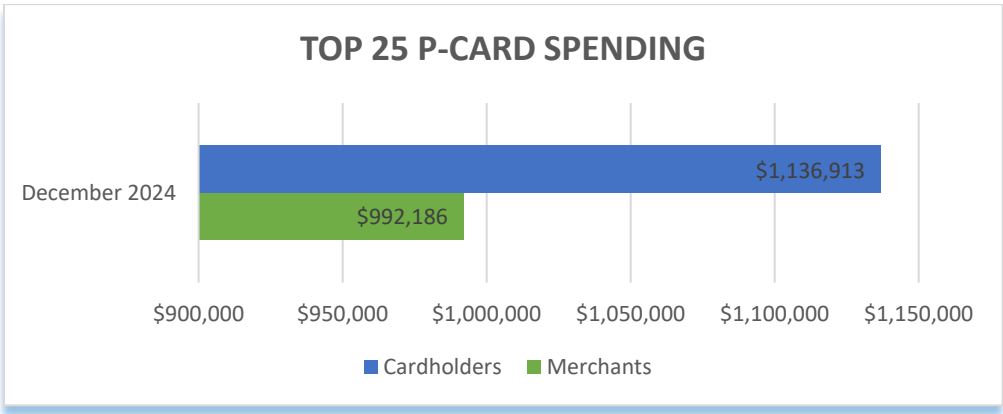
² See WSSC Manual, § 6.20.050 (a).

³ See WSSC 6.15.090 (b)(6)(stating that subject to the approval of the General Manager/Chief Executive Officer the Chief Procurement Officer shall establish written procedures for the execution of contracts for the procurement of goods and supplies, services . . . such procedures shall include policies, instructions, and/or guidelines); see also WSSC Manual, § 6.20.030 (b) (advising that the P-Card Program Manual should supplement the P-Card standard procedure); see also WSSC Procurement Department's Forms and Documents, P-Card Manual Version 3 (July 1, 2024).

ANNUAL PURCHASE CARD COMPLIANCE REVIEW
JUNE 9, 2025
PAGE 3



From October 1 through December 31, 2024, the top 25 P-Card cardholders accounted for 826 transactions, representing 19% of all transactions, and accounted for \$1,136,913 in spending, or 37% of the total P-Card expenditures during this period. Active cardholders purchased items from various merchants, with the top 25 merchants accounting for \$992,186, approximately accounting for 33% of the total P-Card spending during the period. The number of cardholder transactions totaled 519, or 12% of P-Card transactions among the top 25 merchants. The following chart illustrates the top 25 cardholders’ transactions.



During this review period, the Fleet Division recorded the highest level of P-Card transactions totaling \$245,969. The Facilities Division followed with \$211,657 in P-Card transactions.

ANNUAL PURCHASE CARD COMPLIANCE REVIEW

JUNE 9, 2025

PAGE 4

OBJECTIVE

This review aims to determine compliance with WSSC's P-Card policies as outlined in its regulations, standards, and procedures. The OIG also developed specific review procedures and testing protocols to identify instances of fraud, waste, and abuse.

SCOPE AND METHODOLOGY

The review's scope focused on P-Card transactions from October 1 through December 31, 2024.

To achieve the objective, the OIG performed several tasks, including the following:

- Reviewed relevant regulations, policies, procedures, card user guidelines, and internal documentation to determine applicable criteria for the review;
- Interviewed personnel from the Procurement Office to obtain information and an understanding of associated processes;
- Reviewed transactions that exceeded the assigned credit limits to verify whether the higher limit requests were prepared, reviewed, and approved before the purchase;
- Performed tests to ascertain if cardholders followed the P-Card policy regarding split transactions;
- Performed testing procedures to determine whether any vendors had the same addresses as employees;
- Conducted tests to verify compliance with the P-Card policy that restricts the use of cards by terminated employees;
- Extracted a random sample of forty (40) P-Card transactions from the population (4,460) using data analysis software to verify proof of purchase, determine whether capital movable assets were correctly classified, and examine whether tax was exempted when applicable;
- Identified new P-Card users and reviewed whether they met the eligibility requirements; and
- Reviewed training reports to determine if new P-Card users received mandatory annual training on policies and procedures.
- Reviewed monthly reconciliation reports to examine any reported misuse or abuse by cardholders.

The *Quality Standards for Inspections, Evaluations, and Reviews* require the OIG to adequately plan the review and obtain sufficient, competent, and relevant evidence to afford a reasonable basis for inspection, evaluation, and review of findings and conclusions. Accordingly, the evidence obtained provides a reasonable basis for our conclusion based on the scope and objectives.

ANNUAL PURCHASE CARD COMPLIANCE REVIEW

JUNE 9, 2025

PAGE 5

CONCLUSION

The review results disclosed that P-Card transactions were conducted in accordance with WSSC policies and procedures, with no instances of non-compliance or irregularities identified. The Procurement Department adhered to applicable internal controls and operating guidelines, ensuring that purchasing activities were executed transparently, efficiently, and in alignment with established regulatory and procedural requirements.

The OIG would like to commend the P-Card Specialist for her continued support and responsiveness throughout the review. Her diligent monitoring efforts and timely assistance significantly contributed to the efficiency and effectiveness of the review process. There has been significant progress and improvements in the P-Card Program during FY 2025, as compared to the FY 2024 audit review.