**OFFICE OF INSPECTOR GENERAL**
**PALM BEACH COUNTY**

John A. Carey
Inspector General

Inspector General
Accredited

*"Enhancing Public Trust in Government"*

# Audit Report

# 2023-A-0003

# City of Boca Raton - Accounts Payable Expenditures and Cash Disbursements

# March 20, 2023

**Insight – Oversight – Foresight**

*"Enhancing Public Trust in Government"*

# CITY OF BOCA RATON - ACCOUNTS PAYABLE EXPENDITURES AND CASH DISBURSEMENTS

## SUMMARY

### WHAT WE DID

We conducted an audit of the City of Boca Raton's (City) accounts payable expenditures and cash disbursements process. This audit was performed as part of the Office of Inspector General Palm Beach County (OIG) 2019[1] Annual Audit Plan.

Our audit focused on the accounts payable expenditure and cash disbursement activities from October 1, 2015 to September 30, 2020.

### WHAT WE FOUND

We found the City had generally adequate controls over the accounts payable expenditures and cash disbursements processes. However, we found the City did not always comply with its Purchasing Card Policy and Procedures Manual's dollar threshold, sales receipt, and gift card documentation requirements.

Our audit identified **$16,935.14** in questioned costs[2] for purchasing card expenditures that did not comply with the City's policies and procedures and lacked proper documentation.

### Dollar Threshold Requirements (Split Purchases)
We found 14 purchasing card transactions totaling $10,210.14 did not comply with the City's Purchasing Card Policy and Procedures Manual requirement that purchases shall not be split to stay within the single purchase limit of $999.00.

The cardholders did not obtain written pre-approval to increase the single transaction limit for purchases greater than $999.00, as required. As a result, we considered the total amount of purchasing card transactions that were split in violation of the policy totaling **$10,210.14** as questioned costs.

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[1] The planning for this audit originally commenced in August 2019. In October 2019, prior to the audit kickoff meeting between the OIG and the City, the audit was postponed until late August 2020. The OIG delayed fieldwork for several months upon the City's request and again in 2021 as a result of audit staff turnover.

[2] Questioned costs can include costs or financial obligations incurred pursuant to: a potential violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such cost or financial obligation is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such, not all questioned costs are indicative of potential fraud or waste.

## Purchasing Card Purchase Documentation

We found seven (7) transactions totaling $7,990.00 did not comply with the City's Purchasing Card Policy & Procedures Manual's requirement for sales receipts. Sales receipts were either missing the required information (e.g. a credit card sales slip was provided showing only the amount charged to the credit card) or no sales receipt or invoice was provided at all. Three (3) of the seven (7) transactions totaling $2,570.00 also lacked the required gift card authorization form, the gift card acknowledgment of receipt form, or both.
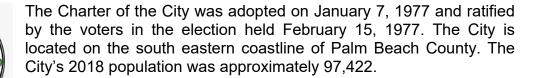
Purchasing card expenditures totaling **$6,725.00**[3] are considered questioned costs for noncompliance with policy.

### WHAT WE RECOMMEND

Our report contains two (2) findings and five (5) recommendations. Implementation of the recommendations will assist the City in strengthening internal controls and help ensure compliance with the City's written requirements.

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[3] The questioned cost excludes two transactions totaling $1,265.00 that were already noted as questioned costs in Finding #1.

## BACKGROUND

The Charter of the City was adopted on January 7, 1977 and ratified by the voters in the election held February 15, 1977. The City is located on the south eastern coastline of Palm Beach County. The City's 2018 population was approximately 97,422.

The City operates under the Council-Manager form of government. The City council is comprised of five (5) members and is vested with all legislative powers of the City. One council member is elected the Mayor. The Mayor and the four (4) other City Council members are elected at large on a non-partisan basis for three-year terms. The City Manager is appointed by the City Council and is the Chief Administrative Officer of the City and directs the business of the City and its various departments.

The OIG 2019 Annual Audit Plan had multiple entities selected for Accounts Payable Expenditures and Cash Disbursements audits. The OIG selected the City for audit because it had not been audited by the OIG since FY 2013.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine if:
- Internal controls were adequate related to the accounts payable expenditures and cash disbursements;
- Control procedures were adequate to ensure expenditures and cash disbursements were in compliance with requirements, allocated to appropriate activities, and properly reviewed and approved prior to payment; and
- Purchases and invoices were properly documented and approved to avoid possible fraud, waste, and abuse.

The scope of the audit included but was not limited to accounts payable expenditure and cash disbursement activities from October 1, 2015 to September 30, 2020.

The audit methodology included but was not limited to:
- Completion of data reliability and integrity assessment of related computer systems;
- Review of policies, procedures, and related requirements;
- Completion of process walk-throughs;
- Review of internal controls related to the accounts payable expenditures and cash disbursements;
- Interview of appropriate personnel;
- Review of records, reports, contracts, and agreements;
- Data analysis of the population of transactions; and
- Detailed testing of selected transactions.

As part of the audit, we completed a data reliability and integrity assessment for the computer systems the City use for accounts payable expenditure and cash disbursement activities. We determined that the computer-processed data contained in the City's payroll computer system, Infinium, was sufficiently reliable for purposes of the audit. We noted internal control weaknesses for computer-processed data contained in City's financial system, GMBA/HTE;[4] however, the data was sufficiently reliable for the purposes of the audit.

This audit was conducted in accordance with generally accepted government 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## FINDINGS AND RECOMMENDATIONS

### Finding (1): The City did not always comply with its Purchasing Card Policy and Procedures Manual's dollar threshold by splitting purchases.

**City's Procurement Code**
The Procurement Code of The City of Boca Raton, effective April 2001, states,



### ARTICLE 1 – GENERAL PROVISIONS
…

### Part B - Definitions

**§1-201        Definitions**
…

(53) Procurement card(s). The means of making a small purchase by authorized employees, in accordance with written operational procedures implemented by the Purchasing Manager.
…

### ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION
…

### Part A – Methods of Source Selection

**§3-104 Small Purchases.**
…

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[4] The City implemented a new financial system, Oracle, to replace GMBA/HTE on October 5, 2020.

(3) Procurement Cards. The Purchasing Manager shall adopt operational procedures for use of procurement cards by city employees. Such procurement card purchases shall be limited in value and use as authorized by the Purchasing Manager and as defined in the adopted operational procedures as set forth by the Purchasing Manager.

**City's Purchasing Card Policy & Procedures Manual**
The City of Boca Raton's Purchasing Card Policy & Procedures Manual for Commodities, Services And Travel Related Transactions, effective 11/2013, 03/2019, 09/2019, and 07/2020 state,

**SECTION I – INTRODUCTION**
…

**C.  WHO DOES WHAT?**

The following are the responsibilities of the individuals and organizations involved in the Purchasing Card system.
…

**Purchasing Card Coordinator**
[Supervisor/Division Head/Department Head]
…

- Review & authorize transactions per H.T.E Purchasing Card Transaction Processing Manual
…

**SECTION II - Thresholds and Use of the Purchasing Card**
…

B. CARDHOLDER USE OF PURCHASING CARD
…

3. DOLLAR THRESHOLDS
…

**c.** A purchase may be made for multiple items, but the **Sales Receipt cannot exceed $999 or the Cardholder's limit, whichever is less, unless written pre-approval to increase the single transaction limit is obtained from the requesting Department and the Financial Services Department**. Purchases over the Cardholders authorized transaction spending limit must be made by Purchase Order under the City's Purchasing Policies and Procedures.
[Emphasis added]

**Purchasing Card charges for purchases shall not be split in order to stay within the single purchase limit. Splitting charges will be considered abuse of the Purchasing Card program and may result in disciplinary action and revocation of the Purchasing Card.**

…

**Section VI Purchasing Card Program Forms /Samples/ Ethics**

…

**PURCHASING CARD
CARDHOLDER AGREEMENT**

…

I understand that my use of the Purchasing Card is subject to audit by the City, that my purchases with the Purchasing Card are limited to the dollar purchase limit per month and dollar purchase limit per transaction as set forth in the policies and procedures and **Purchasing Card charges for purchases shall not be split in order to stay within the single purchase limit**. Splitting charges will be considered abuse of the Purchasing Card program and may result in disciplinary action and revocation of the Purchasing Card. The Purchasing Card is not to be used to purchase certain commodities and services as outlined in the policies and procedures. I further understand that I am to use the Purchasing Card for proper and authorized charges for official business on behalf of the City.
[Emphasis added]

We performed data analysis on the total population of purchasing card transactions to identify high risk transactions for detailed testing. The data analysis procedures analyzed purchasing card transaction characteristics such as vendor name, purchase date, amount, and description to identify purchases that were potentially unauthorized, duplicates, split to circumvent purchasing policy limit, or exceeded purchasing policy limit. We selected 142 purchasing card expenditure transactions. We reviewed the source and supporting documentation of each transaction for proper support, approval, and compliance with the City's policies and procedures.

We found 14 transactions totaling $10,210.14 did not comply with the City's Purchasing Card Policy and Procedures Manual requirement that purchases shall not be split to stay within the single purchase limit of $999.00. Out of the 14 purchasing card transactions, 12 were single purchases split into different transactions across multiple cards and two (2) were from one individual cardholder splitting a single purchase into separate transactions on the same purchasing card. As a result, we considered the total amount of purchasing card transactions that were split in violation of the policy totaling **$10,210.14** as questioned costs.

**Figure 1**

| Department | Split Purchases Over Multiple Cards | Split Purchases by Individual Cardholders | Total Purchase Amount |
|---|---|---|---|
| Recreation Services | 8 | 0 | $5,910.14 |
| Police Services | 4 | 0 | $3,035.00 |
| Utility Services | 0 | 2 | $1,265.00 |
| **Total** | **12** | **2** | **$10,210.14** |

The cardholders did not obtain written pre-approval to increase the single transaction limit for purchases greater than $999.00, as required. The City's Purchasing Card Policy & Procedures Manual does not specifically address the restriction of splitting a single purchase into different transactions across multiple cards. In most of the cases where purchases were split over multiple cards, the charges were approved by the same Purchasing Card Coordinator who potentially, did not identify the split purchases during the review because purchasing card charges to different cards assigned to different employees were not compared for similarities in purchase date, description, and vendor. In two cases, a Purchasing Card Coordinator split a purchase with the cardholder for whom they approve purchases, see Exhibit A.

The City is exposed to an increased risk for fraud, waste, and abuse if purchasing card spending does not comply with the policy and procedures manual.

## Recommendations:

(1) **The City enhance the review and oversight process by comparing purchasing card purchases across a department and/or division for split purchases to ensure that purchasing card expenditures comply with policy.**

(2) **The City enhance the current Purchasing Card Policy and Procedures Manual guidance regarding split transactions to specifically restrict splitting purchasing card transactions across multiple cards assigned to different employees.**

(3) **The City ensure purchasing card holders and coordinators/approvers are advised that splitting transactions across multiple cards is a violation of the Purchasing Card Policy and Procedures Manual.**

## Management Responses:

(1) **The City concurs with the finding and recommendation. The City will enhance its review and oversight process to include a quarterly review of purchasing card transactions by comparing purchases across a department**

and/or division for split purchases to ensure purchasing card expenditures comply with policy. Split purchases identified in the review will be communicated to the Purchasing Cardholder, Approver, and Department Head. Corrective action expected implementation: April 30, 2023

(2) The City concurs with the finding and recommendation. The City will amend its Purchasing Card Policy and Procedures Manual to specifically address the restriction of splitting a single purchase into different transactions across multiple cards assigned to different employees. Corrective action expected implementation: June 30, 2023

(3) The City concurs with the finding and recommendation. The City will provide refresher training to Purchasing Cardholders and Approvers regarding split transactions. Refresher training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months. Corrective action expected implementation: June 30, 2023

**Finding (2): The City did not always comply with its Purchasing Card Policy and Procedures Manual's sales receipt and gift card documentation requirements.**

**City's Procurement Code**
The Procurement Code of The City of Boca Raton, effective April 2001, states,

**ARTICLE 1 – GENERAL PROVISIONS**

…

**Part B - Definitions**

**§1-201        Definitions**

…

(53) Procurement card(s). The means of making a small purchase by authorized employees, in accordance with written operational procedures implemented by the Purchasing Manager.

…

**ARTICLE 3 – SOURCE SELECTION AND CONTRACT FORMATION**

…

**Part A – Methods of Source Selection**

**§3-104 Small Purchases.**

…

(3) Procurement Cards. The Purchasing Manager shall adopt operational procedures for use of procurement cards by city employees. Such procurement

card purchases shall be limited in value and use as authorized by the Purchasing Manager and as defined in the adopted operational procedures as set forth by the Purchasing Manager.

**City's Purchasing Card Policy & Procedures Manual**
The City of Boca Raton's Purchasing Card Policy & Procedures Manual for Commodities, Services And Travel Related Transactions effective 11/2013, 03/2019, 09/2019, and 07/2020 state,

<div align="center">

**SECTION I – INTRODUCTION**
…
</div>

C.  WHO DOES WHAT?

The following are the responsibilities of the individuals and organizations involved in the Purchasing Card system.

**Cardholder**
<div align="center">…</div>

- Collect and save Sales Receipts
<div align="center">…</div>

- Maintains files and follows applicable records retention requirements
<div align="center">…</div>

**Purchasing Card Coordinator**
[Supervisor/Division Head/Department Head]
<div align="center">…</div>

- Review monthly statement and **verify Sales Receipts are attached for each transaction**, including review for sales tax and the **Sales Receipt document that itemizes and details the description and cost of each item with a grand total**.
[Emphasis added]
- Review & authorize transactions per H.T.E Purchasing Card Transaction Processing Manual
<div align="center">…</div>

- Ensures that all **supporting Sales Receipts are maintained within the Department**.[5]
[Emphasis added]
<div align="center">…</div>

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[5] In July 2020, the City revised the verbiage to state, "Validates that all supporting Sales Receipts are maintained within the Department."

**SECTION II - Thresholds and Use of the Purchasing Card**

…

B. CARDHOLDER USE OF PURCHASING CARD

…

2.  CITY PURCHASES ONLY

**The Purchasing Card is to be used for City authorized purchasing only.**

…

6.  GIFT CARD TRANSACTIONS – GIFT CARD AUTHORIZATION FORM AND GIFT CARD ACNOWLEDGMENT OF RECEIPT FORM[6]
All transactions for Gift Cards are to be within the Cardholder's Departments' internal policy and the requirements identified herein. Use of the Purchasing Card for the purchase of any type of Gift Card requires the following:

**A. Approval:**

Use of the Purchasing Card for Gift Card transactions **requires the City of Boca Raton Gift Card Authorization Form to be filled out and signed**. The Cardholder is responsible for getting written approval in advance of making the transaction, as detailed on the Gift Card Authorization Form. The Division/ Department Head will determine on a case-by-case basis whether the Gift Card related expenditures services a public purpose. Gift Cards **cannot** be used as other means of compensation to employees i.e. bonus. Such payments must be processed through the payroll system.

**Each monthly purchasing card statement that has a Gift Card purchase transaction, a copy of the approved Gift Card Authorization Form shall be retained by the Cardholder for filing with their monthly paperwork.**
[Emphasis added]

**B. Gift Card Distribution:**

When the Gift Card is issued to the recipient, the Cardholder is required to have the recipient sign and acknowledge receipt of the Gift Card. The City of Boca Raton Gift Card Acknowledgement of Receipt Form may be used or the Department may create its own Acknowledgement Form. Regardless of the form used, the Acknowledgement Form must include at a minimum:

  a.  Name of the recipient
  b.  Whether or not the recipient is a City of Boca Raton employee
  c.  Employee ID number

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[6] The City's Purchasing Card Policy & Procedures Manual effective July 2020 prohibits the purchase of gift cards.

d.  Reason for the Gift Card
e.  Whether the Gift Card was issued as a recognition award or a raffle/ prize
f.  Type of card (vendor/merchant) i.e. Publix
g.  Gift Card value
h.  Recipient's signature
i.  Date of receipt
j.  Inform the recipient that Gift Cards are considered cash equivalents by the Internal Revenue Service. As such, the value of the Gift Card constitutes income to the recipient.

…

**Note:** The Gift Card Acknowledgement of Receipt Form must match / tie out to the approved Gift Card Authorization Form. For example, if the Cardholder was authorized to purchase $100 in Gift Cards using his/her assigned Purchasing Card, then there should be a corresponding acknowledgement form(s) that lists the recipients who received the $100 in Gift Cards along with their signature.

…

C.  PROCEDURES FOR MAKING AND PAYING FOR PURCHASES

1.  SALES RECEIPT DOCUMENTATION
All transactions require a Sales Receipt. **Cardholder must obtain a Sales Receipt for each transaction and retain such Sales Receipt in accordance with the Purchasing Card policy**.
[Emphasis added]

A Sales Receipt may also be referred to as an Invoice and shall have the same meaning. Each Sales Receipt is to include the following:
a.  Name of the Vendor/Merchant
b.  Each item purchased is described
c.  Quantity purchased is detailed
d.  Unit Price and Total Price is detailed for each item
e.  Grand Total is provided
f.  Transaction date is identified

…

4.  MISSING DOCUMENTATION
**Cardholders are required to maintain Sales Receipts for all transactions.** If the Cardholder does not have documentation of the transaction (Sales Receipts) to send with the statement to his/her Purchasing Card Coordinator, he/she must first contact the vendor/merchant and inquire if a copy of the Sales Receipt can be obtained. If a copy is not available, the Cardholder is to attach a description of the item(s) purchased and make an effort to replicate the data that would have appeared on the Sales Receipt from the vendor/merchant.

Continued incidents of missing documentation may result in the cancellation of the employee's Purchasing Card.
[Emphasis added]

…

F. REVIEW OF PURCHASES BY DEPARTMENT PURCHASING CARD COODINATOR

1. The Purchasing Card Coordinator is required to review each Purchasing Card expenditure. Review to include but not be limited to:
   **Confirm appropriate Sales Receipt document is submitted for each transaction**
   Goods/Services were necessary and, for appropriate City business
   Items purchased were within the Purchasing Card Policy
   Review for sales tax
   [Emphasis added]

We performed data analysis on the total population of purchasing card transactions to identify high risk transactions for detailed testing. The data analysis procedures analyzed purchasing card transaction characteristics such as vendor name, purchase date, amount, and description to identify purchases that were potentially unauthorized, duplicates, split to circumvent purchasing policy limit, or exceeded purchasing policy limit. We selected 142 purchasing card expenditure transactions. We reviewed the source and supporting documentation of each transaction for proper support, approval, and compliance with the City's policies and procedures.

We found seven (7) transactions totaling $7,990.00 did not comply with the City's Purchasing Card Policy & Procedures Manual's requirement for sales receipts. Sales receipts were either missing the required information (e.g. a credit card sales slip was provided showing only the amount charged to the credit card) or no sales receipt or invoice was provided at all. Three (3) of the seven (7) transactions totaling $2,570.00 also lacked the required gift card authorization form, the gift card acknowledgment of receipt form, or both.

| Department / Division | Lacked Sales Receipt | Lacked Gift Card Documentation | Total |
|---|---|---|---|
| City Manager Office / Human Resources | 1 | 1 | $   500.00 |
| City Manager Office / Risk Management | 3 | 0 | $5,420.00 |
| Utility Services / Wastewater Treatment Plant | 3 | 2 | $2,070.00 |
| **Total** | **7** | **3** | **$7,990.00** |

Cardholders did not always attach the required sales receipt and gift card purchase documentation, or when a sales receipt or invoice was not provided by the vendor,

document the description of the item(s) purchased and make an effort to replicate the data that would have appeared on the sales receipt from the vendor, as required. Additionally, Purchasing Card Coordinators did not always verify the required sales receipt and gift card purchase documentation was attached, as required. Therefore, purchasing card expenditures totaling **$6,725.00[7]** are considered questioned costs.

The City is exposed to an increased risk for fraud, waste, and abuse if purchasing card spending does not comply with the policy and procedures manual or lacks sufficient documentation.

## Recommendations:

(4) **The City follow the Purchasing Card Policy and Procedures Manual guidance and ensure proper sales receipt and gift card purchase documentation is attached.**

(5) **The City ensure purchasing card holders and coordinators/approvers are aware of the sales receipt and gift card purchase documentation requirements and any enhancements made to the Purchasing Card Policy and Procedures Manual.**

## Management Responses:

(4) **The City concurs with the finding and recommendation. On October 5, 2020, the City of Boca Raton went live with a new Enterprise Resource Planning System, Oracle Cloud Fusion. Oracle is the software used for processing and reconciling Purchasing Card transactions made by the Cardholder. An expense report along with supporting sales receipts is submitted by the Cardholder electronically through Oracle for approval by their Purchasing Card Approver. The purchasing card expense report along with the supporting documents are stored electronically in Oracle.**

**The City will provide refresher training to Purchasing Cardholders and Approvers to discuss policy requirements regarding sales receipts. Refresher training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months. Corrective action expected implementation: June 30, 2023**

**The City's Purchasing Card Policy and Procedures Manual effective July 2020 prohibits the purchase of gift cards.**

(5) **The City concurs with the finding and recommendation. The City will provide refresher training to Purchasing Cardholders and Approvers to discuss**

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[7] The questioned cost excludes two transactions totaling $1,265.00 that were already noted as questioned costs in Finding #1.

policy requirements regarding sales receipts and any enhancements made to the Purchasing Card Policy and Procedures Manual. Training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months.  Corrective action expected implementation: June 30, 2023

## SUMMARY OF POTENTIAL FINANCIAL AND OTHER BENEFITS IDENTIFIED IN THE AUDIT

### Questioned Costs

| Finding | Description | Questioned Costs |
|:---:|:---|---:|
| 1 | Noncompliance with dollar threshold requirement (split purchases) | $10,210.14 |
| 2 | Missing sales receipt and gift card purchase documentation | $6,725.00 |
| | TOTAL QUESTIONED COSTS | $16,935.14 |

## ACKNOWLEDGEMENT

The Inspector General's audit staff would like to extend our appreciation to the City of Boca Raton's staff for their assistance and support in the completion of the audit.

*This report is available on the OIG website at: https://www.pbcgov.com/OIG. Please address inquiries regarding this report to the Director of Audit by email at inspector@pbcgov.org or by telephone at (561) 233-2350.*

## EXHIBITS

Exhibit A – Detail of Split Purchase Transactions

## ATTACHMENT

Attachment 1 – City of Boca Raton's Management Response

## EXHIBIT A

| Transaction Date | Description 1 | Description 2 | Department | Amount | Split Across Multiple Cards? | Comments | Questioned Costs |
|---|---|---|---|---|---|---|---|
| 3/18/2016 | CUSTOMINK LLC | STAFF JERSEYS SUMMER READ | Recreation Services | $ 732.21 | Yes | Same Approver | $ 732.21 |
| 3/18/2016 | CUSTOMINK LLC | STAFF JERSEYS SUMMER READ | Recreation Services | $ 732.21 | Yes | Same Approver | $ 732.21 |
| 11/5/2018 | PUBLIX #785 | US AWARDS & RECOGNITION | Utility Services | $ 865.00 | No | Same Approver | $ 865.00 |
| 11/5/2018 | PUBLIX #785 | US AWARDS & RECOGNITION | Utility Services | $ 400.00 | No | Same Approver | $ 400.00 |
| 3/25/2019 | STROBES R US INC | LED LIGHTS | Recreation Services | $ 687.50 | Yes | Same Approver | $ 687.50 |
| 3/25/2019 | STROBES R US INC | LED LIGHT | Recreation Services | $ 687.50 | Yes | Same Approver | $ 687.50 |
| 11/5/2019 | IN *WHEELHOUSE BRANDING & | TRAFFIC STOP BROCHURES | Police Services | $ 522.50 | Yes | Same Approver | $ 522.50 |
| 11/5/2019 | IN *WHEELHOUSE BRANDING & | TRAFFIC STOP SAFETY BROCH | Police Services | $ 522.50 | Yes | Same Approver | $ 522.50 |
| 11/14/2019 | SQ *SHALOM PEST CON | BEE HIVE TREATMENT ROSEMA | Recreation Services | $ 885.00 | Yes | Approver split purchase with cardholder | $ 885.00 |
| 11/14/2019 | SQ *SHALOM PEST CON | BEE REMOVAL ROSEMARY RIDG | Recreation Services | $ 295.00 | Yes | Approver split purchase with cardholder | $ 295.00 |
| 5/18/2020 | PAYPAL *PEACEKEEPER | RANGE GLASSES | Police Services | $ 995.00 | Yes | Different approvers | $ 995.00 |
| 5/18/2020 | PAYPAL *PEACEKEEPER | RANGE GLASSES | Police Services | $ 995.00 | Yes | Different approvers | $ 995.00 |
| 2/13/2020 | IN *BRANDANO DISPLAYS | ROPE LIGHTS FOR SANBORN S | Recreation Services | $ 945.36 | Yes | Approver split purchase with cardholder | $ 945.36 |
| 2/13/2020 | IN *BRANDANO DISPLAYS | HOLIDAY LIGHTS | Recreation Services | $ 945.36 | Yes | Approver split purchase with cardholder | $ 945.36 |

## ATTACHMENT 1 – CITY OF BOCA RATON'S MANAGEMENT RESPONSE

**CITY OF Boca Raton**

CITY HALL
201 WEST PALMETTO PARK ROAD • BOCA RATON, FL 33432
PHONE: (561) 393-7700
(FOR HEARING IMPAIRED) TDD: (561) 367-7043
www.myboca.us

March 17, 2023

Hillary Bojan, Director of Audit
Palm Beach County Office of Inspector General
P.O. Box 16568
West Palm Beach, FL 33416

Re:     City of Boca Raton
        Draft Audit Report – Accounts Payable Expenditures and Cash Disbursements

Dear Ms. Bojan:

The City of Boca Raton received the draft report of the Palm Beach County Office of Inspector General (OIG) dated March 8, 2023, regarding accounts payable expenditures and cash disbursements within the City of Boca Raton.

The audit found the City had generally adequate controls over the accounts payable expenditures and cash disbursements processes. However, the audit identified $16,935.14 in questioned costs for purchasing card expenditures. To provide some scale of the aggregate amount of the questioned costs, the amount is approximate .001% of the City's total primary governmental expenses for the audit period. It is also less than .01% of the total transactions audited.

The City concurs with the findings and recommendations of the audit, and we will take this opportunity to strengthen procedures and controls over the purchasing card process. Please see below for the City's response to the findings and recommendations.

**Finding (1)**: The City did not always comply with its Purchasing Card Policy and Procedures Manual's dollar threshold by splitting purchases.

- **Recommendation (1):** The City enhance the review and oversight process by comparing purchasing card purchases across a department and/or division for split purchases to ensure that purchasing card expenditures comply with policy.

  **Management Response (1):** The City concurs with the finding and recommendation. The City will enhance its review and oversight process to include a quarterly review of purchasing card transactions by comparing purchases across a department and/or division for split purchases to ensure purchasing card expenditures comply with policy. Split purchases identified in the review will be communicated to the Purchasing Cardholder, Approver, and Department Head. Corrective action expected implementation: April 30, 2023

- **Recommendation (2):** The City enhance the current Purchasing Card Policy and Procedures Manual guidance regarding split transactions to specifically restrict splitting purchasing card transactions across multiple cards assigned to different employees.

  **Management Response (2):** The City concurs with the finding and recommendation. The City will amend its Purchasing Card Policy and Procedures Manual to specifically address the restriction of splitting a single purchase into different transactions across multiple cards assigned to different employees. Corrective action expected implementation: June 30, 2023

- **Recommendation (3):** The City ensure purchasing card holders and coordinators/approvers are advised that splitting transactions across multiple cards is a violation of the Purchasing Card Policy and Procedures Manual.

  **Management Response (3):** The City concurs with the finding and recommendation. The City will provide refresher training to Purchasing Cardholders and Approvers regarding split transactions. Refresher training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months. Corrective action expected implementation: June 30, 2023

- AN EQUAL OPPORTUNITY EMPLOYER -

Draft Audit Report – Accounts Payable Expenditures and Cash Disbursements
March 17, 2023
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**Finding (2)**: The City did not always comply with its Purchasing Card Policy and Procedures Manual's sales receipt and gift card documentation requirements.

- **Recommendation (4):** The City follow the Purchasing Card Policy and Procedures Manual guidance and ensure proper sales receipt and gift card purchase documentation is attached.

  **Management Response (4):** The City concurs with the finding and recommendation. On October 5, 2020, the City of Boca Raton went live with a new Enterprise Resource Planning System, Oracle Cloud Fusion. Oracle is the software used for processing and reconciling Purchasing Card transactions made by the Cardholder. An expense report along with supporting sales receipts is submitted by the Cardholder electronically through Oracle for approval by their Purchasing Card Approver. The purchasing card expense report along with the supporting documents are stored electronically in Oracle.

  The City will provide refresher training to Purchasing Cardholders and Approvers to discuss policy requirements regarding sales receipts. Refresher training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months. Corrective action expected implementation: June 30, 2023

  The City's Purchasing Card Policy and Procedures Manual effective July 2020 prohibits the purchase of gift cards.

- **Recommendation (5):** The City ensure purchasing card holders and coordinators/approvers are aware of the sales receipt and gift card purchase documentation requirements and any enhancements made to the Purchasing Card Policy and Procedures Manual.

  **Management Response (5):** The City concurs with the finding and recommendation. The City will provide refresher training to Purchasing Cardholders and Approvers to discuss policy requirements regarding sales receipts and any enhancements made to the Purchasing Card Policy and Procedures Manual. Training for Purchasing Card Approvers will be conducted on March 31, 2023, and training for Purchasing Cardholders is scheduled over the next several months. Corrective action expected implementation: June 30, 2023

The City of Boca Raton Financial Services Department is currently in the process of performing an internal audit of procurement card transactions to ensure cardholders are complying with the City of Boca Raton Purchasing Card Policy and Procedures Manual. The results will be communicated to management, recommendations will be made, and follow-up audits will be conducted to ensure compliance.

The City of Boca Raton appreciates the opportunity to comment on the draft audit report.

Sincerely,

George S. Brown
Deputy City Manager

C:      Leif J. Ahnell, C.P.A., C.G.F.O., City Manager
        Andrew Lukasik, Deputy City Manager
        Linda C. Davidson, C.P.A., C.G.F.O., Financial Services Director
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