

BCC 2024 Procurement Card Analytical Review

Division of Inspector General Gary J. Cooney, Clerk of the Circuit Court & Comptroller Audit Report

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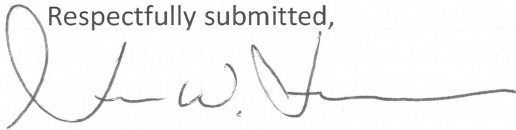
Board of County Commissioners

The Inspector General department has concluded an analysis of BCC Procurement Card transactions covering December 2021 through December 2023.

No issues were identified.

We thank Ron Falanga, Director of the Office of Procurement Services, and his staff for collaborating in identifying and researching PCard transactions that deviated from the norm.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "T. W. Freeman", written over the typed name.

Terri W. Freeman
Inspector General

cc: Gary J. Cooney, Clerk of the Circuit Court & Comptroller
Denise Bell, Chief Deputy Clerk
Jennifer Barker, County Manager
Ron Falanga, Director of Office of Procurement Services

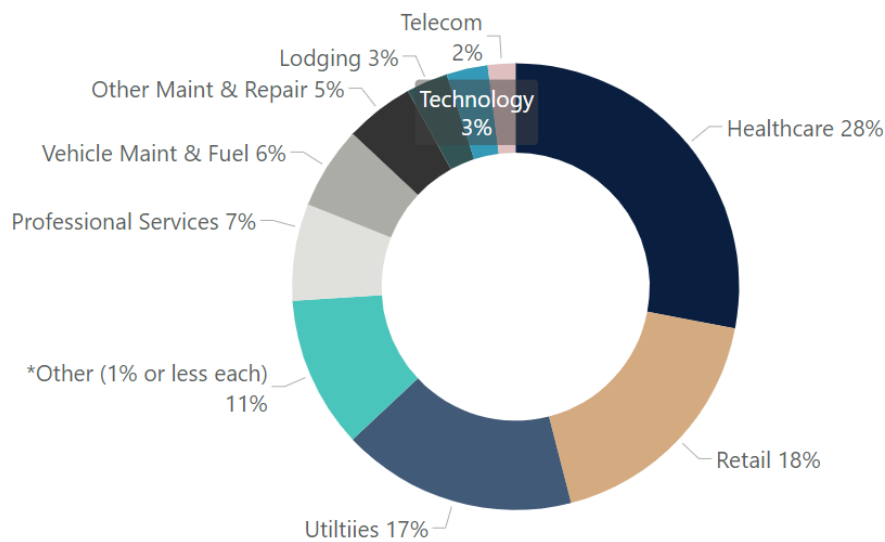
Objective and Scope

The objective of this review was to analyze BCC procurement card (PCard) transactions, which included the development of analytic routines and reports in Microsoft’s Power BI Desktop application. These tools will be used quarterly to detect anomalies or trends, facilitating the identification of areas for process or training improvements and aiding in proactively detecting fraudulent activity.

The graph below contains a breakdown of the transactions by expense type that were included in this analysis. The transactions were processed between December 9, 2021, and December 29, 2023.

Transaction Analysis			
Total Amount	284	29933	272.45
7.68M	Total Accounts	Total Transactions	Average Transaction Amount

Top Expenses by Type



* The Other category includes the following expenses: Airline, Education, Entertainment, Government, Media & Advertising, Lease & Rental, Printing, Restaurants, Warehousing, Freight & Delivery

This graph does not include large purchases to one vendor that would not typically be paid with a PCard but were approved by the County Manager because of the credit card rebate program. Read more about the rebate program in the Background section of this report.

The focus of the review was on the following.

Focal Point	
Employee	Detailed results by employee name, job title, and month. Included are top transactions by month and expense type.
Expense Type	Results by employee and month. Included are top transactions by month and by vendor.
Vendor	Results details and statistics by vendor name. Included are expense type and employee, as well as top users.
Outlier	Expense type statistics and results. The analysis shows the distribution of results and their relationship to policies to identify transactions out of compliance with policies and those out of the norm.
Duplicate Transactions	Transactions for the same amount are sorted by vendor and employee. Such transactions can be repeat payments of an invoice due to error or fraud.
Round Dollar Transactions	Transactions paid in whole amounts are sorted by vendor and employee. The calculations of payment due rarely result in round dollars so such transactions can indicate fraud.
Exceptions	Transactions that may violate at least one policy requirement.
Transaction Changes	Frequent transaction changes can be an indicator of fraud.
Account Changes	Frequent account changes can be an indicator of fraud.
Cardholders Missing from Employee Master	Missing or duplicate employee names can be an indicator of fraud.
Multiple Accounts or Cardholders	Per Policy, one account should be assigned to one employee.

Overall Conclusion

No issues or opportunities for improvement were identified.

Controls implemented by the Procurement department to ensure staff use PCards appropriately are well-designed and function as intended.

Background

Lake County uses Pcards issued by J.P. Morgan Chase to streamline purchases and payments of simple, nonrecurring, low-cost goods and services. Cardholders have direct authority to make authorized business purchases for the Board of County Commissioners. Purchasing Procedure number LC-52 describes proper PCard use, spending limits, reconciliation, and cardholder and supervisor responsibilities.

The County received a \$189,277.08 rebate for using Pcards in Fiscal Year 2023. Beginning in FY 2024, the County enrolled in the J.P. Morgan Chase's Virtual Card Vendor Payment program. Instead of paying invoices with a

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check, vendors who opt-in receive a system-generated virtual credit card to process as payment —similar to going into a store and paying with a credit card. This saves the County from generating and mailing checks and saves the vendor time as payments are immediate and go directly into their bank account. The expenditures through this system will contribute to rebate qualifiers, meaning the FY24 rebate should be much higher than in Fiscal Years 2022 and 2023.