



Internal Audit Department

350 South 5th Street, Suite 302
Minneapolis, MN 55415-1316
(612) 673-2056

Team on the Engagement:

Will Tetsell, Director Internal Audit
Jennifer Nevers, Sr. Internal Auditor

Date: July 23, 2015

To: Mayor Betsy Hodges; City Council Members; Kevin Carpenter, CFO; Gary Warnberg, Director of Procurement

Re: Purchasing Card Pilot Program Consultation Memo

Background

Internal Audit and The City Attorney's Office were engaged by the City of Minneapolis Procurement Division to review the policy and procedures developed during the Purchasing Card (P-Card) Pilot Program. Internal Audit was engaged to provide an opinion on the extent of documentation and adequacy of controls within the program. The P-Card Policy includes a policy statement, roles and responsibilities, and conditions for use. The P-Card Procedures include a program overview, roles and responsibilities, guidelines and purchasing limits, guidelines on obtaining a City P-Card, making purchases with the P-Card and the approval and bookkeeping requirements, and miscellaneous items.

Approach & Scope

Internal Audit reviewed the Policy and Procedures and benchmarked them against other public-sector and not-for-profit organizations, including municipalities, universities and other government institutions. The policy and procedures appeared to be comprehensive in terms of educating users on how to obtain, use, approve evidence and reconcile P-Card activity. It also adequately covered the roles and responsibilities of various City Departments and Divisions in administering the P-Card program. Examples of other P-Card programs were shared with the Procurement Division as examples of their policy and procedures.

Internal Audit did not present an opinion on the requirements necessary to obtain a P-Card, spending limits, or allowable purchases.

Observations

Internal Audit noted an opportunity to communicate the program's control environment to P-Card users. The Procurement Division appears to have a robust process to monitor P-Card purchase activity and book-keeping processes that users are responsible for adhering to. We felt that including the controls and processes that the Procurement team executes would encourage appropriate use as P-Card users would understand that their activity is being sufficiently monitored.

At the time that Internal Audit was engaged and in this discussion, the Procurement Division was reviewing 100% of the P-Card activity. We noted that this may be appropriate in a pilot program where P-Card users are adjusting to the new purchasing process; however, this level of monitoring wouldn't be necessary once the program matures.