

# P-card Audit Follow-Up Analysis

---

## Anchorage School District OMB Memo

TO: Anchorage School Board Policy Committee

THRU: Mark Foster, Anchorage School District, CFO

FROM: Sue Jolin, Anchorage School District, Executive Director, Finance

DATE: **April 24, 2015 (Amended June 2, 2015)**

RE: Review of P-card Processes & Transactions Identified in Internal Audit

### Table of Contents

|   |    |
|---|----|
| Summary .....   | 2  |
| Questionable Purchases.....                                     | 4  |
| District Policy, Procedure, Guidance.....                       | 4  |
| Detailed Analysis.....  | 4  |
| Undocumented Purchases.....                                     | 5  |
| District Policy, Procedure, Guidance.....                       | 5  |
| Detailed Analysis.....  | 5  |
| Purchases Allowable Under Certain Conditions .....              | 8  |
| Gifts, gift cards .....   | 8  |
| District Policy, Procedure, Guidance.....                       | 8  |
| Detailed Analysis.....  | 8  |
| Equipment.....  | 9  |
| District Policy, Procedure, Guidance.....                       | 9  |
| Detailed Analysis.....  | 9  |
| Rentals .....   | 9  |
| District Policy, Procedure, Guidance.....                       | 9  |
| Detailed Analysis.....  | 9  |
| Not Approved Purchases .....                                    | 10 |
| District Policy, Procedure, Guidance.....                       | 10 |
| Detailed Analysis.....  | 10 |
| Purchases Not Always Allocated Within Three Business Days ..... | 12 |
| District Policy, Procedure, Guidance.....                       | 12 |
| Detailed Analysis.....  | 12 |
| Purchase Descriptions Not Always Entered.....                   | 13 |

# P-card Audit Follow-Up Analysis

---

|  |    |
|--|----|
| District Policy, Procedure, Guidance.....              | 13 |
| Detailed Analysis.....                                 | 13 |
| Misleading Purchase Descriptions .....                 | 14 |
| District Policy, Procedure, Guidance.....              | 14 |
| Detailed Analysis.....                                 | 14 |
| Receipts Not Required for All Travel Purchases .....   | 15 |
| District Policy, Procedure, Guidance.....              | 15 |
| Detailed Analysis.....                                 | 15 |
| Mandatory Training Not Provided .....                  | 15 |
| District Policy, Procedure, Guidance.....              | 15 |
| Detailed Analysis.....                                 | 15 |
| No Documented Procedures for Approving Purchases ..... | 17 |
| District Policy, Procedure, Guidance.....              | 17 |
| Detailed Analysis.....                                 | 17 |

## Summary

The P-card procurement system continues to provide significant benefits to the district – including fast efficient ordering and delivery of thousands of items approaching \$10 million in annual transaction volume (or 1.3 percent of the annual district budget) while maintaining effective controls to ensure that the district is receiving good value for its expenditures and that purchases are made in accordance with the competitive procurement policy, procedures and practices of the district.

During the 2012-2013 fiscal year, the district implemented its P-card program in response to a recommendation from a review conducted by the National Institute of Governmental Purchasing, Inc. as a best practice, and also to reduce the number of low dollar-high volume procurements. This program has allowed the district to achieve the following efficiencies, revenues and cost savings:

- During the 1<sup>st</sup> year of implementation the district reduced purchase requests (PRs) for small purchases by 48 percent.
- During the 2<sup>nd</sup> year of implementation the district reduced PRs for small purchases by 36 percent from the previous year.
- Due to the reduction in the volume of PRs, the district has reduced processing costs and increased processing efficiency, while providing direct to school/department delivery in a reduced timeframe.
- Due to the decrease in the number of PRs, and subsequent paperwork, the number of processing errors to deliver the small purchases has been reduced.
- By using the P-card for small purchase transaction, the district now can quickly capture accurate data regarding the expenditures, and increase analysis and control of spend.

## P-card Audit Follow-Up Analysis

---

- With the use of P-cards purchasing is able to focus its limited resources on high complexity, high dollar procurement activities, and dedicate efforts to strategic planning and process implementation.
- For small repetitive, non-complex purchases, the district has reduced the time from purchase to providing payment to vendors, versus the previous practice of processing a PR, which could take 30+ days.
- The district has received \$236,131 in rebates from the P-card program.
- The P-card program has allowed the district to reduce central services administrative staffing levels at a savings of \$731,756 since the inception of the program.

This memo summarizes a review of the transactions identified in the recent P-card Audit as exceptions in order to directly assess the extent to which the internal control system identified and addressed inappropriate, unapproved or prohibited transactions across the procurement cycle [ordering, posting, allocating costs, reconciling, closing].

The Internal Auditor did not conduct detailed test work on all of the items noted as exceptions in the audit report. The finance/accounting staff has reviewed each item listed as an exception in the audit work papers to understand the detailed transactions and associated documentation to determine whether the transactions were in full compliance with policy, procedure or district guidance.

The detailed analysis of individual transactions indicates that:

- \$361.93 of the internal audit's \$29,005.19 of questionable food purchases were outside of district guidance and have subsequently been addressed through reminders to the employees and supervisors and reimbursement of the general fund with funds authorized to support food purchases for staff.
- The purchases that were classified as "not approved" had documentation of one form or another, e.g., late electronic, local paper files maintained and entered electronically during end of year close out – the "not approved" category in the internal audit reflected transactions where documentation was outside of the designated three day electronic approval process.
- \$605 of the \$4,196 in gift card purchases were outside of district guidance; five of the seven transactions in the \$605 were identified and addressed in the district's normal P-card transaction review process and the remaining two have subsequently been addressed.
- Two of the equipment purchases identified by the internal audit were outside of district guidance and were identified and addressed in the district's normal P-card transaction review process.
- One of the two rental payments identified by the internal audit was outside of district guidance and was identified and addressed in the district's normal P-card transaction review process.

The balance of the memo provides a more detailed analysis of the transactions and associated process and controls underlying the internal audit findings.

# P-card Audit Follow-Up Analysis

---

## Questionable Purchases

**Finding No. 1** of the Internal Auditor’s report described what the auditor deemed as questionable (potentially inappropriate) purchases. The audit noted that schools “purchased about \$29,200 in food for staff, meetings, staff trainings, staff breakfasts, staff lunches, staff appreciation, staff holiday celebrations, and beginning of school and year-end meals for staff.”

**District Policy, Procedure, Guidance.** The district allows food to be purchased for students and staff. The General Fund budget manual provides the following guidance: “Meals for adults should be moderate and justified as to operational need”. In addition, the district receives donations as well as funds raised from vending machine sales that are discretionary in nature as well as donations specifying their use towards staff. For example, a PTA or PTSA will donate funds to a school for the purpose of providing staff appreciation or school celebrations. Finally, certain grants allow for food to be purchased for the benefit and use of students.

**Detailed Analysis.** Upon a detailed review of the auditor’s finding, the district found that of the \$8,897,015.24 in P-card transactions, \$29,005.19<sup>1</sup> or 0.33 percent was spent on food for students, staff meetings, staff training, registration events, parent conferences, in-service events where staff worked through their lunch period or could not otherwise leave the facility due to work requirements.

Food purchases that were made for staff appreciation or celebrations used discretionary funds and donor directed funds. The aforementioned purchases were within district guidelines and were for district purposes.

There were 7 transactions totaling \$361.93 that did not fall within the parameters outlined in district policy, procedure and/or guidance. The details for those transactions are listed below:

| Description                   | Vendor                  | Date      | Initial P-card |               |
|-------------------------------|-------------------------|-----------|----------------|---------------|
|                               |                         |           | Training Date  | Amount        |
| Staff donuts                  | Golden Donuts           | 2/5/2014  | 8/15/2012      | \$ 24         |
| Staff donuts                  | Golden Donuts           | 3/31/2014 | 8/15/2012      | 39            |
| Staff appreciation            | Carrs Gottstein Foods   | 5/9/2014  | 8/15/2012      | 38            |
| Cake for staff                | Carrs Gottstein Foods   | 5/15/2014 | 8/15/2012      | 16            |
| Teacher appreciation luncheon | Fred Meyer Stores, Inc. | 5/9/2014  | 8/15/2012      | 21            |
| Teacher appreciation luncheon | Subway of Alaska, Inc.  | 5/9/2014  | 8/15/2012      | 165           |
| Staff appreciation breakfast  | Alaska Bagel, Inc.      | 5/9/2014  | 8/15/2012      | 59            |
|                               |                         |           |                | <u>\$ 362</u> |

---

<sup>1</sup> The district noted that one item for \$200 that the auditor identified as “food”, **was not** food, but was a deposit for a site, which was **also** included in the second part of audit finding No. 1.

## P-card Audit Follow-Up Analysis

---

The school staff involved has been reminded of the district's guidelines surrounding food purchases. The district has requested that the general fund be reimbursed using the schools' discretionary sources which are available for staff food purchases.

Finding No. 1 also noted that \$3,200 in staff gifts were funded by student activity funds. The district has historically allowed schools to place discretionary donations from PTA's and other groups into the Student Activity Fund. In some cases, donations were given to the school or funds raised by the staff to provide for teacher appreciation, recognition, or other staff motivation activity. The district confirmed that all of the funds used from the Student Activity Fund were discretionary or had explicit permission by the donor to use the funds for the purposes that were identified as "questionable" by the auditor.

### Undocumented Purchases

**Finding No. 2** of the audit stated "Documentation for P-card purchases was not always maintained." The auditor indicated that of 255 transactions reviewed 29 transactions totaling \$16,985 were not supported by adequate documentation.

**District Policy, Procedure, Guidance.** The P-card procedures state "The cardholder is responsible for maintaining adequate receipts for P-card purchases. The documentation retained should include sales receipts, packing lists (if applicable) and credit card transaction receipts. Each cardholder has the responsibility to review their transactions for accuracy, allocate each transaction to the correct account, and archive their receipts in accordance with district guidelines." The P-card procedures also state "Expense vouchers are to be completed and submitted in the event that a receipt has been lost or is unavailable from the vendor. Expense vouchers are available from the Forms Library on the District Connection. The cardholder's immediate supervisor must sign the form."

**Detailed Analysis.** Our review of the auditor's data revealed that only 13 of the 255 transactions did not have adequate documentation and five transactions had incomplete documentation. For the 13 remaining items, it was found that 11 of those transactions were made by the same user. It should be noted that this particular user had their P-card revoked at the beginning of the FY13-14 fiscal year (prior to the commencement of the audit) due to numerous violations of procedures. The user with 11 undocumented transactions was never re-authorized to use P-cards.

After reviewing the auditor's 255 transactions, the district determined that 237 of those transactions or 93 percent of the sample size were adequately documented. Upon closer inspection the district determined that the 13 items that had no documentation and the 5 that had incomplete documentation were transactions stemming from two individuals and **were**

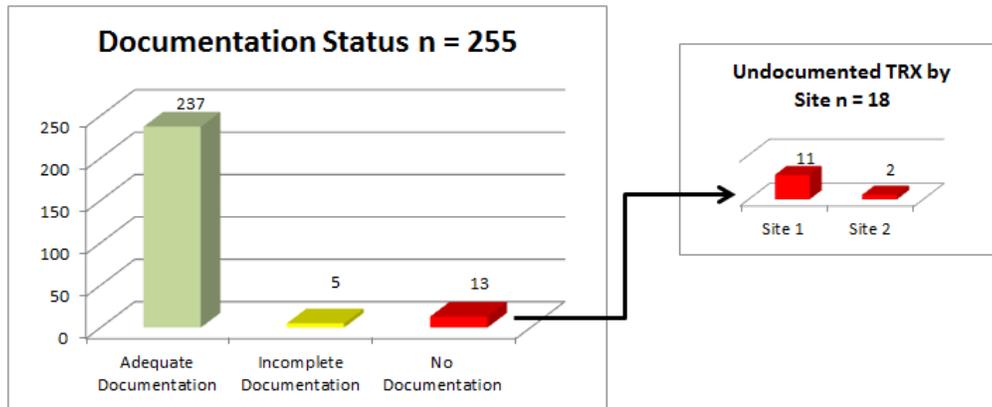
## P-card Audit Follow-Up Analysis

**resolved prior to the findings in this audit.** When adjusting for these items the district is in compliance with regard to the stated procedure for requiring documentation. The data below summarizes the results of the district’s findings.

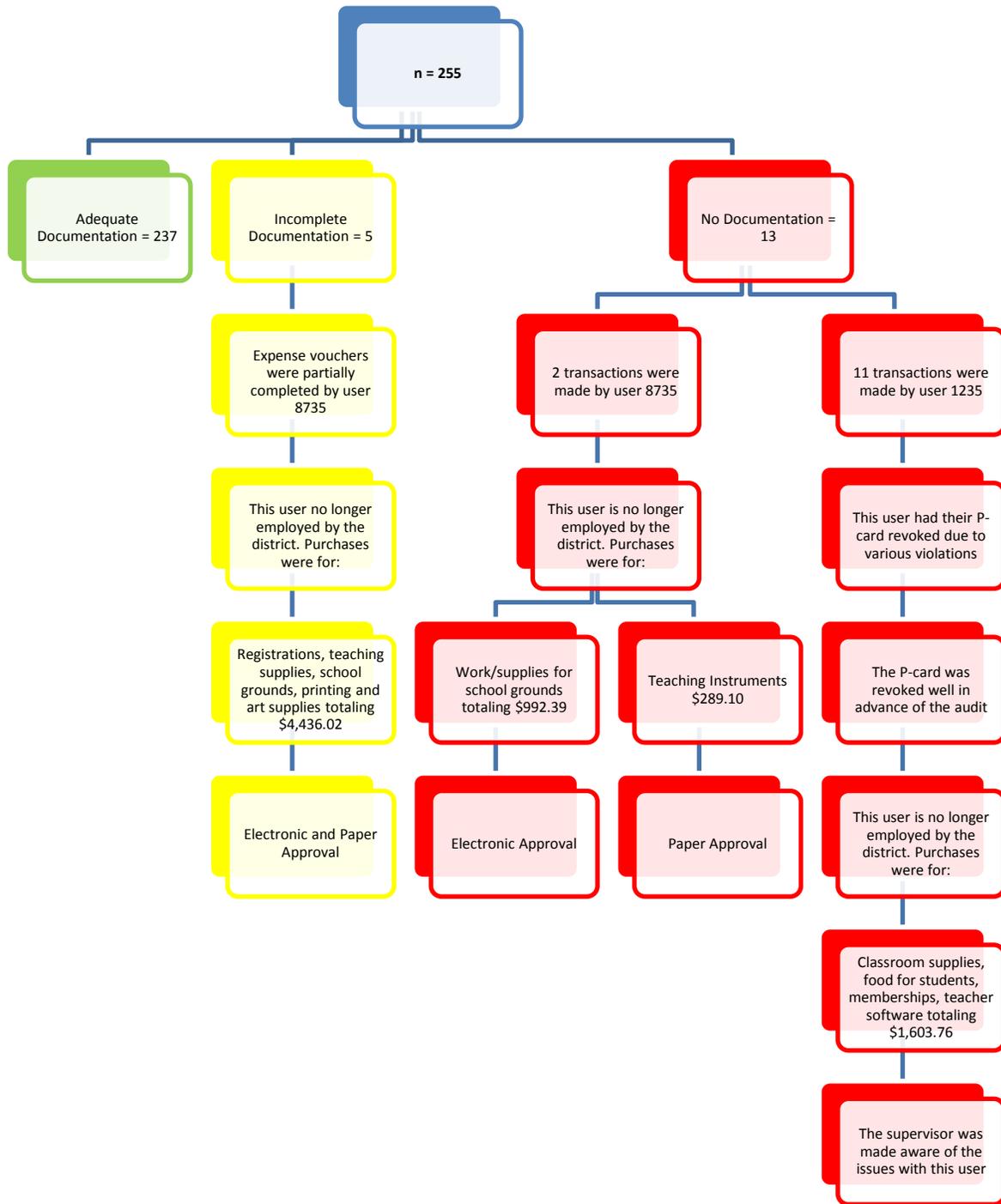
|                          | No. of<br>Transactions | Transaction<br>Amount | % of No.    | % of<br>Amount |
|--------------------------|------------------------|-----------------------|-------------|----------------|
| Adequate Documentation   | 237                    | 165,199.35            | 93%         | 96%            |
| Incomplete Documentation | 5                      | 4,436.10              | 2%          | 3%             |
| <b>No Documentation</b>  | <b>13</b>              | <b>2,885.25</b>       | <b>5%</b>   | <b>2%</b>      |
| <b>Total Sample</b>      | <b>255</b>             | <b>172,520.70</b>     | <b>100%</b> | <b>100%</b>    |

**No Documentation**

|        |           |                 |             |             |
|--------|-----------|-----------------|-------------|-------------|
| Site 1 | 11        | 1,603.76        | 85%         | 56%         |
| Site 2 | 2         | 1,281.49        | 15%         | 44%         |
|        | <b>13</b> | <b>2,885.25</b> | <b>100%</b> | <b>100%</b> |



# P-card Audit Follow-Up Analysis



# P-card Audit Follow-Up Analysis

---

## Purchases Allowable Under Certain Conditions

**Finding No. 3** of the audit indicated that prohibited purchases were made, including “...nearly \$4,200 in *gift cards, equipment* valued over \$500, and *rental* agreements for facilities.”

### Gifts, gift cards

**District Policy, Procedure, Guidance.** The P-card procedures state that gift cards and salary and monetary awards are prohibited. The P-card administrators; who include Accounting and Purchasing staff, are given authority to provide conditional approvals. In addition, certain grants allow for the use of gift cards for **students and families**. Furthermore, the district uses apps for iPads which have been placed in service for instructional purposes—currently the only way the district can purchase the apps for the iPads is by using an i-Tunes gift card. Purchases made pursuant to grant terms as well as for i-Tunes gift cards are reviewed and receive approval from the P-card administrators. In a few instances exceptions were not granted, and in those cases warnings and/or notices were issued.

**Detailed Analysis.** Upon the district’s review of the auditor’s finding it was noted that of the \$4,196 in gift card purchases, \$3,591 were granted exceptions and were previously approved by the P-card administrators.

Of the remaining \$605 (seven transactions in total) that were not granted exceptions, all but two were previously identified by staff during the regular review process and warnings and/or notices were issued to the employees who made the purchases. The schools used discretionary or targeted grant funds to make the purchases; however, the practice is such that gift cards must receive prior approval from the P-card administrators. The P-card procedures have been updated to provide additional clarification on conditional approvals. The details for the transactions that did not receive prior approval are listed below:

| Description                         | Vendor                     | Date       | P-card Training Date | Disposition                               | Funding Source | Amount |
|-------------------------------------|----------------------------|------------|----------------------|---|----------------|--------|
| Gift cards for staff                | Fred Meyer Stores, Inc.    | 8/7/2013   | 8/16/2012            | Notice/warning issued - 9/17/2013         | Discretionary  | \$ 120 |
| Gift cards to support music program | Cars Gottstein Foods       | 12/13/2013 | 11/19/2012           | Notice/warning issued - 2/18/2014         | Discretionary  | 30     |
| Spelling Bee gift cards             | Barnes & Noble Booksellers | 1/13/2014  | No record            | Notice/warning issued - 2/18/2014         | Discretionary  | 35     |
| Gift cards for teaching supplies    | Fred Meyer Stores, Inc.    | 11/14/2013 | No record            | Notice/warning issued - 1/6/2014          | Grants         | 200    |
| Attendance gift cards               | Target Distributing        | 10/23/2013 | No record            | Staff has been reminded of the procedures | Grants         | 75     |
| Volleyball Sr. gifts                | Starbucks                  | 10/28/2013 | 8/15/2012            | Staff has been reminded of the procedures | Discretionary  | 120    |
| Student government gift cards       | Officemax                  | 4/26/2014  | 8/15/2012            | Notice/warning issued - 5/2/2014          | Discretionary  | 25     |
|                                     |                            |            |                      |   |                | \$ 605 |

# P-card Audit Follow-Up Analysis

---

## Equipment

The audit noted that equipment valued over \$500 was purchased, there was no mention of the sample size or the total dollar amount of equipment purchased.

**District Policy, Procedure, Guidance.** The P-card procedures state that equipment is not allowed to be purchased using a P-card.

**Detailed Analysis.** Upon our detailed review of the auditor’s data, the items noted by the auditor as they relate to this finding were three transactions out of the 40,824 P-card transactions, totaling \$2,688.97 (0.03 percent of the dollar value of the population). One of the items was not considered equipment pursuant to the district’s asset and inventory procedures; therefore, it would not have been a prohibited purchase.

The other two items that remain were identified by staff during the regular review process and warnings and/or notices were issued to the employees who made the purchases. The details for the aforementioned items are listed below:

| Description                           | Vendor              | Date       | P-card<br>Training<br>Date | Disposition                        | Funding<br>Source | Amount          |
|---------------------------------------|---------------------|------------|----------------------------|------------------------------------|-------------------|-----------------|
| Macbook pro laptop for ASSDHH teacher | Apple, Inc.         | 11/13/2013 | 9/11/2012                  | Notice/warning issued - 11/15/2013 | Grants            | \$ 999          |
| Laptop for new teacher                | Best Buy Stores, LP | 10/1/2013  | 11/8/2012                  | Notice/warning issued - 10/21/2013 | Grants            | 1,190           |
|                                       |                     |            |                            |                                    |                   | <u>\$ 2,189</u> |

## Rentals

The auditor found two transactions that she identified as rentals totaling \$1,787.50.

**District Policy, Procedure, Guidance.** The P-card procedures state that rentals are not allowed to be purchased using a P-card.

**Detailed Analysis.** Upon our detailed review of the auditor’s data, the district noted that one of the items was a security deposit in the amount of \$200. Purchasing and Accounting has allowed security deposits to be paid on a P-card because the deposit is paid in advance of the rental agreement—the rental agreement itself must be paid using a purchase order. The remaining item (\$1,587.50) was identified by staff during the regular review process and a violation notice was issued to the employee who made the purchase. The details of the transaction are listed below:

## P-card Audit Follow-Up Analysis

---

| Description            | Vendor | Date      | P-card<br>Training<br>Date | Disposition                        | Funding<br>Source | Amount   |
|------------------------|--------|-----------|----------------------------|------------------------------------|-------------------|----------|
| Rental of den for prom | UAA    | 9/13/2013 | 8/15/2012                  | Notice/warning issued - 12/12/2013 | Discretionary     | \$ 1,588 |

### Not Approved Purchases

**Finding No. 4** of the audit indicated that purchases were not always approved. The auditor found 2,436 out of 40,824 transactions and deemed them “not approved”.

**District Policy, Procedure, Guidance.** A district employee that has been issued a P-card, or approved to use a Departmental P-card has been given the delegation of authority by Purchasing, within the guidance of the P-card Cardholders Procedures, to execute an open market purchase as provided by Anchorage School Board Policy 725.3.5.1. The district allows approvals to be made using pre-authorizations forms as well as allows other paper or documented approvals.

**Detailed Analysis.** In the audit, the auditor was verifying if purchases had received (electronic) approval in U.S. Bank **and not** if the transaction received **written approvals** or other documented authorizations. Clarification should be made as to the type of approval that was referenced in the audit. It should be noted that these purchases were approved; however, they were not always “electronically” approved within the time frame designated appropriate within existing procedures.

Moreover, the auditor noted that “some of these were recent P-card purchases...” The auditor reviewed transactions as of a snapshot in time, which were transactions from July 1, 2013 and ending June 30, 2014. This means when she reviewed the snapshot for this time period, the supervisor had not **yet** approved the transactions that occurred near the end of that time period—as these approvals came subsequent to June 30, 2014. For example, a P-card purchase was made with a transaction date of 6/10/2014; the supervisor didn’t *electronically* approve the transaction until 7/20/2014 [while a paper trail confirming pre-approval may have been present]. We found 60 transactions that were affected by this timing issue.

The following is a summary of the 2,436 items and the disposition of their approval status, and whether the transactions received documented approval or subsequent electronic approval.

## P-card Audit Follow-Up Analysis

---

|                                      | No. of<br>Transactions | Transaction<br>Amount | % of No. | % of<br>Amount |
|--------------------------------------|------------------------|-----------------------|----------|----------------|
| Electronic approval through 6/30/14  | 38,388                 | \$ 8,390,929          | 94.03%   | 94.32%         |
| Written or other documented approval | 2,376                  | 497,917               | 5.82%    | 5.60%          |
| Subsequent electronic approval       | 60                     | 7,860                 | 0.15%    | 0.09%          |
| Total Sample                         | 40,824                 | \$ 8,896,705          | 100.00%  | 100%           |

2,436 {

The district is looking at building a workflow process in our existing Finance software that will allow users to allocate and approve in IFAS rather than using U.S. bank. This will eliminate the need for users to access multiple systems and increase the number of electronic approvals, by shifting the paper approvals to an electronic workflow.

# P-card Audit Follow-Up Analysis

---

## Purchases Not Always Allocated Within Three Business Days

**Finding No. 5** of the audit indicated that the delays in allocating charges ranged from 4 to 86 days. The auditor tested 255 transactions and found 192 or 75 percent of the population to be outside of the timeframe indicated in the procedures.

**District Policy, Procedure, Guidance.** P-card procedures state that “Cardholders are required to allocate their transactions to the appropriate account code within three business days of the transaction date.”

**Detailed Analysis.** The district noted that this short timeframe outlined in the procedures is not necessarily realistic as it does not take into consideration that many vendors do not post transactions until the ship date; therefore these transactions are not available for allocation until the U.S. Bank posting date. Ship dates can range anywhere from one day to several months beyond the original transaction date, especially if an item is on backorder. The following is a summary of the allocation dates ranges and number of transactions within those ranges (dispersion of the sample):

| Days         | No. of Transactions | Transaction Amount | % of No. | % of Amount |
|--------------|---------------------|--------------------|----------|-------------|
| 0-3          | 60                  | \$ 41,341.67       | 23.53%   | 23.03%      |
| 4-7          | 98                  | 80,012.45          | 38.43%   | 44.57%      |
| 8-14         | 48                  | 38,884.47          | 18.82%   | 21.66%      |
| 15-21        | 19                  | 9,222.45           | 7.45%    | 5.14%       |
| 22-27        | 16                  | 5,523.78           | 6.27%    | 3.08%       |
| >28          | 14                  | 4,524.00           | 5.49%    | 2.52%       |
| Total Sample | 255                 | \$ 179,508.82      | 100.00%  | 100%        |

The district has revised the procedure to require allocation based on the U.S. Bank posting date and not the transaction date.

# P-card Audit Follow-Up Analysis

---

## Purchase Descriptions Not Always Entered

**Finding No. 6** of the audit found 12 out of the 40,824 P-card transactions, or 0.03 percent the population P-card transactions did not have descriptions entered in U.S. Bank.

**District Policy, Procedure, Guidance.** P-card procedures state that when allocating transactions, users must “enter a brief description of the purchase. This description should provide additional information to what already appears on the transaction. The additional information should provide details to assist the approver in their review.

**Detailed Analysis.** Upon the district’s detailed review of the twelve transactions, we noted four were from the same user who had their P-card revoked (see response to finding No. 4) this issue along with others was a consideration in the revocation of that user’s card. Cardholders who did not enter descriptions were contacted at the time that the transactions were discovered as not having descriptions entered and were reminded of the requirements outlined in the P-card procedures. **The findings noted by the auditor had already been identified and addressed by the district prior to the audit.**

It should also be noted that once a user submits a first level approval in U.S. Bank (there are two levels), they cannot go back and edit the data. If a user forgets to input a description after submitting first level approval, they will often contact Accounts Payable staff, who will update the IFAS data to reflect the item description that was provided by the user. Additionally, during the course of their daily review of P-card transactions, Accounts Payable staff will note any items that do not have descriptions and will contact the user to obtain additional information (as noted in the auditor’s report).

# P-card Audit Follow-Up Analysis

---

## Misleading Purchase Descriptions

**Finding No. 7** of the audit noted that the descriptions didn't adequately define the purchased and referenced items as a type of "supply" and thus could be misleading. The audit indicated that \$630 was spent on "Staff Support Mid Winter", \$1,575 on two sheds described as "teacher supplies", \$27.95 for basketballs deemed "art supplies", \$164 for "Chinese Grant Supplies" and \$309 for purchases at Little Caesars and Papa Johns for "program supplies".

**District Policy, Procedure, Guidance.** The P-card procedures state that users must "enter a brief description of the purchase. This description should provide additional information to what already appears on the transaction. The additional information should provide details to assist the approver in their review.

**Detailed Analysis.** While the district does not dispute the descriptions did not adequately describe the activity or nature of the purchase, it should be noted that the State of Alaska Chart of Accounts indicates that **teaching supplies** include any "Expenditures for instructional supplies for all grades and instructional departments including physical education..." In addition, the State Chart of Accounts states that "Food purchased for instructional purposes" are to be included as "Teaching Supplies". When reporting to the state the district is required to report these items as supplies; however, for district internal reporting purposes we ask for a higher degree of identification of the items purchased.

Additional clarification for the items that were purchased is described below:

"Mid Winter Staff Support" is an annual event for students at one of the district's alternative schools, where students practice social and communication skills. The staff is there to provide student support and monitor the students throughout the event. Staff and students are both provided meals.

The two sheds were purchased by a charter school (the sheds are located at the charter school facility). The purchase is recognized as a supply according to district asset and inventory procedures and the State of Alaska Chart of Accounts.

The basketballs were purchased by a charter school and should have been described as P.E. supplies, basketballs or some other relevant descriptor. The supervisor is aware of the error.

The food purchases that were identified as "Chinese Grant Supplies" and "program supplies" were made with grant funds. The "Chinese Grant Supplies" was a dinner for visitors who came to evaluate the grant program, this had been previously allowed under the grant; although no longer permitted, the grantor is aware of the expenditure and is not requiring the district to

## P-card Audit Follow-Up Analysis

---

reimburse the grant funds. The Little Caesars pizza purchases were provided for students in their participation of an all-day Lego Robotics tournament and allowable under the grant. The Papa John's pizza was also for student use and allowable under the grant program. The purchases are recognized as supplies according to the State of Alaska Chart of Accounts.

### Receipts Not Required for All Travel Purchases

**Finding No. 8** of the audit noted that "Procedures do not require receipts for P-card purchases made during travel activities when per diem allowances are granted." The auditor further recommended that the district "...should require receipts for all P-card purchases or consider discontinuing the use of P-cards for items purchased using per diem allowances."

**District Policy, Procedure, Guidance.** The district historically has not required receipts for per diem expenditures.

**Detailed Analysis.** As noted in the audit response, the district is updating the P-card and travel procedures to adopt the State of Alaska's AAM 60.220 provision regarding expenses and will require receipts for per diem when expenses exceed \$25.00. The district believes that the state's threshold is widely used in Alaska and is appropriate for the district.

### Mandatory Training Not Provided

**Finding No. 9** of the audit noted that mandatory P-card training has not been provided.

**District Policy, Procedure, Guidance.** For the past couple of years, the district has employed a decentralized training program in order to allow staff to remain at their site to minimize instructional and operational disruption.

**Detailed Analysis.** Initially, users received group face to face training during the implementation of the P-card program. Annual updates on P-card procedures were then presented at the clerical advance roundtables, quarterly updates are provided in newsletters from Business Management, user directed training on P-cards can also be accessed via ASD Tube videos, and users can also receive one-on-one training on an as needed basis. Before employees are given a P-card they are directed to review the P-card procedures and review the ASD tube videos. The training videos do not tell the user how to use the P-card; that information is provided in the manual (the videos focus on the use of the U.S. Bank site including, allocation, approval, etc.). The P-card administrator sends an e-mail to the employee that states:

## P-card Audit Follow-Up Analysis

---

*"Your P-card has been ordered. It generally takes 3 business days to receive the card. All cards require training so you will need to read the Cardholder Procedures manual available on the Forms & Publications Library and watch the US Bank videos available on ASD Tube before your card will be released. You will be required to sign and submit the Cardholder Agreement form (available on the Forms & Publications library) when you pick up your card.*

*When you pick up the card, I will review some of the program highlights and answer any questions you may have about the program or the US Bank website. I will send an email letting you know your card has arrived."*

All travel must receive pre-authorizations. Once travel has been completed, the supervisor approves the final travel expense report, the report is then reconciled and all allocations are made in U.S. Bank by Accounts Payable staff; therefore, the allocation and approval components (U.S. Bank site) of the P-card procedures do not apply to travel P-card users. The following is the e-mail that is sent to employees who receive a travel P-card:

*"Your travel P-card is ready for pick-up in the Accounting Department Room 111, at the Education Center. Cards are available from 8:00 am to 5:00 pm Monday-Friday at the front counter. Please bring your picture ID. (The P-card has a \$2,500.00 transaction limit and a \$5,000.00 total limit).*

*All card holders are required to read the attached Cardholder Procedures Manual. You will be required to sign and submit the attached Cardholder Agreement form when you pick up your P-card. The P-card should be returned to Accounting when travel is complete.*

*The guidelines listed below are important information that must be followed when submitting your final Travel Expense Report.*

*Your Travel Expense Report must be completed within 30 days after completing your travel. The form is available on the District's Intranet.*

*All boarding passes are to be submitted with your expense report. Original receipts are required for all reimbursable expenses, copies will not be accepted.*

*Reimbursable expenses that require a receipt or detailed invoice include but are not limited to:*

***Airline boarding Passes***  
***Accommodations***  
***Car rental (Car rental must be pre-approved)***  
***Parking fees***  
***Taxi fares***  
***Shuttle fees***  
***Baggage fees***

## P-card Audit Follow-Up Analysis

---

*Please DO NOT submit payment with your expense report. You will be notified if there is a balance due. If you have any questions please feel free to call for assistance."*

The district will update our delivery method to provide for more group oriented and instructor led trainings, we will still continue to use training videos as well as expect users to read training materials and other procedural updates that are provided through e-mails, newsletters, memos, etc.

### No Documented Procedures for Approving Purchases

**Finding No. 10** of the audit indicated that "P-card procedures do not include supervisory responsibilities regarding the approval of P-card transactions. Some of the audit findings...such as allocating charges and providing transaction descriptions, could have been addressed by supervisors if they had been told what to look for in the P-card procedures."

**District Policy, Procedure, Guidance.** The district addressed supervisor responsibility for P-card purchases initially during the implementation, and subsequently through e-mails, video training, and newsletters.

**Detailed Analysis.** The documented P-card procedures were written as "cardholder" procedures and not as supervisory procedures. Information regarding approver responsibilities was disseminated to supervisors during the implementation training as well as through e-mails, newsletters and video training. Additionally, when approvers (supervisors) are setup in U.S. Bank they receive an e-mail that states:

*"You have been set up as an approver on the US Bank website to approve P-card transactions for cardholders in your Department. The information below will be needed when you login for the first time. It takes overnight for the change to be effective.*

*There is an instructional video available on ASDTube that will walk you through the approval process. You will receive a weekly email notification from accessonline only when there are transactions to approve...Call if you have questions."*

It should be noted that the issue with regard to allocation as mentioned above in the audit finding will be mitigated based on the district updating the procedures to reflect the bank posting date vs. the transaction date (see response to finding No. 5). In addition, the issue noted by the auditor with regard to "missing descriptions" was resolved prior to this audit (see response to finding No. 6).

## P-card Audit Follow-Up Analysis

---

In our effort to provide a consistent place for users to obtain information, the district will update our P-card procedures to centralize the documentation for approver responsibilities procedures.