

Higher Education Procurement Card Performance Audit for Fiscal Year 2018

What Was Performed? A performance audit of Higher Education Procurement Card.

Why This Engagement? We received a hotline complaint related to Procurement Card (Pcard) use for purchases and travel at State Higher Education institutions. We conducted a performance audit to evaluate the effectiveness of internal controls over purchasing card transactions.

What Was Found:

Internal Control Analysis and Testing	Delaware Technical Community College	Delaware State University	University of Delaware
Creation of new cardholder accounts and issuance of new Pcards	No exceptions were noted	Cardholder training is not being documented or tracked	Declined*
Termination of cardholder accounts and return of Pcards	No exceptions were noted	A transaction posted 16 days after PCard holder's termination date	Declined*
Tracking and review of cardholder accounts, and Pcard transaction procedures from the purchase of goods and services through the monthly Pcard account reconciliations	No exceptions were noted	Expenses totaling \$462,354 were not recorded in the General Ledger due to cardholders not submitting expense reports. To reconcile this item, the entry was posted to an unrelated asset account. Expense reports were not filed timely for 33% of items tested. No evidence the University conducts periodic reviews of unreconciled transactions. DSU has not recently completed an internal audit of PCard activity	Declined*
Dispute resolution and fraudulent transaction resolution	No exceptions were noted	No exceptions were noted	Declined*
Transaction Testing	Delaware Technical Community College	Delaware State University	University of Delaware
Review of Support Documentation	No exceptions were noted	32% of sampled items included purchase of a "non-allowable purchase", as defined by their policy. No source documents were available for 20% of items tested. No evidence of required preapproval for items over \$500. 120 gift cards were purchased without documentation of how the cards were accounted for or distributed. Pcard records were not maintained for three years as required by DSU	Declined*
Comparison of employee personnel records to employee cardholder activity listing	No exceptions were noted	Two PCard holders were not full-time employees	Declined*
Recommendations	Delaware Technical Community College	Delaware State University	University of Delaware
	None	10 recommendations were issued, see below	Declined*

Declined* The University declined to participate in our audit.

Recommendations:

- Document the initial and annual training of Pcard policy and usage
- Update the offboarding checklists of terminated employees to include Pcard deactivation by the Pcard Administrator
- Enter all Pcard purchases into General Ledger monthly & hold employees accountable for submitting Pcard receipts
- Enforce Pcard policy requiring prompt reconciliation of expense reports
- Conduct and document an Internal Audit of the DSU Pcard processes
- Perform a policy review of restricted Merchant Category Codes (MCC) to coincide with department needs
- Clarify the \$500 spending limit policy
- Implement system to secure, document and track gift cards purchased by DSU
- Coordinate DSU's Centresuite system to the Retention Policy guidelines
- Pcard verification by Pcard Administrator's to ensure full time employment status

The Higher Education Procurement Card Performance Audit for Delaware State University for Fiscal Year 2018 can be found on our website: [click here](#).

Please do not reply to this email. For any questions regarding the attached report, please contact Kathy McGuinness, State Auditor, at 302-739-5055 or Kathleen.Mcguinness@delaware.gov

