City of Ocala

OFFICE OF THE INTERNAL CITY AUDITOR
P.O. BOX 1270
OCALA, FLORIDA 34478-1270
(352) 629-8580

To: The Honorable Suzy Heinbockel, President of the Council
The Honorable Mary Sue Rich, President Pro Tem
The Honorable Daniel Owen
The Honorable John McLeod
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: February 1, 2012

Re: External Audit Assistance – Procurement Cards

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2011. We have completed procedures for Procurement Cards. The objective was to ensure procurement cards were used appropriately for valid city business, transactions are appropriately recorded in the financial records, and to review the controls over the procurement card process. City Council adopted the City's Procurement Card Policy on August 16, 2011. Procurement card transactions totaled over $2.5 million for FY 2011.

We selected 40 transactions for testing and examined documentation authorizing the card holder, the card limits, the validity of the transaction, approval of the transaction, and recording of the transaction in the City's general ledger. The City uses the SunTrust Enterprise Spend Platform (ESP) to review, code, and approve transactions.

Based upon our procedures, we conclude that procurement card transactions are used appropriately for valid city business. Administration of the procurement card program has been transferred to the City's Finance Department on February 1, 2012. Management is currently reviewing ESP system setup and procurement card procedures to assure compliance with the recently adopted policy. Additional ESP features are being assessed for implementation that could further streamline the procurement card process and strengthen controls set forth in the policy.

We appreciate the assistance of all personnel involved in the procurement card process, especially Vicki Arnold, former Procurement Card Administrator; Johanna Agin, Financial Services; and Tiffany Kimball, Contract Manager. We look forward to working closely with Finance over the next several months as enhancements to the procurement card process occur and quarterly audit review is implemented.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

Jeanne Covington

Jeanne Covington, Internal Auditor

c: John Lege, Chief Financial Officer
Cindy Kelley, Deputy Director, Budget and Finance
Mary Ann Davis, Controller
Tiffany Kimball, Contracts Manager