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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 Jay Musleh
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: November 5, 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, 2012. We have completed procedures for Procurement Cards. The objectives were to ensure procurement cards are used appropriately for valid business purposes, transactions are appropriately recorded in the financial records, and to review the controls over the procurement card process. Procurement card transactions totaled $2.56 million for FY 2012.

We selected 40 transactions for testing and examined documentation authorizing the cardholder, 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. Monthly, transactions are recorded in the EDEN Financial System.

Based upon our procedures, we conclude that procurement card transactions are used appropriately for valid city business. Administration of the procurement card program was transferred to the City's Finance Department on February 1, 2012. Management is currently reviewing opportunities for daily transaction posting between ESP and EDEN. This will provide departmental management with timely access to expense reports and further strengthen controls set forth in the August 2011 policy adopted by Council.

We appreciate the assistance of all personnel involved in the procurement card process, especially Susan Martins, Purchasing Technician and Procurement Card Administrator and Tiffany Kimball, Contract Administrator. We look forward to working closely with Finance over the next several months as process enhancements occur and we continue quarterly audit review of procurement cards.

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.

S. KaRhonda Leslie

S. KaRhonda Leslie, Audit Specialist

Jeanne Covington

Jeanne Covington, Internal City Auditor

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