



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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## 22-03 City of Colorado Springs Procurement Card Monitoring - 2021

January 2022

### **Purpose**

The purpose of this audit was to review compliance with City Procurement Card (p-card) policies and procedures on an ongoing basis during 2021.

### **Highlights**

Based on our review, we conclude that cardholders generally complied with City Procurement Card (p-card) policies and procedures. However we found one recommendation to strengthen controls as detailed on page two. Incidents of non-compliance were not considered significant. These included nominal amounts of sales tax on tax-exempt purchases, isolated instances in which supporting documents were not included, and lack of timely or proper approvals. Procurement p-card administrators and cardholder's management were notified of all exceptions identified.

During 2021, we performed p-card transaction reviews for every cost center and department of the City of Colorado Springs. We tested for compliance with procedures that required all statements to be properly supported and approved by the cardholder, as well as, the appropriate manager. We also verified that transactions were allowable purchases under City policy.

Per the p-card policy, the goal of the program is to improve efficiency of high volume, low dollar purchases, while reducing transaction costs along with maintaining integrity and control of the purchasing process. P-card policy also notes that record keeping is essential to ensure the success of the program.

In 2021, 31,092 transactions were processed with a total spend of \$10,250,101 and the City received a p-card vendor rebate of \$197,616. In 2020, 27,697 transactions were processed, which totaled \$8,501,104. In 2021, the average purchase amount was \$329.67 and in 2020, it was \$306.93.

City Finance reviews the Office of the City Auditor p-card transactions. No exceptions were noted.

We appreciate the cooperation of City personnel during this review.

### **Management Response**

Management was in agreement with our recommendations.

### **Recommendation**

Procurement department and the Office of City Auditor should work together on a process to follow-up on reports to management.

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### **Observation 1**

A formal follow up process was not in place to ensure exceptions identified in transaction reviews were corrected.

The Office of City Auditor reported all policy exceptions found in p-card transaction testing to departmental management, as well as the p-card administrators. However, there was no formal process in place for corrective action follow up.

The p-card program was administered by the Procurement department. The Office of City Auditor performed annual transaction compliance reviews that include all City departments and cost centers.

Without appropriate transaction exception follow up, errors and policy violations could continue or escalate.

### **Management Response**

Office of City Auditor response: We agree and will work with the Procurement department p-card administration staff to develop a formal process for appropriate follow up on transaction review exceptions. We anticipate the process will be in place by March 2022.

Procurement response: We concur with OCA's response and will work with them to meet the March 2022 target.

### **Recommendation**

Procurement p-card administration and the Office of City Auditor should work together on a process to define responsibilities for follow up on issues noted in p-card transaction testing.