



Office of Inspector General
Internal Audit

Report No. AHCA-2122-05-A

December 2022

PCard Program Transaction Audit

EXECUTIVE SUMMARY

In accordance with the Agency for Health Care Administration (Agency or AHCA) Office of Inspector General's (OIG) Fiscal Year (FY) 2021-2022 Annual Audit Plan, we conducted an audit of the Agency's Purchasing Card (PCard) transactions managed by Bureau of Financial Services. This audit was completed in conjunction to Project AHCA-2122-01 PCard Program Administration.

The audit disclosed that Agency PCards are generally being used in compliance with Chapter 287, F.S., Chapter 60A-1.002, F.A.C., and Agency PCard training with some exception. We noted some inconsistencies in oversight of purchasing from third-party vendors. The Findings and Recommendations section provides details of the results of the audit.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this audit were:

- Determine whether Agency PCard transactions comply with Chapter 287, F.S.; and
- Evaluate the effectiveness of internal controls for PCard transactions.

Scope of the engagement included a review of Agency PCard transactions for the period of July 1, 2021, through May 31, 2022.

To achieve our objectives, we reviewed the governing laws, rules, statewide policies, and Agency policies and procedures and reviewed transaction documentation for PCard transactions stored in the PCard Works system.

BACKGROUND

The State of Florida Purchasing Card (PCard) is a restricted use, non-revolving credit card issued to state agency employees for official business use only. The PCard program is a collaborative effort among agencies to streamline the purchasing process for small dollar transactions. The PCard is a method of payment, and not a form of procurement. Therefore, all Department of Management Services (DMS) purchasing rules and policies must be adhered to.

The Agency adopted the Department of Financial Services' (DFS) DMS contracted PCard Works system with Bank of America (BOA). This contract allows the PCard program to be administered through a web-based application, called Works. Card maintenance and transaction processing are performed in Works.

After BOA issues the payment to the vendor, that PCard transaction is transmitted to Works. The Agency approvers review the transaction to ensure PCard purchases follow purchasing guidelines and are properly documented.

There are two primary uses for PCard use at the Agency:

- "Travel Purchasing: Purchasing Cards can be used for reimbursable travel expenses such as airline tickets, travel agents, car rental, hotels and taxis."

- **Commodities Purchasing:** Used like any other card initially, with employees able to place an order in person, internet, or phone. Because the state pays the transaction directly, the cardholder does not have to pay the bill and seek reimbursement from the Agency.

Chapter 287, F.S and Chapter 60A-1.002, F.A.C. outlines State of Florida requirements for the purchase of commodities or contractual services. PCard Program Training is the training material provided to PCard holders, approvers with requirements for participating in PCard program. It also lays out allowable and disallowable expenses for the Agency.

During the period July 1, 2021 through May 31, 2022, there were 242 cardholders of which, 108 were active, accounting for 2,375 transactions totaling \$206,938.24. The transactions were as follows:

Number of Cardholders, Transactions and Amount by Division
July 1, 2021 through May 31, 2022

Division/Office	Active Pcards	Transactions	Amount
Administrative Management Team	2	76	\$11,377.66
Chief of Staff	1	14	\$5,676.11
Deputy Secretary Office	2	47	\$8,263.14
Field Operations	31	797	\$96,462.92
Florida Center	5	44	\$9,601.14
General Counsel	5	0	\$0.00
Information Technology	1	9	\$2,136.51
Medicaid Bureau of Plan Management	4	35	\$5,965.21
Medicaid Bureau of Recipient Provider Assistance	27	1108	\$37,545.60
Medicaid Enrollment Broker	3	71	\$2,760.25
Medicaid Fiscal Agent Operations	2	9	\$3,474.34
Medicaid Policy	8	41	\$9,643.19
Medicaid Program Integrity	7	39	\$3,280.74
Medicaid Quality	5	30	\$2,661.29
Office of Inspector General	1	2	\$800.75
Office of Plans and Construction	1	22	\$2,762.88
Office of the Secretary	1	22	\$3,599.21
Operations	2	9	\$927.30
Totals	108	2375	\$206,938.24

Sourced from [02.01.07]

FINDINGS AND RECOMMENDATIONS

We selected and reviewed a sample of 213 transactions (9%) from 68 PCard accounts for compliance with Chapter 287, F.S and Chapter 60A-1.002, F.A.C. as well as the Agency’s PCard Program Training. The selected samples were as follows:

Test Sample Selection by Division

Division/ Office	Cardholder	Transactions Reviewed	Amount Reviewed
Administrative Management Team	2	7	\$1,781.19
Bureau of Field Operations	21	74	\$9,322.88
Bureau of Medicaid Policy	5	10	\$4,189.96
Bureau of Medicaid Quality	3	4	\$242.95
Bureau of Plan Management	2	6	\$639.42
Chief of Staff	1	4	\$4,195.53
Deputy Secretary Office	2	8	\$2,294.53
Florida Center	2	7	\$2,610.18
Information Technology	1	9	\$2,136.51
Medicaid Bureau of Recipient Provider Assistance	19	57	\$2,516.75
Medicaid Enrollment Broker	3	6	\$219.68
Medicaid Fiscal Agent Operations	1	4	\$3,249.89
Medicaid Program Integrity	2	3	\$387.56
Office of Plans and Construction	1	3	\$520.67
Office of the Secretary	2	5	\$2,440.94
Operations	1	6	\$708.00
Total	68	213	\$37,456.64

Sourced from [02.01.15]

Based on our review, the Agency PCards are generally being used in compliance with, Chapter 287, F.S., Chapter 60A-1.002, F.A.C., and Agency PCard Program training with some documentation exception. We noted inconsistencies in supporting documentation involving purchasing from third-party vendors.

Management Comment - Third-Party Vendors

The Agency’s PCard Program Training outlines allowable and disallowable transaction, showing payments to third-party vendors as “disallowable.”

Allowable	Disallowable
<p>Travel purchases:</p> <ul style="list-style-type: none"> ○ Airline tickets, baggage fees ○ Hotels, see AA Memo No. 03, 2020-2021 ○ Car rentals ○ Taxi cabs ○ Parking garages ○ Fuel purchases for rental vehicles, see Reference Guide For State Expenditures. 	<p>Types of purchases:</p> <ul style="list-style-type: none"> ○ Cash Advances ○ Food ○ Entertainment ○ Employee moving expenses ○ Third party payments (PayPal, hotels.com, Expedia) ○ Non-business or personal items ○ Memberships or membership dues see Reference Guide For State Expenditures ○ Convenience fees/Surcharged Transactions, see Reference Guide For State Expenditures ○ Trip cancellations for personal preference.

Sourced from [01.11.11]

It was noted DFS does not disallow use of 3rd party vendors. The State of Florida Purchasing Guide states “Accountholders may need to purchase from third- party vendors, such as Amazon Marketplace, eBay, and travel related websites, as well as merchants who use third-party card processing systems, such as Square. The use of third-party vendors is discouraged, to avoid issues with additional charges (taxes and administrative fees) and other billing issues (credits and cancellations). Agencies may choose to further restrict the use of these types of vendors.”

Of the 213 PCard transactions reviewed, we identified five transactions paid out to third party vendors. Two were paid out to Amazon, while the remainder were Uber fees paid through Square. The transactions paid to Amazon included documentation showing staff verified that it was an Amazon storefront for the vendor and the only method of purchasing the items needed; documenting the justification for using a third-party vendor. However, the payments made to Square did not provide supporting documentation explaining the use of a third-party vendor. The PCard administrator explained that Uber was the only mode of transportation available, and an exception was made.

Recommendation

We recommend internal policies be updated to reflect the use of third-party vendors is discouraged, but exceptions can be made when necessary. Guidance should explain circumstances allowing for use of a third-party vendor and documentation requirements when utilizing a third-party vendor to ensure appropriate purchasing requirements are followed.

ACKNOWLEDGEMENT

The Office of Inspector General Internal Audit staff would like to thank management and staff of the Agency's Division of Administration, Bureau of Financial Services for their assistance and cooperation extended to our Office during this engagement.

PROJECT TEAM

Melissa Melendez del Rosario, CCIA, Internal Auditor conducted the audit under the supervision of Jeanie Walker, CIGA, Senior Management Analyst Supervisor, and Karen Preacher, CIA, CFE, CIGA, Audit Director.

The Agency for Health Care Administration's mission is
Better Health Care for All Floridians.

The Inspector General's Office conducts audits and reviews of Agency programs to assist the Secretary and other agency management in fulfilling this mission.

This engagement was conducted pursuant to Section 20.055, Florida Statutes, and in accordance with the *International Standards for the Professional Practice of Internal Auditing* as established by the Institute of Internal Auditors. Please address inquiries regarding this report to the AHCA Audit Director at (850) 412-3990.

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Agency for Health Care Administration
Office of Inspector General – Internal Audit
Report Title: PCard Transaction Audit
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No.	Management Comment	Recommendations	Management Responses	Anticipated Completion Date and Contacts
1.	<p>The Agency’s PCard Program Training outlines allowable and disallowable transaction, showing payments to third-party vendors as “disallowable.” We identified five transactions paid out to third party vendors. PCard user training does not reflect that exceptions can be made for use of a third-party vendor.</p>	<p>We recommend internal policies be updated to reflect the use of third-party vendors is discouraged, but exceptions can be made when necessary. Guidance should explain circumstances allowing for use of a third-party vendor and documentation requirements when utilizing a third-party vendor to ensure appropriate purchasing requirements are followed.</p>	<p>The Policy & Systems Section within the Bureau of Financial Services will update the PCard Plan to clarify that payments to third-party vendors are allowable as long as documentation to support the use of the vendors is provided. In addition, the on-line training material will be updated to include the changes for the third-party vendors so all PCard users are aware of the allowable transactions.</p>	<p>Anticipated Completion Date: December 29, 2022</p> <p>Gale Smith-Johnson, Finance & Accounting Director III</p> <p>Tonya Gant, Accountant IV (PCard Administrator)</p> <p>Sonya Smith, Chief of Financial Services</p>