



# Department of Public Safety

## Payment Card Audit

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**Audit Period: July 2011 through December 2011**



## Executive Summary

### Background

ORC §126.21(B): “In addition to the [Office of Budget and Management] director’s duties under division (A) of this section, the director may establish and administer one or more state payment card programs that permit or require state agencies to use a payment card to purchase equipment, materials, supplies, or services in accordance with guidelines issued by the director. The chief administrative officer of a state agency that uses a payment card for such purposes shall ensure that purchases made with the card are made in accordance with the guidelines issued by the director and do not exceed the unexpended, unencumbered, unobligated balance in the appropriation to be charged for the purchase. State agencies may participate in only those state payment card programs that the director establishes pursuant to this section.”

The State of Ohio’s Payment Card Program is designed to empower state employees to make purchases for goods and services below a specified dollar limit. The program allows employees to acquire goods and certain services as they are needed for operations without undue delay. It is designed primarily for the purchase of tangible materials, equipment, supplies and approved services that cost less than \$2,500. Use of the card is meant to simplify and streamline the acquisition process and lower overall transaction costs. In cases where the cardholder is reasonably sure that a competitive price is being obtained, neither phone nor written bids are required. Cardholders are expected to use good and reasonable judgment in these situations. In addition to the payment card, the program has an electronic invoicing and payment process, which lowers the amount of time spent processing invoices for payment.

During the audit, OIA identified opportunities for DPS to strengthen internal controls and improve business operations. These opportunities have been relayed to management. OIA would like to thank DPS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



## Scope and Objectives

OIA staff was engaged to perform an assurance audit related to controls on the use of the payment card and the processes around monitoring and reconciliation of payment card transactions. This work was completed between January 2012 and March 2012. The scope of this audit included the following areas:

- Payment card issuance and cancellation
- Compliance with policies and procedures
- Operational effectiveness

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management’s internal controls.

Objective	Conclusion <sup>1</sup>
Evaluate the design and effectiveness of payment card issuance and cancellation process.	Well-Controlled
Evaluate the design and effectiveness of payment card usage in compliance with established policies and procedures.	Well-Controlled with Improvement Needed
Evaluate the operational effectiveness of the payment card administration.	Well-Controlled with Improvement Needed

<sup>1</sup> Refer to Appendix A for classification of audit objective conclusions.

## Summary of Observations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. There were no high or moderate risk observations and recommendations identified as a result of this audit, however, low risk observations and recommendations were considered as part of the audit objective conclusions above.



## Appendix A – Classification of Audit Objective Conclusions

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.