



# Environmental Protection Agency

## Payment Card Audit

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**Audit Period: December 2011 through May 2012**

### Results Summary:

| <b>Objective</b>   | <b>Conclusion</b>                              |
|--|--|
| <b>Issuance and Cancellation Process</b>                   | <b>Well-Controlled</b>                         |
| <b>Usage and Compliance with Policies &amp; Procedures</b> | <b>Well-Controlled with Improvement Needed</b> |
| <b>Payment Card Efficiencies</b>                           | <b>Well-Controlled with Improvement Needed</b> |

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## **Executive Summary**

### **Background**

The State of Ohio's Payment Card Program is designed to make purchases for goods and services below a specified amount without undue delay. Use of the card is meant to simplify and streamline the acquisition process and lower overall transaction costs. 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. From December 2011 through May 2012, the Ohio Environmental Protection Agency (EPA) had 2,332 payment card transactions, totaling approximately \$729,114.

During the audit, OIA identified opportunities for EPA to strengthen internal controls and improve business operations. A summary, along with detailed observations, has been provided. OIA would like to thank EPA 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 assurance work related to the payment card process. This work was completed between June and August 2012. The scope of this audit was limited to the payment card process. The audit objectives included:

- Evaluate the design and effectiveness of payment card issuance and cancellation process.
- Evaluate the design and effectiveness of payment card usage in compliance with established policies and procedures.
- Evaluate the operational effectiveness of the payment card administration.

OIA's sampling of payment card transactions was judgmentally selected to identify and test transactions that represented a potential higher risk. As a result, noncompliance reported may not be representative of the entire population of payment card transactions.

### **Observations and Recommendations**

The Observations and Recommendations include 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. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

| Conclusion                                     | Description of Factors  |
|--|---|
| <b>Well-Controlled</b>                         | The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.   |
| <b>Well-Controlled with Improvement Needed</b> | The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.  |
| <b>Improvement Needed</b>                      | 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. |
| <b>Major Improvement Needed</b>                | 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.                 |

### Classification of Audit Observations

| Rating          | Description of Factors   | Reporting Level   |
|-----------------|--|---|
| <b>Low</b>      | Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.   | Agency Management;<br>State Audit Committee<br>(Not reported) |
| <b>Moderate</b> | Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention. | Agency Management<br>and State Audit<br>Committee             |
| <b>High</b>     | Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.   | Agency Management<br>and State Audit<br>Committee             |