



Office of Budget and Management Payment Card Audit

Audit Period: April through September 2014

Results Summary:

Objective	Conclusion
Creation and Modification of Accounts	Well-Controlled with Improvement Needed
Monitoring of Transactions	Well-Controlled with Improvement Needed
Administration of US Bank Contract	Well-Controlled with Improvement Needed

* Please refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The State of Ohio Payment Card Program allows state agencies to use Visa cards to purchase small dollar goods and services streamlining the procurement and payment process and reducing overhead costs. It is designed primarily for the purchase of tangible materials, equipment, supplies and services that cost less than \$2,500.

The State Payment Card Administrator of the Office of Budget and Management (OBM) administers the statewide program. Each participating agency has an Agency Payment Card Administrator who is responsible for the overall administration of the agency's payment card program. Level of participation in the program and the number of cards issued is determined by the executive staff of each agency, subject to the discretion of the State Payment Card Administrator. All payment cards issued shall have final approval by OBM. Agencies are not authorized to establish accounts with vendors, merchants, or banks that permit partial payments, thus incurring a line of credit (e.g., department store credit cards).

A total of 234,140 transactions totaling \$79,362,515 were recorded in FY 2014.

Scope and Objectives

OIA staff was engaged to perform assurance work related to the administration of the State Payment Card Program. This work was completed October through December 2014. The scope of this audit included key processes of the administration of the State Payment Card Program for the period April through September 2014. The audit objectives for this engagement were to:

- Evaluate the design and effectiveness of controls over the creation and modification of cardholder accounts.
- Evaluate the design and effectiveness of controls over the monitoring of payment card transactions.
- Evaluate the design and effectiveness of controls over the administration of the US Bank contract.

Note: OBM is currently in the process of creating policies and procedures over the use of the payment card for emergencies and hotel stays; therefore, these areas were not included in the scope or reviewed during the engagement.



Detailed 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 on this engagement. 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
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
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.
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.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	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 and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee