



OFFICE OF THE KANE COUNTY AUDITOR

Penny Wegman, Kane County Auditor

**Kane County
Procurement Card Review**

December 2022 – May 2023

September 19, 2023

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Background

Kane County recognizes procurement cards are essential for facilitating the purchase of certain goods and services, especially those that may only be procured online, or those required during travel. The Auditor's Office is responsible for auditing the internal controls covering the Procurement Card Program.

The Auditor's Office performs an audit of all procurement cards (p-cards) used for the County and their respective transactions. The Auditor will provide continuous and transparent information regarding p-card transactions to the County Board and the citizens of Kane County. One of the ways to achieve this is by providing a semi-annual Procurement Card Review. An informational report for p-card transactions that occur from December through May will be published mid-year and a second report for p-card transactions from June through November will be published end-of-year (beginning of the new calendar year).

Audit Scope & Methodology

This report will provide information on the p-card transactions during the 6-month period from December 2022 through May 2023 (Mid-Year).

Information was derived from an audit of all p-card purchase documentation/support imported into the County's Enterprise Resource Planning (ERP) software system, derived from the various County departments/offices, or through the credit card provider's online portal.

Procurement Card User Roles

The **Cardholder** is the County Employee that has been issued a p-card to be used for the responsible purchase of goods and/or services that are necessary for their department. The purchases must follow the current Financial Policies, Procurement Ordinance, and the Procurement Card agreement and Administrative Procedures.

The departmental **P-Card administrator** is responsible for receiving the billing statements and collecting all p-card purchase documentation/support for all p-cards issued to their department.

The **elected official** or **department head** is accountable for p-card usage in their areas of responsibility. Their approval, as denoted by signing, must be on the monthly billing statement.

The **system administrator** is the Director of Purchasing who provides program maintenance and serves as the interface between the procurement card provider and the department cardholders.

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Mid-Year 6-month Summary

December 2022 through May 2023

Cardholders per Department

As of May 31, 2023, Kane County had a total of 90 p-cards issued to department employees as follows:

Kane County Cardholders	
Department	Count of Cardholders
Sheriff	27
Circuit Clerk	9
State's Attorney	7
Court Services	6
IT	6
Building Management	5
Coroner	4
Judiciary	3
Public Defender	3
County Clerk	2
Development	2
Animal Control	1
Auditor	1
Community Reinvestment	1
County Board	1
Emergency Management Services	1
Environ Mgmt	1
Health	1
Human Resources	1
KaneComm	1
Law Library	1
Payroll	1
Purchasing	1
Transportation	1
Veteran's Commission	1
Water Resources	1
Workforce Development	1
Grand Total	90

Findings

- During the review of cardholders, one cardholder/office was determined to have not completed the Standing Committee & Finance Committee annual review.
 - **Management Response:** The cardholder was missed by the overseeing office. The responsible office is in the process of completing the Standing Committee & Finance Committee annual review.

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- Additionally, one cardholder in a separate office was determined to have not been included in their office's Standing Committee & Finance Committee annual review.
 - **Management response:** Upon further investigation, the office identified the cardholder was no longer with Kane County. According to payroll documents, the employee was terminated several months prior. As a result of this audit, the office completed the request form to close the credit card and the physical card was turned over to the *System Administrator* for destruction. The p-card is now in a closed status.
- During the review of the Standing Committee & Finance Committee annual resolutions, three cardholders from three separate departments/offices were found to have *lower* monthly credit limits approved by the committees than actual credit limits through the credit card provider.
 - **Management response:** As part of this new process, whereby departments were asked to have their Standing Committees approve their single purchase/credit card limits, the Purchasing Department did provide each department with a spreadsheet listing their limits; however it appears some departments did prepare a resolution for a lower credit limit. Going forward, Purchasing will review the department resolutions prior to submittal in order to ensure the limits are correct.

Observations

- During our review, multiple cardholders from one office were found to have not used their procurement card in several years: one cardholder having *never* used their card in the 5 years it has been open, one cardholder having not used their card in over 2 years, and the remaining cardholder having not used their card in over 1 year.
 - **Management response:** The office responded the credit cards are for conferences, seminars, and office supplies and did not indicate any should be closed.
- During the review of the Standing Committee & Finance Committee annual resolutions, one cardholder was found to have a higher monthly credit limit approved by the committees than actual credit limit through the credit card provider.
 - **Management response:** As part of this new process, whereby departments were asked to have their Standing Committees approve their single purchase/credit card limits, the Purchasing Department did provide each department with a spreadsheet listing their limits; however it appears some departments did prepare a resolution for a higher credit limit. Going forward, Purchasing will review the department resolutions prior to submittal in order to ensure the limits are correct.

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Total Procurement Card Purchases by Department

Pcard Transactions from December 2022 - May 2023		
Total Purchases		
Department	Count	Dollar Amount
Sheriff	834	\$ 224,380.91
IT	370	\$ 104,339.18
Court Services	283	\$ 71,047.56
State's Attorney	290	\$ 69,982.67
Building Management	140	\$ 55,699.73
Transportation	280	\$ 52,832.60
Health	108	\$ 44,538.30
Workforce Development	61	\$ 24,847.22
Judiciary	60	\$ 20,036.40
Coroner	114	\$ 15,890.05
Animal Control	87	\$ 14,401.13
Circuit Clerk	56	\$ 13,337.24
County Clerk	76	\$ 10,761.10
KaneComm	64	\$ 10,058.58
Environ Mgmt	28	\$ 8,017.04
Development	57	\$ 6,703.79
Law Library	31	\$ 5,217.13
Public Defender	50	\$ 4,211.97
Water Resources	25	\$ 4,145.99
Community Reinvestment	23	\$ 3,776.63
Veteran's Commission	17	\$ 3,450.60
Human Resources	19	\$ 2,844.53
Purchasing	9	\$ 2,046.32
Payroll	26	\$ 1,583.61
County Board	27	\$ 1,348.31
Auditor	6	\$ 299.11
Emergency Management Services	4	\$ 221.86
Grand Total	3,145	\$ 776,019.56

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Top Vendors during the 6-month Summary
 December 2022 through May 2023

Top 10 Vendors Used		
Rank	Vendor	Number of Transactions
1	AMAZON	944
2	COMCAST	97
3	AMERICAN AIRLINES	61
4	UNITED AIRLINES	59
5	SOUTHWEST AIRLINES	56
6	EMBASSY SUITES	41
7	UBER	40
8	ZOOM	36
9	GODADDY.COM	35
10	MEIJER	34
	Total	1,403

Top 10 Vendors Paid		
Rank	Vendor	Total Dollars Spent
1	AMAZON	\$ 126,741.05
2	ZOOM	\$ 31,169.81
3	TYLER USER CONFERENCE	\$ 21,787.00
4	COMCAST	\$ 19,551.94
5	SOUTHWEST AIRLINES	\$ 19,345.81
6	AMERICAN AIRLINES	\$ 17,166.73
7	UNITED AIRLINES	\$ 12,138.71
8	EMBASSY SUITES	\$ 11,977.55
9	MARRIOTT	\$ 10,354.61
10	PAYPAL	\$ 10,263.61
	Total	\$ 280,496.82

The above 10 vendors accounted for 44.61% of total procurement card purchases (Number of Transactions) with *Amazon* accounting for 30.02% of the total purchases (Number of Transactions).

The above 10 vendors accounted for 36.15% of total procurement card purchases (Total Dollars Spent) with *Amazon* accounting for 16.33% of the total purchases (Total Dollars Spent).

- The following 7 vendors were included in both the top 10 vendors *used* (Number of Transactions) and top 10 vendors *paid* (Total Dollars Spent): **AMAZON, COMCAST, ZOOM, SOUTHWEST AIRLINES, AMERICAN AIRLINES, UNITED AIRLINES, AND EMBASSY SUITES.**

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Review Scope

We conducted our review of procurement card transactions from December 2022 through the end of May 2023. To accomplish our objectives, we performed the following:

- Obtained a listing of all procurement cardholders and reviewed transactions for compliance to cardholder agreements
- Examined all cardholder receipts and credit card statements for the 6-month testing period
- Verified whether appropriate levels of management review and approval existed and were exercised
- Receipt on file for every purchase, if not, then the missing receipt affidavit was completed
- Verified no tax was charged, and if tax was charged on a purchase, determine if a credit was received

Overall Findings for 6-month Summary

December 2022 through May 2023

Of the 3,145 procurement card transactions reviewed, the following general issues were identified:

- 16.15% of the documentation/support for the purchase lacked a description of the County/Business purpose or the County/Business purpose was not obvious¹
- 2.54% of the purchases included taxes paid, approximately \$785.74
- 1.18% had a missing receipt affidavit submitted in lieu of the receipt

¹ Per Kane County Financial Policies, Section 12. Other Financial Policies, a) Departmental Credit Cards Issued by the County, subsection 8) Internal Controls Regarding Procurement Card Program, "The procurement card administrator for a County department shall ensure that the County and/or business purpose of each County department expense is clearly indicated on the documentation for each expense...."

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Trend - Procurement Card Usage by Fiscal Year

As indicated below, over the past several years, the amount of p-card purchases has increased:

Procurement Card Purchases	
Year	Total Expenditures
2016	\$ 660,840
2017	\$ 663,492
2018	\$ 769,897
2019	\$ 958,198
2020	\$ 1,147,773
2021	\$ 1,182,842
2022	\$ 1,305,479
2023 - 6 months	\$ 776,020