

FORVIS

Poudre River Public Library District

Purchase Cards – Financial & Operational Assessment Report

Agenda

I. Scope

II. Overall Assessment

III. Observations & Recommendations

FORV/S

I. SCOPE

Scope of Engagement

FORVIS reviewed a population of 2021 and 2022 purchase card transactions, performing a number of electronic tests.

FORVIS conducted a series of interviews with card administrators and card holders.

FORVIS then selected 30 transactions testing for (1) supporting documentation was submitted, (2) in-line with stated City policies and District procedures, (3) properly reviewed, (4) signed card holder agreement.

FORVIS evaluated the design of internal controls and segregation of duties within the purchase card cycle.

FORVIS evaluated automated purchase controls employed.

FORVIS reviewed purchase card City policies and District procedures for best practice inclusions.

II. OVERALL ASSESSMENT

Assessment	Performance	Comments
Transactions demonstrate clear business purpose, sufficiently substantiated and monitored regularly.	Exceptional	Transactions selected by FORVIS appear to contain appropriate documentation which is monitored monthly.
Appropriate segregation of duties and internal controls within the purchasing card cycle.	Exceptional	FORVIS found that there are several layers of review/approval for purchasing card transactions.
Technology and systems are effectively used for purchasing card review/approvals.	Exceptional	FORVIS noted that the District has an effective system (JDE) for managing the purchase card processes – eliminates tedious manual work.
City policy and District procedures for purchasing cards in place and regularly reviewed.	Good	City policy and District procedures appear to contain many best practice inclusions to document the process, manage the flow of transactions, set cardholder expectations, and outline the design of the control structure.
Utilization of automated purchase controls.	Good	FORVIS found that the District imposes daily and monthly limits on cards based on employee title, department, needs, etc., as well as assigning ‘Merchant Category Codes’.
Agreement documenting user acknowledgement of risks and terms of use under the policy prior to card assignment.	Average	A signed agreement exists for most cardholders; however, some tenured employee agreements may be outdated and/or nonexistent.

III. OBSERVATIONS & RECOMMENDATIONS

Observations	Recommendations	Category	Priority
<p>The City enforces a city-wide purchasing card policy and, in addition, the District maintains District-specific procedures (i.e. card use, review/approval processes, reporting & timing of reporting).</p> <p>FORVIS noted several (isolated) exceptions to policy/procedures: 25+ monthly purchases; multiple \$5,000 purchases in 1 day...</p>	<p>We recommend that the District review the policy to ensure that all requirements are reasonable, enhance monitoring efforts of key policy directives, and formalize any review or documentation efforts.</p>	<p>Policies & Procedures</p>	<p>Moderate</p>
<p>The ‘Account Manager’ is responsible for setting card transaction limits on a case-by-case basis.</p> <p>FORVIS notes no formal guidelines/definitions*</p>	<p>We recommend establishing formal, written policies for determining an employee’s credit/transaction limits and type of card.</p>	<p>Automated Purchase Controls</p>	<p>Moderate</p>
<p>Cardholders must sign a user agreement that documents all risks and terms of use under the policy.</p> <p>FORVIS noted instances where agreements and/or signatures did not exist.</p>	<p>We recommend that the District review all current cardholders and obtain signed agreements for omitted employees.</p>	<p>Cardholders - Agreement</p>	<p>Moderate</p>
<p>*FORVIS noted no formal, written policy for reviewing the master listing of cardholders, possession of a card, current transaction limit, tailored terms...</p>	<p>We recommend the District formalize such reviews/procedures in addition to existing automated purchase controls.</p>	<p>Cardholders – Automated Purchase Controls</p>	<p>Moderate</p>

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