

County Controller

Richard J. Szulborski

Audit Manager

Anthony Sabino, CIA

Solicitor

Robert A. Nitchkey, Jr., Esq.

County Executive

Lamont G. McClure, Jr.

County Council

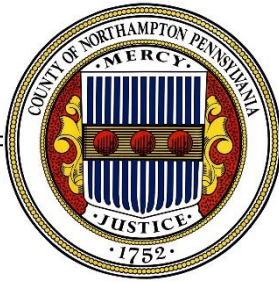
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Agreed-Upon Procedures
Report

**PROCUREMENT
CARD PROGRAM**

As of September 1, 2021

**Office of the Controller
County of Northampton
Pennsylvania**



RICHARD J. SZULBORSKI

CONTROLLER OF NORTHAMPTON COUNTY

NORTHAMPTON COUNTY COURTHOUSE
669 WASHINGTON STREET
EASTON, PENNSYLVANIA 18042

ANTHONY SABINO, CIA
Audit Manager

PHONE (610) 829-6617
FAX (610) 559-3137

ROBERT A. NITCHKEY, JR., ESQ.
Solicitor

**INDEPENDENT INTERNAL AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Northampton County Commissioners
Lamont G. McClure, Jr., County Executive
County of Northampton, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the Purchasing Manager, for the Procurement Card (P-Card) Program for the period of September 1, 2020 to September 1, 2021. Procurement management is responsible for the P-Card Program. The sufficiency of these procedures is solely the responsibility of the parties specified in this report, who have acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

Procedures and Findings

1. **Procedure:** For the period under review, report the total number of approved transactions that do not currently have an uploaded receipt in the Works system. Provide a list to the Procurement Division.

Findings: For the period under review there were a total of six transactions related to purchases that did not have uploaded receipts. Two of these occurred close to the end of the period under review and were still in process. Upon researching the remaining four transactions, we determined that the setting in Works requests that the cardholder include a receipt for all transactions but it was determined it was not a requirement. The setting has now been changed, and a receipt is required for all transactions before a user is permitted to sign off.

2. **Procedure:** Create a data file in Works for all transactions between September 1, 2020 through September 1, 2021 and export to an Excel file. Compare the exported file to the total population in Works to ensure the validity of the Excel data file that will be used for further analysis. Report the total number of transactions for the period to Procurement.
 - a) Using techniques available in ACL data analytic software, attempt to identify statistical anomalies in the data file. Investigate the reason for the anomalies and report whether evidence was found that these were caused by an intentional attempt to circumvent the Procurement Division policies and procedures.
 - b) Provide a list to the Procurement Division of these statistical anomalies.
 - c) We verified the validity of the downloaded excel data and reported transaction totals to Procurement.

Findings: We verified the validity of the downloaded Excel data and reported transaction totals to Procurement. We performed an analysis looking for statistical anomalies and found no evidence that any individual was intentionally trying to circumvent the Procurement P-Card Program and all purchases appear to be work related. No anomalies needed to be reported to Procurement.

3. **Procedure:** Using ACL data analytic software, compare Human Resource (HR) files of terminated employees to the current cardholder list. Report names found for terminated employees with active P-Cards to Procurement and HR.

Using ACL data analytic software, compare the termination date of P-Card holders in the HR file to the list of transactions for the period in Works data file under review to determine if charges were made with terminated employee P-Cards after their termination date.

Findings: No records were found to indicate that terminated employees were either active P-Card holders or had any transactions in Works for the period tested.

4. **Procedure:** Inquire as to the Procurement cut-off date for 2020. Create a data file from the Works system for transactions between the cut-off date and 12/31/2020 to identify purchase transactions that were made after the cut-off date. Select a sample of ten transactions and inspect the uploaded receipts to determine if proper approval was received to make the purchase after the cut-off date.

Findings: We tested ten transactions to ensure compliance with the yearend cutoff date. Only one transaction did not have documentation of the proper approval.

5. **Procedure:** Inspect the created data file for September 1, 2020 to September 1, 2021 for fixed asset purchases by performing the following:
 - a) Obtain a list of the fixed asset thresholds for the various cost centers from Fiscal Affairs.
 - b) From the data file created and uploaded into ACL run queries to determine if purchases were made for items that exceeded the asset thresholds.
 - c) Select a sample of ten transactions that resulted from the queries. From the uploaded receipts, determine if the purchase is a fixed asset. If so, inquire of Fiscal Affairs to determine if the information is included in the fixed asset list.
 - d) Provide the complete list to the Procurement Division.

Findings: The fixed assets thresholds were obtained from Fiscal Affairs. A report was run of all transactions for the audit period by county orgs. Two of the ten samples were fixed assets. We verified they were on the ONESolution fixed asset report. This list was provided to the Procurement Division.

6. **Procedure:** Using ACL data analytic software, and specific test criteria created for each type of transaction, analyze the created data file for September 1, 2020 to September 1, 2021 for the following:
- a) High dollar purchases over \$5,000 to determine, from uploaded receipts, if the proper quotes were obtained.
 - b) Split purchases to determine from uploaded receipts if transactions were structured to circumvent the Procurement policies and procedures transaction times.
 - c) Purchases made on the weekend for divisions that are not 24/7 operations to determine if transactions were appropriate for the cardholder with respect to their normal working hours.
 - d) Select a sample of 10% of total transactions or ten transactions from each group, whichever is greater.

Report to Procurement any adverse issues related to this analysis. Provide a copy of the complete lists of transactions for the above to the Procurement Division.

Findings: We reviewed 14 high dollar transactions. We found one transaction that had a quote attached in Works instead of the actual invoice and five transactions that did not have the required three written quotes attached. The remaining eight transactions were in compliance with Procurement policies.

There were 11 items identified as possible split transactions but after reviewing the transaction limit report from Procurement and reviewing the transactions, it does not appear that these transactions were split to circumvent the P-Card limits. In performing this analysis, however, we discovered two instances where the County improperly paid sales tax.

Of the 25 weekend transactions tested, 24 had an order date between Monday and Friday, therefore, they weren't weekend transactions. One transaction was made on the weekend, but it was for a legitimate business reason. All issues and lists were brought to the attention of the Procurement Division.

7. **Procedure:** Using ACL data analytic software, select a random sample of 50 transactions for testing from the created data file for September 1, 2020 to September 1, 2021 and analyze the transactions selected to determine if purchases adhere to the following Procurement policies and procedures:
- a) Appropriate documentation was uploaded into Works.
 - b) Purchase is for job-related goods and services.
 - c) No sales tax was paid.
 - d) Posting in Works was to an appropriate Org (cost center) and expenditure account.
 - e) Transaction has proper approval by an authorized signer.
 - f) All travel expenditures are in compliance with current Travel, Meal and Mileage Reimbursement Policy as stated in the Employees Policies Manual.
 - g) Gift card purchases have the proper approval.

Findings: All 50 transactions tested conform to the Procurement policies and procedures.

We conducted this agreed-upon procedures engagement in accordance with generally accepted government auditing standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the P-Card Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the responsible party and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.



Richard J. Szulborski
County of Northampton Controller
Easton, Pennsylvania



Kathy M. Nesfeder, CRMA, CFE
Auditor II

January 26, 2022

cc: S. Barron, Director of Fiscal Affairs
K. Anderson, Procurement Manager