



Michigan
Office of the Auditor General
REPORT SUMMARY

*Performance Audit
 Procurement Card Program
 Financial Services
 Department of Technology, Management &
 Budget*

Report Number:
 071-0705-10

Released:
 January 2011

The State of Michigan's Procurement Card Program began in June 1995 as a method to reduce the administrative expense associated with procuring and paying for low dollar items through the standard purchase order process. Generally, State employees may use procurement cards for noncontract purchases of \$2,500 or less and for approved contract purchases.

Audit Objective:

To evaluate the State's effectiveness in utilizing the Procurement Card Program to reduce purchasing costs.

Audit Conclusion:

We concluded that the State was moderately effective in utilizing the Procurement Card Program to reduce purchasing costs. We noted one reportable condition (Finding 1).

Reportable Condition:

The Department of Technology, Management & Budget (DTMB) did not complete a Statewide cost study to determine the cost of processing procurement card transactions and to evaluate the impact of the Procurement Card Program (Finding 1).

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Audit Objective:

To assess the effectiveness of selected departments' efforts to ensure that procurement card usage is in compliance with State policies and procedures.

Audit Conclusion:

We concluded that selected departments were moderately effective in their efforts to ensure that procurement card usage was in compliance with State policies and procedures. We noted three reportable conditions (Findings 2 through 4).

Reportable Conditions:

Selected departments did not sufficiently monitor procurement card transactions to ensure that purchases were in compliance with State policies and procedures. In addition, the Department of Corrections and the Michigan Department of State Police did not sufficiently monitor procurement card transactions to ensure that all procurement card transaction detail reports were reviewed and adequately supported. (Finding 2)

Selected departments did not ensure that cardholders made authorized purchases with procurement cards (Finding 3).

The selected departments did not sufficiently review procurement card purchases to identify split transactions and deter procurement card users from splitting transactions to circumvent the single item purchase limit (Finding 4).

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Agency Response:

Our audit report includes 4 findings and 5 corresponding recommendations. DTMB's preliminary response indicates that it agrees with all of the recommendations and will comply with them.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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