



Performance Audit

Procurement Card Program

Department of Technology, Management, and Budget (DTMB)

Report Number:
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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. As of June 2015, 3,062 procurement cards were in use in all three branches of government covering 25 departments and agencies. In fiscal year 2014, 179,717 procurement card purchases occurred totaling \$51.4 million.

Audit Objective			Conclusion
Objective #1: To assess whether DTMB provided effective oversight of the Procurement Card Program to ensure that departments were in compliance with State policies and procedures.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DTMB did not ensure that departments provided timely responses to reports which help identify potential card misuse or violations of State policies. Responses were late 58% of the time, and DTMB did not conduct sufficient follow-up until we began this audit (Finding #1).	X		Agrees
DTMB did not ensure that departments canceled procurement cards in a timely manner when cardholders separated from State employment. Also, DTMB did not have a process to verify that all cards are held only by current State employees. Departments canceled 17% of cards more than 7 days after the employees separated from State employment, including one instance in which it took 21 months to cancel the card (Finding #2).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess whether departments' procurement card usage complied with State policies and procedures.			Complied
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DTMB procedures do not include a deadline for departments to review and approve cardholder purchases. Also, for approximately 18% of tested transaction reports, DTMB did not ensure that departments performed detailed reviews or performed them in a timely manner or did not document a review date (<u>Finding #3</u>).		X	Agrees
DTMB did not ensure that departments obtained signed cardholder and supervisor agreements prior to card use. These agreements help ensure that cardholders and supervisors are aware of State policies and procedures governing procurement cards and the consequences of misuse (<u>Finding #4</u>).		X	Agrees
DTMB did not ensure that departments maintained documentation of the supervisors' review of transaction reports. Also, DTMB did not ensure that the supervisors reviewed purchases using transaction reports obtained directly from the procurement card vendor's software. Doing so would help to ensure that all transactions were subject to review (<u>Finding #5</u>).		X	Agrees

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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