



Follow-Up Report Procurement Card Audit at Springfield Public Schools

November 2022

City of Springfield
Office of Internal Audit
Springfield, MA 01103

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November 14, 2022

Re: Audit Recommendation Follow- Up Report related to the Procurement Card Audit at Springfield Public Schools

Members of the Finance Committee,

Please find enclosed the Office of Internal Audit's Audit Recommendation Follow-Up Report related to the Procurement Card Audit at Springfield Public School. This report provides the status of open recommendations as of December 31, 2021 related to this review. The intent of this report is to keep the Finance Committee informed about the implementation statuses of recommendations made by the Office of Internal Audit.

We would like to thank all the staff from the Springfield Public School's Business office that provided us with information for this report. All of their time and efforts are greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yong Ju No'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Yong Ju No

Enclosure

**STATUS OF RECOMMENDATIONS AS OF DECEMBER 31, 2021
PROCUREMENT CARD AUDIT AT SPRINGFIELD PUBLIC SCHOOLS**

BACKGROUND

This follow-up report summarizes and updates the current statuses of six recommendations from the prior November 2019 Procurement Card Audit for the Springfield Public Schools department(the “District” or “SPS”).

The attached report includes the audit findings, recommendations, Management responses, target dates for implementation (when provided), and current statuses. When possible, we verified the statuses of recommendations shown as “Implemented” and/or “In Progress through interviews with appropriate staff and reviews of relevant supporting documentation. The results of work performed are documented under the column heading “Office of Internal Audit Comments.”

CATEGORIES OF IMPLEMENTATION STATUSES

We contacted the District’s Business office staff to review all recommendations and gather recommendation statuses. We placed the recommendations into the following status categories:

Implemented	The department/program provided sufficient and appropriate evidence to support all elements of implementing the recommendation.
In Process	The department/program indicated they agree with the recommendation and are in the process of implementing.
Not Implemented	The department/program indicated that they agreed with the recommendation but has not yet implemented.
Will Not Implement	The department/program disagreed with the recommendation, did not intend to implement, and no further action will be reported.
Not Applicable	Circumstances changed to make the recommendation not applicable.

**STATUS OF RECOMMENDATIONS AS OF DECEMBER 31, 2021
PROCUREMENT CARD AUDIT AT SPRINGFIELD PUBLIC SCHOOLS**

Finding	Recommendation	Management Response	Status	Office of Internal Audit Comments
Finding 1: Certain purchases did not comply with SPS P-Card Policy.				
a. The Purchase Card form was not always completed or approved.	We recommend that the SPS develop a checklist of items to “look for” to assist in the review of P-Card transactions. The following are examples of such items to “look for” on the checklist: <ul style="list-style-type: none"> • Is the P-Card form complete? • Has the P-Card form been approved? • Does the vendor accept a purchase order? • Is the purchase allowable? 	The District agrees with the recommendation and has already updated the P-Card Request Form to ensure compliance with the P-Card Policy.	Implemented	OIA Confirmed. We tested 25 transactions from the school year 2020 and the school year 2022 and noted that transactions complied with the District’s P-Card policy.
b. Certain purchases were unallowable.	See above.	See above	Implemented	See above.
Finding 2: Certain purchases did not comply with procurement laws.				
a. No written contract in place.	We recommend the following: <ul style="list-style-type: none"> • The SPS include a signature page that includes the Superintendent's, Mayor's, Comptroller's, signatures and any other signatories as required with the invoice(s) (>\$5,000) to comply with this requirement. • SPS limit individual purchases to less than \$5,000 for goods and services, except for travel related purchases, for operational expediency. We noted that the 	The District will ensure that procedures are in compliance with city ordinances and Massachusetts General Laws.	Implemented	The District amended their policy to limit individual P-Card purchases to \$5,000 or less. OIA Confirmed. We tested 25 transactions from the school year 2020 and the school year 2022 and noted that individual transactions did not exceed \$5,000.

STATUS OF AUDIT RECOMMENDATIONS AS OF December 31, 2021
CASH HANDING AUDIT AND BULK TRASH STICKER REVIEW AT THE CITY CLERK’S OFFICE

	Springfield Housing Authority (Massachusetts) has limited individual P-Card purchases to \$3,000.			
b. No vendor quotes obtained.	We recommend that the SPS develop procedures to obtain three vendor quotes for those individual purchases exceeding \$10,000.	The District will ensure that procedures refer to process of obtaining three quotes for purchases which exceed \$10,000.	Not Applicable	The District amended their policy to limit individual P-Card purchases to \$5,000 or less.
c. Purchases for nonbusiness purposes.	We recommend the SPS develop procedures to ensure expenditures are not made for nonbusiness purposes.	The District has updated the P-Card Request Form to assure its sole use for business purchases.	Implemented	OIA Confirmed. We tested 25 transactions from the school year 2020 and the school year 2022 and noted that transactions complied with the District’s P-Card policy.
Finding 3: Certain expenditures booked to the incorrect account.	We recommend the SPS’ P-Card administrator and those involved in the MUNIS workflow approval process review all P-Card purchase entries to ensure they are being properly classified and booked to the appropriate general ledger account	The District agrees the P-Card administrator will verify all accounts by the appropriate Business Office personnel.	In Process	We tested 25 transactions from the school year 2020 and the school year 2022 and noted that there were seven transactions that were recorded to incorrect accounts in MUNIS. The District plans on adding a signature line on the P-Card Request for the Financial Analyst to ensure the accounts were reviewed for appropriateness.

**STATUS OF RECOMMENDATIONS AS OF DECEMBER 31, 2021
PROCUREMENT CARD AUDIT AT SPRINGFIELD PUBLIC SCHOOLS**

<p>Finding 4: The City’s agreement with the Bank of Montreal does not have a termination date.</p>	<p>We recommend that the SPS amend its contract with the Bank of Montreal in which a termination date is specified and required signatures are obtained. We also, recommend that the SPS obtain quotes from other vendors to ensure the services provided by Bank of Montreal are competitive.</p>	<p>The District will work with the vendor and our attorneys to ensure compliance with city and state regulations.</p>	<p>Not Implemented</p>	<p>We noted that the contract with Bank of Montreal was not amended to specify a termination date.</p> <p>The District modified their initial remediation plan from amending its contract with the Bank of Montreal to transitioning to a vendor on state contract to comply with city and state regulations.</p>
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