

CITY OF ALLENTOWN
P-CARD REVIEW
For the Month: August 2024

January 07, 2025

OBJECTIVE

A purchasing card (also abbreviated as PCard or P-Card) is a form of company charge card that allows goods and services to be procured without using a traditional purchasing process.

Purchasing Cards are issued to employees who are expected to follow the City of Allentown's policies and procedures related to P-Card use, including reviewing and approving transactions according to a set schedule. The City can implement a variety of controls for each P-Card; for example, a single-purchase dollar limit, a monthly limit, merchant category code (MCC) restrictions etc.

The objective of the monthly P-Card review is to review each cardholder's P-Card activity independent of the cardholder, to determine whether the individual payments made with the P-Card and their corresponding documentation comply with the requirements of the policies, guidelines, and procedure outlined in the AIMs and to identify any areas for improvement.

PROCEDURES

A review of all the P-Card transactions generated for the period tested, including a review of the invoices being paid and their corresponding documentation, approvals, compliance to AIMs and reasonableness of expenditure.

of P-Cards statements reviewed for the period: 69

of DocRec reviewed: 644

\$ Amount of the P-Card transactions reviewed for the period: \$252,591.85.

FINDINGS AND RESOLUTIONS

1. Untimely PCard Entry into EDEN

A PCard purchase can be made at any time, and the vendor will be paid immediately. When the PCard statement is received the total of the PCard is immediately paid by the City.

For book reporting purposes, the corresponding expense is not encumbered until the invoice is entered into EDEN for approval.

The encumbered expenses are not posted in the general ledger until all the entries for the PCard statement are entered into EDEN and processed by AP. Because of this, there is a lag in the recording of the PCard statement payment in the monthly financial statements. Additionally, the available balance in EDEN is inaccurate and higher than what it should be.

Per the Purchasing Card Handbook,

“All transactions should be reconciled against the monthly statements within 3 days of statement receipt. All original receipts should be attached to the monthly statement, and the cardholder’s supervisor should sign the monthly statement. The signed monthly statement with all original receipts should be forwarded to the Treasury Department.”

For August 2024, the PCard billing statement was **09/01/2024**, the total of the PCard statement was **\$252,591.85**. Due to the delay of PCard entry in EDEN, the PCard statement was posted in EDEN on **11/13/2024**.

Using a 7-day measure from the PCard statement billing date, the Controller’s Office aged the PCard entry into EDEN by department for all entries after **09/11/2024**.

Department	# of Entries Over 10 days from Billing Date	AGING from Statement Date		
		Less than 30 days	31 - 60 Days	Over 60 Days
COMMUNITY & ECONOMIC DEVELOPMENT (CED)	2	2		
EMS	3	3		
CITY GARAGE	23	20	3	
HUMAN RESOURCE	1	1		
IT	1	1		
MAYOR'S OFFICE	14	2	11	1
PURCHASING	1	1		
RECREATION	1			1
Total	46	30	14	2

Resolution

The results of the aging were communicated to the departments.

2. Inadequate Segregation of Duty

We identified several instances where an employee's travel expenses were entered and approved in EDEN by the same employee. There was no evidence of additional proof of review and/or approval by their manager or other department head.

Due to the employee's position, Eden is not able to distinguish a different workflow pattern that will work just for one employee's p-card transactions.

Although this will be addressed with the new workflow's that are set up in Munis. It is currently not a proper segregation of duties.

Resolution

Administration was advised of the issue.

Going forward, the employee's manager's signature will be required on the receipts. The signature on the receipt will provide the approval of the P-Card transaction itself. The receipt (with the approval signature) will be attached to the transaction in Eden.

3. Freight Double Paid

We identified 1 (one) invoice for **\$146.00** for freight.

Review of the corresponding merchandise invoice included **\$149.00** in freight.

Resolution

EMS was advised of the issue. Per EMS, the original **\$149.00** was refunded by the vendor.

4. Travel Expense Report (TER) Exceptions

We identified 1 (one) restaurant receipt charge for the Mayor which did not comply with the TER guidelines:

“Meal Allowances”

“Gratuities are authorized at a rate of 20% of the pre-tax total transaction cost, excluding alcohol”.

- The gratuity given was 24%.

Resolution

The MAYOR'S OFFICE was advised of the issue. The MAYOR'S OFFICE calculated the gratuity on the pre-discount total.

5. Incorrect Expense Account Used

GARAGE charged 1 (one) invoice totaling **\$3,110.46** for "INVENTORY" to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 42 – Repairs and Maintenance.

POLICE charged 1 (one) invoice totaling **\$1,022.50** for "POLICE ACADEMY BUILDING LETTERS" to AC 68 – Operating Material and Supplies. The expense should be charged to AC 46 – Contract/Service Fee.

BUILDING STANDARDS & SAFETY charged 1 (one) invoice totaling **\$1,097.25** for "THERMAL IMAGING CAMERAS FOR INSPECTIONS" to AC 68 – Operating Material and Supplies. The expense should be charged to AC 72 – Equipment.

RECYCLING AND SOLID WASTE charged 1 (one) invoice totaling **\$845.43** for "LITTER BASKETS WITH MOUNTING BRACKETS" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

EMS charged 1 (one) invoice totaling **\$342.00** for "HEARTSAVER FA/CPR/AED" to AC 34 – Training and Professional Development. The expense should be charged to AC 32 – Publications and Memberships.

GARAGE charged 1 (one) invoice totaling **\$249.00** for "INVENTORY PARTS" to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

GARAGE charged 1 (one) invoice totaling **\$240.30** for "PARTS STREETS" to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

FIRE charged 1 (one) invoice totaling **\$232.38** for "BENCH VISE FOR HIBERNIA FIRE STATION" to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

EMS charged part of 1 (one) invoice totaling **\$224.28** for "MONITOR MOUNTS AND KEY LOCK BOX" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

POLICE charged 1 (one) invoice totaling **\$189.99** for "REPLACEMENT CHAIR" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

IT charged 1 (one) invoice totaling **\$129.66** for "PAD WALL MOUNTS FOR TIME CLOCKS" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

PARKS charged 1 (one) invoice totaling **\$100.73** for "PESTICIDE TRAINING BOOKS" to AC 34 – Training and Professional Development. The expense should be charged to AC 32 – Publications and Memberships.

BUILDING MAINTENANCE charged 1 (one) invoice totaling **\$100.00** for "NEW PAYROLL SYSTEM" to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

COMMUNITY AND ECONOMIC DEVELOPMENT (CED) charged 1 (one) invoice totaling **\$83.74** for “ICC IPMC STUDY GUIDE” to AC 34 - Training and Professional Development. The expense should be charged to AC 32 – Publications and Memberships.

MAYOR’S OFFICE charged 2 (two) invoices totaling **\$75.38** for “LAPTOP PRIVACY SCREEN” to AC 72 – Equipment. The expenses should be charged to AC 68 – Operating Material and Supplies.

FIRE charged part of 1 (one) invoice totaling **\$39.87** for “TOLL” to AC 68 – Operating Material and Supplies. The expense should be charged to AC 28 – Mileage.

IT charged 1 (one) invoice totaling **\$39.60** for “SEAM ROLLER WATER RESCUE & NAILS TECH RESCUE” to AC 68 – Operating Material and Supplies. The expense should be charged to AC 54 – Repairs and Maintenance Supplies.

RECREATION charged 1 (one) invoice totaling **\$31.99** for “OFFICE SUPPLIES” to AC 68 – Operating Material and Supplies. The expense should be charged to AC 72 – Equipment.

GARAGE charged 1 (one) invoice totaling **\$7.80** for Safety Glasses to AC 54 – Repairs and Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

EMS charged 1 (one) invoice totaling **\$5.50** for “BLS FOR HEALTHCARE PROVIDERS-ORIENTATION” to AC 34 - Training and Professional Development. The expense should be charged to AC 32 – Publications and Memberships.

Resolution

The Bureaus were advised of the issues and made the corresponding journal entry corrections.

6. Late Fees Paid

We identified:

- 1 (one) GOLF invoice which included a late payment fee totaling **\$9.84**.

Resolution

GOLF was advised of the issue. Per GOLF, The invoice/statement with late fee was not received until 08/02/2024, at which time it was processed.

7. Credit Fee Paid

We identified 1 (one) POLICE charge which included a Credit Card fee totaling **\$26.82**.

Per Purchasing, “The P-Card should never be used when the City will be charged any fees.”

Resolution

POLICE was advised if the issue, the vendor has not charged fee in the past.

8. Untimely Payment of Invoices

Although not all vendors have the same payment terms, the prevailing vendor payment terms are net 30.

Currently, the City does not have a standard for the time frame invoices must be entered in EDEN, go thru the EDEN approval queue, and finalized for payment.

Although there is no City standard for the invoice payment process, the Controller's Office uses a 60-day measure to flag any potential untimely invoice payments.

Untimely payments may result in:

- Missed discounts,
- Vendor imposed late fees,
- Possibility of the City's account being placed on hold, and
- Additional workload with the vendor's Accounts Receivable and the City's AP departments.

We identified:

- 3 (three) charges for 3 (three) GARAGE invoice dated 05/2024 and 06/2024, and
- 1 (one) charge for 1 (one) FIRE invoice dated 06/2024.

Resolution

The Bureaus were advised of the issue.

GARAGE:

- 05/2024 Charge: GARAGE is not sure what caused the delay for the previous manager in processing this invoice.
- 05/2024 Charge: RISK approved on 08/29/2024.
- 06/2024 Charge: GARAGE is not sure what caused the delay for the previous manager in processing this invoice.

FIRE: The invoice did not reach FIRE until 7/18/2024. FIRE then tried to verify with the Central officers if the service was complete and items received back - did not officially hear back until 8/02/2024 resulting in the delay.

9. Documentation Not Attached in EDEN

To provide a proper audit trail and document the expenditure, the hard copy of the invoice and all pertinent payment information is scanned and attached in EDEN.

For the August 2024 P-Card, the following departments did not have the proper documentation attached in EDEN:

- BUILDING MAINTENANCE - 4 (four) instances,

- PURCHASING - 2 (two) instances,
- POLICE COMMUNICATION - 1 (one) instance, and
- HEALTH - 1 (one) instance.

Resolution

The Bureaus were advised of the issues and the proper documentation was scanned and attached in EDEN.