

**CITY OF ALLENTOWN**  
**P-CARD REVIEW**  
**For the Month: January 2023**

**April 17, 2023**

**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: 62

# of DocRec reviewed: 620

\$ Amount of the P-Card transactions reviewed for the period: \$223,692.37.

## FINDINGS AND RESOLUTIONS

### **1. Travel Request Authorization (TRA) and 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”

- “All receipts for meal expenditures must be fully itemized, including the amount, date, place and **the essential character of the expense.**”
  - The restaurant receipt was for the total amount paid and did not provide the essential character of the expense (what was purchased).
- “Gratuities are authorized at a rate of 20% of the pre-tax total transaction cost, excluding alcohol”.
  - Assuming the restaurant receipt for the total paid is pre-tax, the gratuity given was 37%.

#### **Resolution**

The MAYOR’S OFFICE was advised of the issues. Several requests for resolution were made with no response.

### **2. PA Tire Fee Assessed**

The PA Tire Fee is assessed for “Tires, new tires for highway use (used tires and tires for off highway use are not subject to the fee)”.

The fee is exempt, “Only if purchased by a government entity”.

We identified 10 invoices from which were assessing the PA Tire Fee. The total PA Tire Fee paid was **\$39.00**.

#### **Resolution**

CITY GARAGE was advised of the issue and contacted the vendors for refunds and future compliance.

### **3. Continued Payment of Terminated Employee’s Cell Phone**

We identified 1 (one) invoice for cell phone service that included 1 (one) employee who was terminated in 09/2022.

The monthly service cost is \$47.11 which totals an overpayment thru January 2023 of **\$188.44**.

Per IT, the separation notice for the employee did not get forwarded to IT for deactivation.

#### **Resolution**

IT was advised of the issue. Per IT, upon notification from the Controller's Office in April 2023, the employee's cell phone was deactivated.

#### **4. Incorrect Expense Account Used**

HEALTH charged 1 (one) invoice totaling **\$775.00** for "DESK" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

HUMAN RESOURCE (HR) charged 1 (one) invoice totaling **\$630.00** for "ADDITIONAL ORDER FEE FOR COST DIFFERENCE" to AC 50 – Other Services and Charges. The original expense was charged to AC 68 – Operating Material and Supplies.

BUILDING MAINTENANCE charged 2 (two) invoices totaling **\$440.00** for "UNDER DESK HEATER" to AC 72 – Equipment. The expense should be charged to AC 68 – Operating Material and Supplies.

HEALTH charged 1 (one) invoice totaling **\$55.00** for "CAR SEAT RECERTIFICATION" to AC 34 – Training and Professional Development. The expense should be charged to AC 32 – Publications & Memberships.

IT charged 1 (one) item on an invoice totaling **\$10.78** for "WHITE BOARD MARKERS" to AC 54 – Repair & Maintenance Supplies. The expense should be charged to AC 68 – Operating Material and Supplies.

#### **Resolution**

The Bureaus were advised of the issues and made or will make journal entry corrections.

#### **5. Late Fees Paid**

We identified:

- 2 (two) BUILDING MAINTENANCE invoices which included a late payment fee totaling **\$7.28**.

#### **Resolution**

BUILDING MAINTENANCE was advised of the issues.

#### **6. Sales Tax Paid on Invoices**

The City of Allentown is tax exempt from PA sales tax.

We identified 1 (one) charge for 1 (one) MAYOR'S OFFICE invoice with sales tax; the sales tax was **\$3.27**.

## **Resolution**

The MAYOR'S OFFICE was advised of the issue. PURCHASING is working with the vendor to correct.

### **7. 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:

- 1 (one) charge for 1 (one) POLICE invoice dated 10/2019,
- 3 (three) charges for 3 (three) FIRE invoices dated 10/2022, and
- 1 (one) charge for 1 (one) RISK invoice dated 10/2022.

## **Resolution**

POLICE – Outstanding 2020 invoice discovered when attempting to register for a conference.

FIRE –

- 10/2022 Invoice – Notified by vendor in January of outstanding balance despite several prior phone calls advising that nothing was outstanding.
- 10/2022 Invoice – The invoice was received by Accounts Payable on 12/05/2022.
- 10/2022 Invoice - The invoice was received by Accounts Payable on 12/05/2022.

RISK - The vendor inadvertently forgot to invoice the City. RISK received the invoice on 01/23/2023.

### **8. 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 period 01 – 01/31/2023, POLICE, SPECIAL EVENTS and PLANNING & ZONING did not have the proper documentation attached in EDEN.

**Resolution**

POLICE and PLANNING & ZONING were advised of the issue and the proper documentation was scanned.