

FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Office of Inspector General



PROJECT NUMBER: IG-0016

American Express Credit Cards Audit

Twelve-Month Follow-up Report

December 19, 2013

**Florida Department of Law Enforcement
Office of Inspector General**

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Auditor:



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12/19/13

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Twelve-Month Follow-up Report		Date: December 19, 2013	Audit Number: IG-0016
Audit Title: American Express Credit Cards Audit			
Responsible Manager: Victoria Kliner, Business Support Program Director		Auditors: Nancy Verhine, Senior Management Analyst II Theresa Skipper, Senior Management Analyst II (Follow-up)	
Background:	The Office of Inspector General (OIG) initiated this audit as part of the annual audit plan to evaluate FDLE's American Express credit card policies and procedures and usage. FDLE's Final Report, <i>American Express Credit Cards Audit</i> , dated August 30, 2012, included eight findings. Corrective actions were completed prior to release of the report for three of the eight findings. A Six-Month Follow-up Report was completed on March 29, 2013, and at that time corrective actions had been completed for two additional findings.		
12-Month Follow-up Objective & Methodology:	The objective of this 12-month follow-up was to assess evidence that management has implemented audit recommendations. The follow-up included interviews with members responsible for implementation of recommendations and a review of supporting documentation.		
12-Month Follow-up Conclusion:	Corrective actions have been taken to address seven of the eight findings identified in the initial report. For one finding, management accepted the potential risk of not implementing the recommendation. All findings are now closed. No further work is needed.		
Finding 1.1:	Members in the travel section of the Office of Financial Management (OFM) share one user ID and password to view account information (i.e., card number, member's address, charges) from the American Express @ Work website.		
Recommendation:	Each member that accesses the American Express @ Work site should have an individual user ID and password that should not be shared.		
Management's Response:	Agree. Office of Financial Management (OFM) members that access the database have obtained separate user IDs and passwords.		
Implementation Status:	The recommendation was fully implemented prior to release of the Final Report. This finding is closed.		
Finding 2.1:	One American Express Card had been issued to a non-member of FDLE (e.g., contractor, task force member, etc.). The individual was a member of the Regional Domestic Security Task Force in Ft. Myers. The card was cancelled during the audit. Another card was issued to an Other Personal Services (OPS) Pensacola Regional Operations Center (PROC) member and it was not cancelled until 14 months after the member had terminated employment. In addition, the policy and procedures are at odds as to who the approving authority is. Policy states it is Executive Policy Board (EPB) and procedures states it is Executive Council.		

Management's Response:	<p>Agree. The FDLE American Express Corporate Card Request Form was revised to indicate the field limitations on June 20, 2012.</p> <p>Agree there should be a written requirement for members to update their cards when there has been a name change; however, instead of adding language to procedure, BSP will add it to Policy 3.13, which already requires members to notify the Office of Human Resources and Information Resource Management of name changes.</p>
Management's Six-Month Status Update:	<p>The following language has been submitted to the Office of External Affairs and is pending approval by the Executive Policy Board, with regard to FDLE Policy 3.13 – Personnel Records - Member Contact Information, B:</p> <p>When a name change is necessary, within 60 days, the member should contact the Benefits Section of OHR for assistance in updating his/her personnel records. OHR will complete the name change using the People First System. Once updated, People First will notify the insurance companies and the Florida Division of Retirement of the member's name change. OHR will update the member's personnel file, notify the Office of Executive Investigations so the member's background file can be updated and also notify the Office of General Services so a name change can be requested for those individuals possessing a State issued American Express Corporate Card.</p>
Six-Month Implementation Status:	<p>The recommendation has been partially implemented. Language has been submitted to change Policy 3.13, but it has yet to be approved and published on FDLE's Intranet.</p>
Management's 12-Month Status Update:	<p>Policy 3.13 has been updated with the above-referenced language.</p>
12-Month Implementation Status:	<p>Revised Policy 3.13, currently posted on FDLE's Intranet website, includes the language described above in Management's Six-Month Status Update. This finding is closed.</p>
Finding 2.3: Recommendation: Management's Response:	<p>Seven of the 634 (1%) active and inactive American Express cardholders were terminated members. One member had terminated in July 2005 and another terminated in March of 2007. The remaining five cardholders terminated in 2011.</p> <p>Supervisors should be more diligent in collecting American Express Cards and notifying OGS when a member terminates employment. To supplement this step, Human Resources should send OGS a copy of the report of members who have separated from the Department.</p> <p>Agree. Supervisors should be more diligent in collecting American Express Cards and to assist supervisors in this process the OHR developed the Out Processing Checklist, which is located on the OHR Intranet. The Checklist includes a line item for collection of FDLE property, and specifically mentions credit cards. It is the supervisor's responsibility to complete the form and turn property into OHR.</p>

Management's Response (Continued)	On July 19, 2012, OHR added OGS to its email recipient address list, for notifications regarding personnel actions; however, it is important to note that BSP has no control over the lapse in time between a separation date and the date OHR receives notice of the separation from the supervisor and any property the supervisor has collected.
Implementation Status:	The recommendation was fully implemented prior to release of the Final Report. This finding is closed.
Finding 2.4:	Line inspections were requested for ten percent of current American Express cardholders within each program/region. Fourteen (23%) of the 62 line inspections sampled demonstrated that supervisors and/or the members were unaware or had forgotten they were issued an American Express Card. In addition, 292 (46%) American Express Cards issued to current members are inactive.
Recommendation:	OGS should send a list to each program/region of their members with American Express Cards and its status (active, inactive). Management, in those areas, should determine if all the cards are still needed or if some can be cancelled. Management should notify OGS, in writing, of all cards to be cancelled. After this initial verification process, OGS should send a list of members with American Express Cards to the program areas/regions on a periodic basis or whenever the inactive cards reach a certain percentage.
Management's Response:	Agree. On July 27, 2012, OGS disseminated a list of current American Express cardholders to programs/regions for review and requested management identify any cancellations or changes. OGS will provide updates periodically.
Implementation Status:	The recommendation was fully implemented prior to release of the Final Report. This finding is closed.
Finding 3.1:	Members are charging personal expenses to the FDLE Corporate American Express Card. Below is a sample list of merchants and the sixth month total spent: <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 45%;"> <p>Walmart - \$3,166.94</p> <p>Home Depot - \$1,685.97</p> <p>Waters Edge Dermatology - \$941.98</p> <p>The Hour Glass - \$684.50</p> <p>Carnival Cruise - \$553.96</p> <p>Buena Vista Palace - \$468</p> <p>Bikesdirect - Paypal - \$449.95</p> <p>Norwegian Cruise - \$427.93</p> </div> <div style="width: 45%;"> <p>Publix - \$2,642.34</p> <p>AT&T - \$1,168.29</p> <p>Amazon.com - \$893.28</p> <p>Easy Pay Tire Store - \$560.24</p> <p>Tampa Electric - \$504.95</p> <p>Target - \$452.30</p> <p>Comcast - \$447.09</p> <p>PSL - \$416.96</p> </div> </div>
Recommendation:	BSP is currently the only program that has access to the American Express @ Work Site reports and they are responsible for administering this contract. Therefore, OFM should develop a system by which supervisors are notified of members whose charges are or appear to be personal in nature. The appropriate EPB member should be included in this notification. Supervisors should take a proactive role in identifying and addressing personal and/or misuse of the American Express Card. Members should be disciplined according to policy for personal/misuse of the card.

Management's Response:	Agree. Policy 3.5 states, Executive Investigations (EI) is responsible for handling issues related to alleged violation of policy. After consultation with EI, it was determined that OFM will provide EI with a copy of the monthly reports of all credit card charges. This will commence after all cardholders are notified in advance of this new process. EI will determine whether monthly charges appear to comply with policy and investigate further, as needed.
Management's Six-Month Status Update:	The Commissioner's Office has directed implementation of an alternative process; OFM provides a quarterly Card Member Activity Report, which is submitted to the Commissioner's Office for dissemination to the respective Program Directors or Special Agents-in-Charge (SAC). If a Program Director/SAC suspects personal use or misuse of a member's American Express Card, then the matter will be referred to Executive Investigations – Professional Standards Unit, for review and investigation, if warranted.
Six-Month Implementation Status:	The process described in Management's Six-Month Status Update has not been fully implemented.
Management's 12-Month Status Update:	The previously implemented alternative process as directed by the Commissioner's Office continues to be effective.
12-Month Implementation Status:	The alternative process described in Management's Six-Month Status Update has been implemented. Quarterly reports of American Express Card member activity are forwarded from OFM to the Assistant Commissioners and then distributed to Directors and SACs. This finding is closed.
Finding 3.2:	<p>Eleven out of the twelve payments for the American Express common carrier bills reviewed (six each for car rental and airline) did not pay 85% of the current charges as required by the contract. In addition, some charges take more than 60 days for OFM to reconcile. This does not show up on the American Express delinquency reports because payments are applied to the oldest balances.</p> <p>When a travel voucher arrives in OFM, it is reviewed to determine if it contains common carrier charges. If it does, it is copied and kept in a tickler file. These travel vouchers, containing the common carrier charges, are matched to the common carrier bills from American Express. If there is not a travel voucher in the tickler file, time is spent researching what the charge was for, if a travel voucher was filed, and if funds are due from the member because the charge was for personal or third party travel. In some cases, charges on one travel voucher are on more than one bill.</p>
Recommendation:	It is recommended FDLE discontinue and cancel the American Express common carrier billing accounts. The turnaround time from when a travel voucher is received until the member receives their reimbursement is usually less than a week. This is primarily due to more automation since central billing was implemented. In addition, funds are deposited directly into a member's bank account instead of the member having to wait for a paper warrant.
Management's Response:	Agree. The American Express common carrier billing accounts should be discontinued. The workload required to manage these accounts is inefficient and redundant. Due to reduced staffing and increased reporting requirements stemming from growing transparency laws, OFM staff could provide more value to agency members, and effectuate more efficient outputs, if this recommendation is implemented. BSP will consult with leadership to determine if common carrier billing should be discontinued.

Management's Six-Month Status Update:	At this time, OFM has not been directed to discontinue the operation of the two common carrier accounts. The issue will be scheduled for an upcoming EPB meeting to discuss further and determine if there might be any unintended consequences to such action.
Six-Month Implementation Status:	The recommendation has not been addressed by the EPB.
Management's 12-Month Status Update:	The Commissioner's Office has directed no further changes to common carrier accounts; therefore, no further action is required.
12-Month Implementation Status:	Based on management's response, the potential risk of not implementing the recommendation has been accepted. This finding is closed.
Finding 3.3:	Members are not reimbursing FDLE timely as required when using their American Express Card to pay for airline and car rental charges to travel for the federal government or other agencies. From a review of the American Express statements and the FLAIR vouchers, it was determined that, 27 charges were paid from 40 to 280 days late.
Recommendation:	It is recommended that OFM make members aware of the procedures regarding the use of the American Express Card for third party travel that is mentioned above. OFM should notify supervisors of members who are not following procedures.
Management's Response:	<p>Auditor's Note: If Recommendation 3.2 is implemented, this one will not be necessary.</p> <p>Agree. It is incumbent upon all members who travel to educate themselves on his or her responsibilities with regard to travel policies and procedures. While OFM is not sufficiently staffed to continuously remind members to familiarize themselves with policies that have been in place for years, OFM will send a reminder to all cardholders and their supervisors advising them of applicable procedure to follow for third party travel reimbursement. Agree that if leadership determines the common carrier billing will be discontinued, the issue of reimbursing FDLE for third party travel and OFM reminding cardholders of reimbursement procedures would no longer be applicable.</p>
Management's Six-Month Status Update:	Completed.
Six-Month Implementation Status:	The recommendation has been fully implemented. This finding is closed.