FLORIDA DEPARTMENT OF LAW ENFORCEMENT

Office of Inspector General



PROJECT NUMBER: IG-0016

American Express Credit Cards Audit

March 29, 2013

Florida Department of Law Enforcement Office of Inspector General

American Express Credit Cards Audit

SIX-MONTH FOLLOW-UP REPORT

Nancy Verhine, SMAII	3/29/13 Date
Audit Managers:	
Lourdes Howell-Thomas, Director of Auditing	3/29/13 Date
Al Donno	3/29/13

Date

Al Dennis, Inspector General



Florida Department of Law Enforcement Office of Inspector General

EXECUTIVE SUMMARY	PAGE		Audit #IG-0016
	American Express Credit Cards Au	dit	Date Issued: March 29, 2013
Responsible Victoria K			
	s Support Program Sr. Management Analyst II		
BACKGROUND:	The Office of Inspector General 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 was approved for distribution on September 4, 2012.		
SIX-MONTH FOLLOW-UP OBJECTIVES &	The objective of this follow-up was to assess evidence that management has implemented audit recommendations.		
METHODOLOGY:	The follow-up reviewed and analyze the recommendations by:	ed manag	gement's evidence of implementation of
	Interviewing staff responsibleReviewing various supporting		
SIX-MONTH FOLLOW-UP CONCLUSION:	The audit concludes that, of eight recommendations made, five are fully implemented, one is partially implemented, and two are still open. The three open recommendations will be reviewed again in six months.		
FINDING 1.1:			re one user id and password to view ess, charges) on the American Express
RECOMMENDATION:	Each member that accesses the Am individual user id and password that		
MANAGEMENT RESPONSE:	Agree. OFM members that access and passwords.	s the data	abase have obtained separate user ids
IMPLEMENTATION STATUS:	Recommendation has been fully imp	lemented	. This finding is closed.
FINDING 2.1:	task force member, etc.). This indi Security Task Force in Ft. Myers. T card was issued to an OPS PROC months after the member had term	vidual wa his card w member inated en the app	It to a non-member of FDLE (contractor, is a member of the Regional Domestic was cancelled during the audit. Another and it was not cancelled until fourteen apployment. In addition, the policy and roving authority is. Policy states it is estates it is Executive Council.
RECOMMENDATION:	Management should determine who the policy or procedures to reflect it.	the app	roving authority should be and update
	routine basis. If it is determined that Express Card, the request should of	t this clas ontain the	d to OPS and non-FDLE members on a s of member is in need of an American e reasons why the card is needed and requirement should be added to the

MANAGEMENT RESPONSE:

Agree that issuance of American Express cards to OPS and/or non-FDLE members should not be on a routine basis. BSP will discuss the subject with the Executive Policy Board, however, to determine if legitimate circumstances might warrant such issuance and once that determination is made, the General Services Manual and the Financial Management (f/k/a Finance and Accounting) Manual will be updated accordingly.

The FDLE Signature Authority Form has been updated to reflect the "Internal Approval Level" for Credit Cards is "EPB and their designees". Additionally, the latest list was reviewed and approved by all EPB members June 2012. Therefore, all American Express signature delegations have now been approved by EPB members and the form complies with Policy 1.4.

MANAGEMENT'S SIX-MONTH STATUS:

OGS and OFM have updated their respective procedures manuals to reflect that the approval level for credit cards is the Executive Policy Board instead of the Executive Council. OGS has also updated its manual regarding non-routine credit card issuance to OPS or non-members (which includes the American Express Corporate Card):

"FDLE provides credit cards to members who are required to travel in the performance of their duties. Only EPB members may approve requests for issuance, cancellation or replacement of credit cards for OPS members or non-members. Approving EPB members are required to submit a justification that the issuance is in the best interest of the State."

IMPLEMENTATION STATUS:

Recommendation has been fully implemented. This finding is closed.

FINDING 2.2:

Twenty of the 634 active and inactive (3%) American Express Cards had some type of error with the account holder's name. American Express has character limits on several fields and one of those is name. Some of the errors were attributed to members not being notified of the field limitations. Other errors were misspellings and name changes, due to marriage or divorce, and the member did not notify OGS of the change. Half of these accounts were active. An inactive account is one in which no charges have been made within the past 12 months.

RECOMMENDATION:

The FDLE American Express Corporate Card Request Form should be changed to reflect the American Express field limitations, so a member may be better informed on how to fill out the form. In addition, language should be added to the procedures requiring members to update their cards, within a certain time frame, when there has been a name change.

MANAGEMENT RESPONSE:

Agree. The FDLE American Express Corporate Card Request Form was revised to indicate the field limitations on June 20, 2012.

Agree there should be 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.

MANAGEMENT'S SIX-MONTH STATUS:

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:

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.

IMPLEMENTATION STATUS:

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. This finding is still open.

FINDING 2.3:

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.

RECOMMENDATION:

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.

MANAGEMENT RESPONSE:

Agree. Supervisors should be more diligent in collecting American Express cards and to assist supervisors in this process the Office of Human Resources (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.

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:

Recommendation has been fully implemented. 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 sixty-two 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 Agree. On July 27, 2012, OGS disseminated a list of current American Express card **RESPONSE:** holders to programs/regions for review and requested management identify any cancellations or changes. OGS will provide updates periodically. **IMPLEMENTATION** Recommendation has been fully implemented. This finding is closed. STATUS: **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: Walmart - \$3,166.94 Publix - \$2,642.34 AT&T - \$1,168.29 Home Depot - \$1,685.97 Waters Edge Dermatology - \$941.98 Amazon.com - \$893.28 The Hour Glass - \$684.50 Easy Pay Tire Store - \$560.24 Carnival Cruise - \$553.96 Tampa Electric - \$504.95 Buena Vista Palace - \$468 Target - \$452.30 Bikesdirect - Paypal - \$449.95 Comcast - \$447.09 Norwegian Cruise - \$427.93 PSL - \$416.96 BSP is currently the only program that has access to the American Express @ Work RECOMMENDATION: 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 Agree. Policy 3.5 states, Executive Investigations (EI) is responsible for handling **RESPONSE:** issues related to alleged violation of policy. After consultation with El, 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 card holders are notified in advance of this new process. El will determine whether monthly charges appear to comply with policy and investigate further, as needed.

MANAGEMENT'S SIX-MONTH STATUS:

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.

IMPLEMENTATION STATUS:

The process described in Management's Six-Month Status has not been fully implemented. This finding is still open.

FINDING 3.2:

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.

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.

MANAGEMENT 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:

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.

IMPLEMENTATION STATUS:

Recommendation has not been addressed by the EPB. This finding is still open.

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, thirty-seven 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.

Auditor's Note: If Recommendation 3.2 is implemented, this one will not be necessary.

MANAGEMENT RESPONSE:

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.

MANAGEMENT'S SIX-MONTH STATUS:

Completed.

IMPLEMENTATION STATUS:	Recommendation has been fully implemented. This finding is closed.