

BCC Procurement Card Analytical Review

Inspector General Department **Gary J. Cooney, Clerk of the Circuit Court & Comptroller** **Audit Report**

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October 17, 2025
Board of County Commissioners

The Inspector General department has concluded an analysis of BCC Procurement Card transactions from April 1, 2024, to December 31, 2024.

A few opportunities for improvement are identified at the end of the report.

Overall, controls implemented by the Procurement department to ensure staff use PCards appropriately are well-designed and function as intended.

We thank Ron Falanga, Director of the Office of Procurement Services, and his staff for collaborating in identifying and researching PCard transactions that deviated from standard practices.

Respectfully submitted,

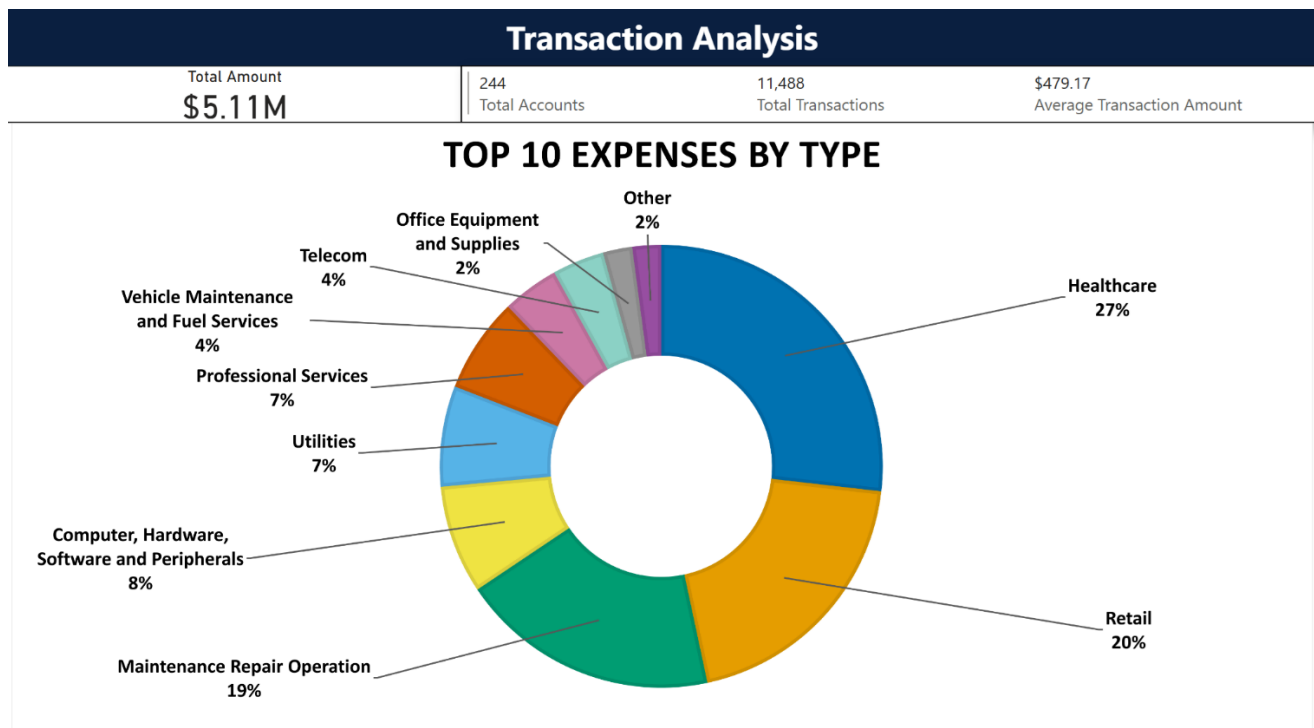
Terri W. Freeman
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cc: Gary J. Cooney, Clerk of the Circuit Court & Comptroller
Denise Bell, Chief Deputy Clerk
Jennifer Barker, County Manager
Kristy Mullane, Chief Financial Officer
Ron Falanga, Director of Office of Procurement Services

Scope and Objective

This review aimed to analyze BCC procurement card (PCard) transactions, which included developing analytic routines and reports in Microsoft’s Power BI Desktop application. These tools will be used quarterly to detect anomalies or trends, facilitate the identification of areas for process or training improvements, and aid in proactively detecting fraudulent activity.

The graph below breaks down the transactions by expense type included in this analysis. The transactions were processed between April 1, 2024, and December 31, 2024.



Note: Fire Rescue/EMS is authorized to compare prices and purchase supplies from both the County’s contracted healthcare supply vendors and non-contracted vendors, in accordance with the County’s Procurement Policy. This flexibility allows them to respond effectively to frequent fluctuations in drug pricing and availability. Fire Rescue/EMS may use PCards to ensure timely payment and to secure scarce drug supplies, thereby avoiding delays caused by invoice processing.

The other category includes the following expenses: Print and Duplicating Services, Lodging, Government, Education, Lease and Rental Payments, Airline, Warehousing, Freight and Delivery, Entertainment, Car Rental, Transportation—other, Restaurants, and Temporary Help services.

The focus of the review was on the following.

Focal Point	
Employee	Detailed results by employee name, job title, and month. Included are the top transactions by month and expense type.
Expense Type	Results by employee and month. Included are the top transactions by month and by vendor.
Vendor	Results details and statistics by vendor name. Included are expense type and employee, as well as top users.
Outlier	Expense type statistics and results. The analysis shows the distribution of results and their relationship to policies to identify transactions that are out of compliance with policies and those that are out of the norm.
Duplicate Transactions	Transactions for the same amount are sorted by vendor and employee. Such transactions can be repeat payments of an invoice due to error or fraud.
Round Dollar Transactions	Vendor and employee sort transactions paid in whole amounts. The calculations of payment due rarely result in round numbers, so such transactions can indicate fraud.
Exceptions	Transactions that may violate at least one policy requirement.
Transaction Changes	Frequent transaction changes can be an indicator of fraud.
Account Changes	Frequent account changes can be an indicator of fraud.
Cardholders Missing from Employee Master	Missing or duplicate employee names can be an indicator of fraud.
Multiple Accounts or Cardholders	Per Policy, one account should be assigned to one employee.
Card Closure Compliance	PCard accounts shall be properly closed as part of the employee termination and transfer process.
Using Other Employee's PCard	Cardholders shall only use their assigned PCards per County Policy. Nonadherence to policy may weaken accountability and open the door to financial risks.
Segregation of Duties	Authorized approvers, independent of the purchases, shall review and approve transactions to mitigate the risk of fraudulent or unauthorized purchases.

Overall Conclusion

A few opportunities for improvement are identified at the end of the report.

Overall, controls implemented by the Procurement department to ensure staff use PCards appropriately are well-designed and function as intended.

Background

Lake County uses PCards issued by J.P. Morgan Chase to streamline purchases and payments of simple, non-recurring, low-cost goods and services. Cardholders have direct authority to make authorized business purchases for the Board of County Commissioners. Purchasing Procedure number LC-52 describes proper PCard use, spending limits, reconciliation, and cardholder and supervisor responsibilities.

The County received a \$183,390.36 rebate for using PCards and participation in the J.P. Morgan Chase's Virtual Card Vendor Payment program in Fiscal Year 2024. Instead of paying invoices with a check, vendors who opt in receive a system-generated virtual credit card to process as payment—similar to going into a store and paying with a credit card. This saves the County from generating and mailing checks and saves the vendor time as payments are immediate and go directly into their bank account. The expenditures through this system contribute to the rebate the County receives for using PCards.

Opportunity for Improvement

As part of the offboarding process, supervisors complete the Supervisor's Checklist for Exiting/Transferring Employees, which contains instructions to retrieve PCards and send them to the Procurement department. Additionally, the Human Resources (HR) department provides a mid-month report listing all BCC employee transfers and terminations to the Procurement department. A designated Procurement staff member uses the HR report to identify any PCard holders requiring card closure or profile updates. However, a review of the Cardholder Status Report revealed that a BCC employee who transferred departments on 10/20/2024—and no longer required a PCard in their new role—still had an active card as of 7/7/2025, though no transactions had occurred since the transfer.

Risk: Unauthorized transactions may result in County funds being used inappropriately or charges being applied to the wrong department, creating financial and budgetary risks.

Management Response: Procurement Management addressed the matter on July 7, 2025, before the conclusion of the review, by closing the transferred employee's PCard one day after the auditor brought it to their attention. Additionally, other staff are being cross-trained to ensure the process continues without interruption when the designated procurement staff member is unavailable.