

**City of Galveston**  
**Park Board Beach Patrol P-Card Controls SP2024-1**  
**City Auditor Executive Summary**

October 8, 2024

**Background**

Governmental entities are expected to safeguard government funds from unauthorized use. It was determined by the Chief of Beach Patrol and the Chief Financial Officer that there was a possibility P-cards were being used for personal purchases at the Park Board in May of 2024. The Park Board immediately put the employee in question on leave, confiscated the P-cards for Beach Patrol, and began an internal investigation.

The City Council then directed the City Auditor on June 27, 2024, to amend the City Audit Plan for fiscal year 2024 to include conducting a spontaneous audit related to the use of Beach Patrol P-Cards. Due to the evidence provided to the City Auditor's Office, this audit was extended to cover Beach Patrol check disbursements. The City Auditor will announce this expansion at the next regularly scheduled council meeting on September 19, 2024.

This audit report differs substantially from a criminal investigation report in that it concerns the internal control system for P-Card reconciliations and check disbursements rather than criminal activity. The City Auditor will make this report and supplemental appendices available to law enforcement after approval by the City Council.

**Objective**

This report aims to evaluate the design and operating effectiveness of the Park Board's Finance Department's internal control framework regarding abuse related to P-Card and check disbursement reconciliations. Abuse involves behavior or an attitude that would not be considered reasonable and necessary for business practices given a particular set of facts and circumstances. It also includes misuse of authority or position for personal financial interests. The term reconciliation refers to comparing data to verify the authenticity of transactions.

**Scope**

A set of audit criteria was developed to determine the desired business practices the City Auditor's Office would audit against for an effective and efficient system of P-Card and check disbursement transactions at the Park Board Beach Patrol. They are defined below as:

1. Adequate segregation of duties for those employees and supervisors involved in purchasing and performing the P-Card and check disbursement reconciliations.
2. Monitoring activities performed by the supervisor to evaluate the business purpose and procurement procedures of each purchase.
3. Timely supervisor physical inspections verifying goods and services purchased.

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**Fieldwork Performed**

The City Auditor Department analyzed 1,126 Beach Patrol P-Card transactions and check disbursements between September 1, 2019, through June 30, 2024. The total dollar amount of the Beach Patrol P-Card transactions and check disbursements reviewed amounted to \$1,400,681.91.

**Condition**

Based on the results of Appendix A, the Park Board Beach Patrol does not effectively satisfy the three criteria used in this report for an effective and efficient system for P-Card and check disbursement controls.

**Cause**

The difference between the desired business practices and the current condition of the P-Card and check disbursements control system is due to the employee and supervisor not following the Policies and Procedures put in place by the Park Board Finance Department for the Park Board Beach Patrol.

**Effect**

There were 74 P-Card and check disbursements identified in Appendix A with a total dollar value of \$11,019.29 between May 18, 2020 through April 23, 2024 that did not qualify as bona fide Beach Patrol purchases.

**Recommendations**

Credit Cards can't be used to avoid the accounts payable process. If a vendor accepts check payments, they must be paid by a check.

1. Use of personal accounts when using a Park Board credit card is prohibited. Examples of personal accounts would include, but are not limited to the following: Amazon, Sam's Club, Costco, Staples, Home Depot, Pay Pal, Uber, etc. In most instances, the Park Board has accounts with these vendors.
2. Delivery of tangible goods and services to personal addresses is prohibited. Exception for employees who work fulltime offsite (outside Galveston County). The employee must receive written permission from their department head before having the items delivered to a personal address.
3. Create a chain of custody record. In some instances, a non-cardholding employee may need to use a cardholder's card to make a business purchase. The non-cardholder must receive written permission from the cardholder and the cardholder's supervisor before making the purchase. The written permission

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should include a description of the item being purchased, and must be included in the reconciliation.

4. Non-itemized receipts will be disallowed. The employee whose name is on the card that was used will be required to reimburse the Park Board for the amount on the non-itemized receipt.
5. Missing receipts will be disallowed. Missing receipt memos will no longer be accepted. The employee whose name is on the card that was used will be required to reimburse the Park Board for the amount of the transaction with a missing receipt.
6. Receipts for meals must be itemized, include all attendees' names, business purpose of meeting and scheduled proof of the meeting.
7. Signature stamps are disallowed. The card holder, card holder supervisor, and department head will be required to review and approve credit card reconciliations.

# APPENDIX A

#	Date	Amount	Description of Goods or Service	Is this a Bona Fide Purchase for Beach Patrol Operations ?
1	5/18/2020	\$ 149.14	Director's chair	NO
2	9/17/2020	\$ 78.00		NO
3	5/10/2021	\$ 43.27	Hip cushion	NO
4	5/22/2021	\$ 127.00	Yoga mat, fitness compression shorts x2, workout gloves, cargo shorts	NO
5	7/16/2021	\$ 21.35	Ice	NO
6	7/16/2021	\$ 23.08	Ice	NO
7	7/16/2021	\$ 403.98	Russos	NO
8	8/22/2021	\$ 414.72	Ralph Lauren dress x3	NO
9	9/29/2021	\$ 6.81		NO
10	3/11/2022	\$ 6.44	White choc mocha	NO
11	3/11/2022	\$ 9.33	Coke cherry, Deli salad	NO
12	3/31/2022	\$ 84.00	Pack of 10 3XL men's t-shirts	NO
13	5/5/2022	\$ 59.49	Raincoat	NO
14	5/19/2022	\$ 39.76	Cat food	NO
15	6/1/2022	\$ 202.97	Community awareness supplies	NO
16	6/5/2022	\$ 111.68	Compressed air duster, rain jacket	NO
17	6/28/2022	\$ 204.58	Rug	NO
18	7/13/2022	\$ 48.56	Curtains for kitchen	NO
19	7/13/2022	\$ 106.72	Curtains, canvas prints, table lamp, bedroom curtains x2	NO
20	7/19/2022	\$ 176.87	Chair mat, sheer curtains x2, curtains for bedroom x4	NO
21	7/27/2022	\$ 615.00	Sonesta Hotel	NO
22	8/24/2022	\$ 250.00	Power Washing	NO
23	9/7/2022	\$ 345.00	Power Washing	NO

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#	Date	Amount	Description of Goods or Service	Is this a Bona Fide Purchase for Beach Patrol Operations ?
24	10/3/2022	\$ 31.84	Air wick plug, assorted candy bars, Ghirardelli squares	NO
25	10/5/2022	\$ 125.00	Power Washing	NO
26	10/19/2022	\$ 355.00	Power Washing	NO
27	10/20/2022	\$ 70.29	Decorations, serving supplies	NO
28	10/31/2022	\$ 44.17	Candy, cake	NO
29	10/31/2022	\$ 300.00	Cabela's gift card	NO
30	11/14/2022	\$ 74.04	Truffles- Christmas	NO
31	11/16/2022	\$ 325.00	Power Washing	NO
32	11/18/2022	\$ 475.80	Gift cards	NO
33	12/14/2022	\$ 290.00	Power Washing	NO
34	12/19/2022	\$ 15.92	Fabric refresher	NO
35	1/31/2023	\$ 13.99	Artificial flowers	NO
36	2/2/2023	\$ 22.99	6pc silk fake flower	NO
37	2/2/2023	\$ 18.89	Flower bouquet for wedding party	NO
38	2/8/2023	\$ 580.00	Power Washing	NO
39	2/12/2023	\$ 187.00	Rug, snacks, chocolate	NO
40	3/1/2023	\$ 23.56	Jolly rancher, easter mix	NO
41	3/9/2023	\$ 174.29	Floor lamps, air freshener	NO
42	3/9/2023	\$ 14.74	Plug in oil	NO
43	3/10/2023	\$ 37.16	Lg tryouts	NO
44	3/14/2023	\$ 110.00	New membership, new membership plus	NO
45	3/15/2023	\$ 47.97	ihop	NO
46	3/15/2023	\$ 425.00	Power Washing	NO
47	4/11/2023	\$ 4.32	Candy	NO
48	4/14/2023	\$ 159.99	Equipment	NO
49	4/22/2023	\$ 47.94	Bookcase	NO
50	5/22/2023	\$ 113.84	Hampton Inn & Suites Galveston	NO

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51	6/1/2023	\$ 57.77	Canvas x3, pan x2, filler paper x5	NO
52	6/2/2023	\$ 7.99	Balloons	NO
53	6/5/2023	\$ 144.66	Candy	NO
54	6/19/2023	\$ 316.90	Gift cards	NO
55	7/17/2023	\$ 329.90	Swimwear	NO
56	7/17/2023	\$ 60.03	Swimwear	NO
57	7/17/2023	\$ 21.96	Candy	NO
58	8/2/2023	\$ 11.67	2pcs waterproof phone pouch	NO
59	8/3/2023	\$ 21.60	Microfiber towel	NO
60	8/3/2023	\$ 245.69	Office supplies/ vacuum cleaner, fabric refresher	NO
61	8/5/2023	\$ 511.59	Knights Inn	NO
62	8/8/2023	\$ 420.00	Power Washing	NO
63	8/10/2023	\$ 6.48	Accidental charge (Angie)	NO
64	8/24/2023	\$ 127.44	Large photo	NO
65	8/25/2023	\$ 5.41	Lunch	NO
66	8/29/2023	\$ 69.11	Birthday	NO
67	9/14/2023	\$ 39.75	Dinner	NO
68	9/25/2023	\$ 42.80		NO
69	12/20/2023	\$ 21.31	Liquid hand soap x2, fabric refresher	NO
70	12/20/2023	\$ 68.38	Digital picture frame	NO
71	12/20/2023	\$ 6.99	Protection plan	NO
72	1/28/2024	\$ 22.58	Office supplies	NO
73	3/4/2024	\$ 34.98	Motivational water bottle with fruit strainer x2	NO
74	3/14/2024	\$ 110.00	Annual renewal	NO
75	3/31/2024	\$ 73.57	Supplies	NO
76	4/6/2024	\$ 165.39	Supplies	NO
77	4/11/2024	\$ 14.72	Lunch coffee(Angie)	NO
78	4/19/2024	\$ 360.69	No receipt	NO
79	4/19/2024	\$ 76.09	No receipt	NO

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80	4/23/2024	\$ 7.35	chips & pretzels	NO

\$ 11,019.29