

## EXECUTIVE SUMMARY

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In June 2011, the Office of Inspector General (OIG) issued the *Report on the French Market Corporation's Credit Card and Expense Reimbursement Policies* (the 2011 Report).

The objective of the 2011 Report was to evaluate the effectiveness of the French Market Corporation's (the FMC) internal controls over employee credit card transactions and reimbursements. The 2011 Report resulted in eight findings concerning internal controls over credit card transactions and one finding concerning expense reimbursements. The nine recommendations were intended to improve and clarify the FMC's accounting policies and procedures in order to decrease the opportunity for waste and abuse.

The follow-up report concluded that the FMC fully implemented six of the nine recommendations from the 2011 Report and partially implemented the remaining three recommendations<sup>1</sup>. The FMC adopted a written credit card policy signed by employees with access to credit cards. Employees consistently turned in the required support for credit card transactions in accordance with the revised policy. FMC employees discontinued the practice of receiving cash or cash equivalent gifts which was previously allowed in violation of the state constitution. Additionally, the revised policy forbade the splitting of invoices into separate payments to circumvent approval controls. Follow-up testing indicated compliance with the revised policy.

Although the FMC's written credit card policy established review and approval procedures for credit card purchases, FMC employees in management positions approved their own expense reports (Follow-up # 1). The revised Accounting Policy and Procedure Manual required employees to reimburse the FMC for disallowed credit card charges; however, the separate credit card policy read and signed by employees did not cite this requirement (Follow-up # 4). The FMC continued to incur late and finance fees despite revising the policy to require that the monthly balance be paid in full by the due date to avoid such fees (Follow-up # 5).

The OIG will perform a second follow-up on the partially implemented FMC Responses.

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<sup>1</sup> Follow-ups # 1, # 4 and # 5 concluded that the FMC only partially implemented its 2011 Report's responses. These responses will require a second follow-up.