

Office of the
Internal Auditor

AUDIT REPORT

March 2024

Purchase Card, Fuel Card, &
Expense Reimbursements Audit



Table of Contents:

Page



Executive Summary

Background

1

Audit Objectives and Scope

1 - 2

Results

2 - 3



Distribution

4



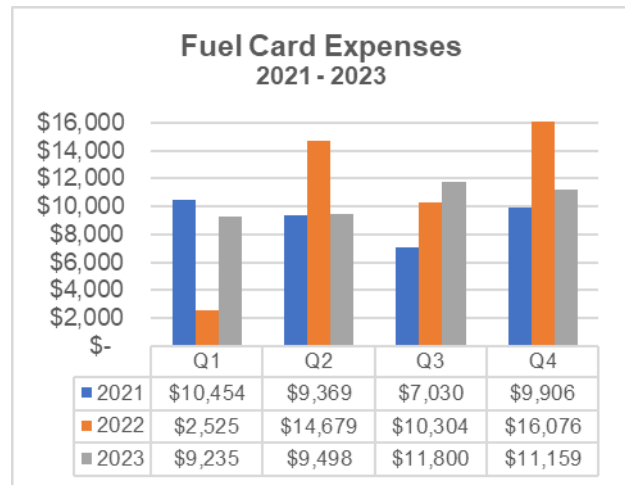
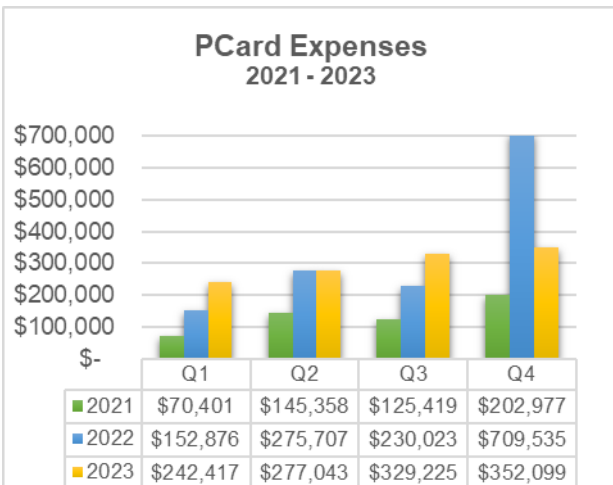
Executive Summary

Background

Throughout the year, Citizens employees incur business-related expenses as part of conducting business operations. Certain business expenses are made using corporate credit cards, which allow authorized employees to purchase goods and services on behalf of the corporation. Citizens uses two types of company credit cards, the purchasing card (PCard) and fuel card, for employees to purchase the following allowable business expenses: travel, non-travel, and fleet-vehicle maintenance. The Financial Services Department and the Facilities Management Department are responsible for the oversight and monitoring of the PCard and fuel card program, respectively. The PCard and fuel card provide Citizens with real-time reporting capability and increased spending control, allowing employees greater efficiency in purchasing goods and services that directly enhance Citizens' business strategy and objectives.

With the use of PCards, Citizens can improve the efficiency of business operations, simplify the payment process, and allow authorized employees to purchase directly from the vendor. From travel expenses to emergency response activities, employees must exercise good judgment for the purchases made on behalf of the corporation. Similarly, the fuel card offers centralized and efficient administration of fleet-related business expenses. Authorized employees assigned to a fleet vehicle purchase fuel and maintenance expenses for vehicles that support field operations, emergency operations, and other enterprise services.

In 2023, Citizens incurred \$1.2M in PCard expenses and \$41,692 in fleet-related expenses. The graph below highlights the quarterly PCard and fuel card purchases. In 2022, Citizens had a 208% growth in PCard purchases during the fourth quarter due to the company's response to the emergency events caused by Hurricanes Ian and Nicole. This coincides with the increase in fuel card expenses during the same time.



Objectives and Scope

The purpose of this audit is to evaluate the processes, controls, oversight, and administration of the Purchase Card and Fuel Card Program. The scope includes a review of both corporate credit card transactions to evaluate the following:

- Compliance with applicable Corporate Policies



Executive Summary

- Card issuance, administration, and management
- Expense reimbursement review and approval
- Fuel consumption and fleet vehicle maintenance expenses
- Credit card payments and applicable rebates

Audit Results

Internal Audit reviewed credit card procedures, controls, and purchases from January 2022 through October 2023. Overall, the Purchase Card and Fuel Card Programs have effective internal controls and robust procedures to comply with Citizens' Corporate Policies, prevent or detect errors, and protect the organization from potential misuse of company credit cards. Financial Services and Facilities Management have successful oversight controls to monitor credit card activity, ensure effective and efficient card administration, and identify and correct policy deviations. For PCard and Fuel Card transactions, Internal Audit evaluated and confirmed the purchases had proper expense documentation and approvals. Fuel and maintenance transactions are adequately reviewed and reconciled for appropriateness of fleet vehicle expenses.

Within the expense reimbursement process, accounting personnel consistently apply Citizens' policies and promote compliance throughout the organization. Management effectively monitors PCard charges that are outstanding for more than 15 business days. Employee expenses undergo a comprehensive, robust, and detailed review for completeness and accuracy. For the monthly credit card invoices and applicable rebates, Internal Audit noted that the payments are properly reconciled and validated, and rebates received have sufficient documentation and are appropriately reported.

PCard Results

Internal Audit selected active Pcards to evaluate cardholder compliance with purchase card policies, verification of appropriate credit card limits, and timely deactivation of cardholders at separation. Although the PCard Program has adequate internal controls to detect and prevent mismanagement, Internal Audit identified one control enhancement opportunity on segregation of duties.

- **Segregation of duties for improved oversight:** Accounting personnel with oversight responsibility have administrative access to the credit card administration system and the ability to process credit card payments. These two duties are incompatible for the same person to perform, as the person with the oversight job function should not have access to administrate, process, and approve credit card payments.

The following control activities are minor recommendations that may further improve the PCard control environment and have been discussed with management:

- **Credit card activation code:** The PCard and company activation code are delivered to the employee in the same Federal Express (FedEx) mailing envelope. This code is unique to Citizens and should be securely distributed to the cardholder separately or through another delivery method.



Executive Summary

- **Monitor Cardholder Termination:** Automating or streamlining the process will enhance the review of terminated employees to ensure terminated cardholders are deactivated.
- **Changes to Credit Limits:** For special requests that require changes to cardholder credit limits, such as emergency catastrophe (CAT) events, coordinate with business leaders to define the credit limit allowed and retain documentation of approval and authorization.
- **PCard Charges for Lodging:** Through partnership with the Vendor Management and Purchasing (VMAP) department, Administrative Services and Insurance Operations are responsible for sourcing and procuring accommodations to support a CAT event. Business unit leadership participating in CAT response activities within Administrative Services and Insurance Operations are encouraged to follow the hotel coordination agreed-upon process, specifically with contract routing documentation and utilizing VMAP's sourcing services and procurement process.

Fuel Card Results

Internal Audit reviewed fuel card expenses and selected samples of fleet vehicles to determine whether fuel purchases were appropriate based on mileage driven. Internal Audit recommends enhancing the fuel expense monitoring spreadsheet for increased accuracy to maintain even more effective oversight of vehicle expenses and encourage compliance.

We thank management and staff for their cooperation and professional courtesy throughout this audit.



Distribution

Addressee(s) Mike Sills, Director – Accounting & Budget
Cherri Linn, Director - Facilities Mgt & Real Estate

Business Leaders:

Tim Cerio, President/CEO/Executive Director
Jennifer Montero, Chief Financial Officer
Jeremy Pope, Chief Administrative Officer
Christine Ashburn, Chief of Communications, Legislative and External Affairs
Andrew Woodward, VP – Controller

Audit Committee:

Jamie Shelton, Citizens Audit Committee Chair
Carlos Beruff, Citizens Audit Committee Member and Chairman of the Board
Scott Thomas, Citizens Audit Committee Member

Following Audit Committee Distribution:

The Honorable Ron DeSantis, Governor
The Honorable Jimmy Patronis, Chief Financial Officer
The Honorable Ashley Moody, Attorney General
The Honorable Wilton Simpson, Commissioner of Agriculture
The Honorable Kathleen Passidomo, President of the Senate
The Honorable Paul Renner, Speaker of the House of Representatives

The External Auditor

*Completed by Ximena Baquerizo, Internal Audit Manager
Under the Direction of Joe Martins, Chief of Internal Audit*