

Office of the  
Internal Auditor

# Engagement Report

August 2025

Purchasing Card Advisory



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## Executive Summary

### Background

Throughout the year, Citizens employees incur business-related expenses as part of the ordinary course of business operations. Certain business expenses are made using corporate credit cards (PCards), which allow authorized employees to purchase goods and services on behalf of the corporation. The Financial Services Department is responsible for the oversight and monitoring of the PCard program. PCards provide Citizens with real-time reporting capability, increased controls over spending, and allow employees greater efficiency in purchasing goods and services.

### Objectives and Scope

The purpose of this advisory engagement was to evaluate the types of expenditure allowable for PCards and to review the appropriateness of cardholders. Specifically, this advisory engagement focused on:

- Departmental process improvement for the use of PCards
- Expense type analysis, with a focus on travel and catastrophe expenditures
- Proposal for reduction in the number of active PCards based on departmental needs
- Purchasing card policy review

### Results

At the request of the CEO, Internal Audit met with key stakeholders, including members of the Executive Leadership Team (ELT), the CFO and the Finance department. Internal Audit gained insight into the needs of each business unit related to PCard needs. Internal Audit analyzed the PCard holders by department and frequency of use. At the request of the ELT, active PCards throughout Citizens were reviewed. The ELT agreed to significantly reduce the number of active PCards. Additionally, Internal Audit reviewed the PCard expense policy and suggested updates to this policy and its related processes. Internal Audit's recommendations are as follows:

- **Card Holder Reduction:** Given the relatively large number of active purchasing cards throughout the organization (roughly 500), Internal Audit recommends a significant reduction in active PCards. The primary intent of the PCard is travel and catastrophe expenses. Internal Audit determined that field employees, those traveling regularly for business, catastrophe managers/team members, and executive assistants should retain their PCards. PCards held by the remaining employees should be reviewed by their business leaders. PCards should be considered for removal for employees who are not part of the aforementioned groups. Executive Assistants or central department personnel can facilitate expenses through departmental PCards for employees who have no need for a personal PCard. Internal Audit shared the list of active PCard users by department with management for review. Additionally, Internal Audit recommends revocation of PCards not used within 12 calendar months. A process to monitor inactive PCards is also recommended. As of the date of this report, several departments are reviewing their active PCards to identify potential revocations based on the above factors.
- **Policy Changes:** Internal Audit recommends adding a section to the Purchasing Card Policy (302) listing the categories of employees with a need for a PCard and clarifying the types of expenditure deemed appropriate. For example, the policy should eliminate any ambiguity regarding subscription-based purchases of periodicals versus software. Additionally, the policy should include the Purchasing Department credit use cases that



## Executive Summary

interact with vendors that solely accept payment by credit card. As of the date of this report, Financial Services is amending the policy to include these updates.

- **Tax Savings on Hotels/Rental Cars:** CPIC employees can utilize the Florida state sales tax exemption by using the PCard for hotels and rental cars. Internal Audit identified this as the historical justification for the wide distribution of PCards throughout Citizens. However, Financial Services and Internal Audit determined that the annualized sales tax savings are relatively minor (approximately \$30K). Given the risks around potentially inappropriate PCard transactions and the absence of a statutory requirement for Citizens to realize the sales tax savings, Internal Audit recommends PCards only be used sparingly for these transactions. Employees should generally be directed to use their personal cards unless special circumstances exist. Citizens promptly reimburses valid business expenses through its expense process. This further reduces the need for widespread PCard distribution and supports PCard reduction throughout Citizens.
- **Expense Types:** Internal audit performed an analysis of expenditure types for the last calendar year. Per inspection of count and detailed transactions, Internal Audit compiled a list of expense types that are recommended, given the intent of the PCard program and noted expense types that should no longer be allowed. This analysis was shared with management for further review and is meant to inform Policy changes that are ongoing.

### Conclusion

Overall, the PCard expenses are well controlled, maintained, and monitored throughout Citizens. Internal audits noted that the PCard process will benefit from slight changes in procedures, approach and policy to reduce the risks associated with expenses for Citizens.

We would like to thank management and staff for their cooperation and professional courtesy throughout this engagement.



## Appendix

### Suggested approved PCard expense categories:

Exp DESCRIPTION	Appropriate for Pcard	Notes
Lodging	Yes	This should greatly reduce once tax savings are considered for reduction
Telecommunications	Yes	CAT
Equipment	Yes	CAT, BOG, Townhall
Travel Other	Yes	This should greatly reduce once tax savings are considered for reduction
Meeting Room	Yes	Generally high dollar value
Conferences/Training/Certifications	Yes	Only if there are special circumstances
Gift Cards	Yes	
Subscription and Dues (Books Periodicals Professional Fees)	Yes	Non-software
Awards and Recognition	Yes	
Conference/Training/Certification	Yes	Only if there are special circumstances
Other Supplies	Yes	CRC Supplies, not office supplies
Software Maintenance and Licensing Fees	No	Against policy
Maintenance and Repair	No	Should have contracts for all of these types of expenses
Rental Car	Yes	This should greatly reduce once tax savings are considered for reduction
Office Supplies	No	There are contracts for this
Airfare	Yes	
Recruiting	No	This should have contracts for these types of expenses
Non-Travel Meals	No	Against policy
Furniture	No	There are contracts for this
Copier/Printer Supplies	No	There are contracts for this
Parking Fees/Tolls	Yes	
Computer Supplies	No	There are contracts for this
Rental Car Fuel	Yes	
Meals - Lunch	No	Against policy
Postage	No	There are contracts for this
IT Assets	No	Against policy
Airline Luggage	Yes	
Breakroom Supplies	No	There are contracts for this
Meals - Breakfast	No	Against policy



## Distribution

### Distribution

Addressee(s) Jennifer Montero, Chief Financial Officer

**Business Leaders:**

Tim Cerio, President/CEO/Executive Director  
Andrew Woodward, VP-Controller  
Mark Kagy, Inspector General  
Aditya Gavvala, Chief Information Officer  
Brian Newman, Chief Legal Officer & General Counsel  
Jay Adams, Chief Insurance Officer  
Jeremy Pope, Chief Administrative Officer

**Audit Committee:**

Jamie Shelton, Audit Committee Chair  
Carlos Beruff, Audit Committee Member and Chairman of the Board  
Robert Spottswood, Audit Committee Member

**Following Audit Committee Distribution:**

The Honorable Ron DeSantis, Governor  
The Honorable Blaise Ingoglia, Chief Financial Officer  
The Honorable James Uthmeier, Attorney General  
The Honorable Wilton Simpson, Commissioner of Agriculture  
The Honorable Ben Albritton, President of the Senate  
The Honorable Daniel Perez, Speaker of the House of Representatives

The External Auditor

*Completed by Kyle Sullivan, Director, Internal Audit. Under the Direction of Joe Martins, Chief of Internal Audit.*