



# REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

## AUDIT OF THE PURCHASING DIVISION PROCUREMENT CARD PROGRAM INTERNAL AUDIT REPORT (IAR) 050521-04

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November 3, 2021

### Report Highlights

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**Leanis L. Steward**  
City Internal Auditor



The Council  
City of Shreveport

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November 3, 2021

Councilman James Flurry  
Chairman, Shreveport City Council

Dear Councilman Flurry:

Subject: IAR 050521-04 – Audit of the Purchasing Division Procurement Card Program

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Steward, CPA, CIA  
City Internal Auditor

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**EXECUTIVE SUMMARY**  
**AUDIT OF THE PURCHASING DIVISION**  
**PROCUREMENT CARD PROGRAM**  
**INTERNAL AUDIT REPORT (IAR) 050521-04**

**Performance Audit:**

**Purchasing Division Procurement Card Program**

**What We Found**

The Purchasing Division is responsible for administering the Procurement Card Program. The City has three types of Cards; Procurement, Travel, and Travel with air. This audit focused on the Procurement Card only, not the Travel Cards. The Procurement Card is to be used to purchase supplies costing \$1,000 or less.

Generally, we found that the Procurement Card Program's internal controls were adequately mitigating risk. However, we identified the following issues:

- Outdated Procurement Card Handbook
- Lack of effective training
- Lack of monthly audits
- Missing Card Applications/Agreements
- Untimely card cancelation upon employee termination
- Untimely deactivation of former employees' access rights to online procurement card management system
- Government Finance Officers Association recommendations not implemented
- Noncompliance with policies and procedures

**Why We Did This Audit**

We have completed an audit of the Purchasing Division Procurement Card Program. This audit was conducted as one of our regularly scheduled audits included in the annual Audit Plan developed by the City Internal Auditor. Our objectives were to determine if:

- Internal controls related to the Procurement Card Program are operating effectively.
- Purchases made on the procurement cards are in compliance with policies and procedures.

**What We Recommended**

The Purchasing Division should:

- Update and rewrite Procurement Card Handbook.
- Determine if new card agreements should be signed by current employees that replaced former employees.
- Ensure proper card applications and agreements are completed and scan into a centralized location to prevent misplacement.
- Purchasing Agent should sign off on card applications prior to Card Administrator submission to bank and should also receive cards for distribution.
- Provide actual training and refresher training, maintain training records, and include training on information security.
- Perform monthly audits.
- Reiterate to Departmental Card Administrators their responsibility to report change in card holder employment status.
- Request from Information Technology a weekly list of terminated employees.
- Periodically review access rights to the online card management system and review employee status in HR Module in New World.
- Implement Government Finance Officers Association recommendations.
- Specify for what purpose food can be purchased.
- Revise and require the completion of the monthly bank card purchase report to include a column for Business/Public purpose for each transaction.
- Require monthly card statements are date stamped when received for review and approval.
- Consider requiring the scanning of receipts/invoices to alleviate fading overtime and to decrease the chances of misplacement.

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## Introduction and Background

The City has three types of Cards; Procurement, Travel, and Travel with air. This audit focused on the Procurement card (P-Card) only. The Procurement Card Program is administered by the Purchasing Division. Regions Bank is the card contractor who issues the procurement cards. The P-Card usage is governed by the City's Procurement and Travel Card Handbook. The P-Card is to be used for nonstandard supplies costing \$1,000 or less. Nonstandard supplies are "any practical commodity not defined as equipment or service, used in the daily operation, which cannot be obtained from a City contract, or the City's storeroom".<sup>1</sup> The benefits of a P-Card program can include convenience, lower transaction costs (less purchase orders to process and checks to issue), alternative to petty cash, and immediate payments to vendors. During the time of the audit there were 63 active (open) procurement cards (not travel cards). The Purchasing Division has one Procurement Card Administrator [*Auditor's Note: There is a backup Procurement Card Administrator when the primary person is not available.*] who is responsible for distributing and canceling cards, providing training, assisting cardholders and departmental card administrators by answering questions, resolving any problems encountered with the use or misuse of the cards, forwarding requests received for adjustments to card limitations, and maintaining a file of cardholder information.

The objectives of this audit were to determine the following:

- Internal controls are operating effectively related to the Procurement Card Program.
- Purchases made on the procurement cards are in compliance with the policies and procedures.



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<sup>1</sup> Definition from City of Shreveport Procurement and Travel Card Handbook.



**Recommendation Evaluation Risk Criteria**

This report contains 9 findings with 20 recommendations. The chart below summarizes our evaluation of risk for the recommendations outlined in the report. Each recommendation was assessed a high, medium, or low risk level based on a qualitative assessment of exposure and/or corrective action priority.

Risk Levels	Recommendations
<p style="text-align: center;"><b>High</b></p> <p>Represents a <b>significant</b> level of risk exposure to city assets, public safety, or achievement of objectives or mission. Corrective action should have the highest priority.</p>	<ul style="list-style-type: none"> <li>➤ Determine if new card agreements should be signed by current employees that replaced former employees. Ensure proper card applications and agreements are completed and scan into a centralized location to prevent misplacement. <a href="#">(Finding: Cardholder Application and Agreement)</a></li> <li>➤ Purchasing Agent sign off on card applications prior to Card Administrator submission to bank and receive cards for distribution. <a href="#">(Finding: Card Issuance)</a></li> <li>➤ Provide actual training and refresher training, maintain training records, and include training on information security. <a href="#">(Finding: Cardholder Training)</a></li> <li>➤ Perform monthly audits. <a href="#">(Finding: Monthly Audits)</a></li> <li>➤ Reiterate to Departmental Card Administrators their responsibility to report change in card holder employment status. Request from Information Technology a weekly list of terminated employees <a href="#">(Finding: Replacement/Cancelation of Cards)</a></li> <li>➤ Periodically review access rights to the online card management system and review employee status in HR Module in New World. <a href="#">(Finding: Online Card Management System)</a></li> <li>➤ Specify for what purpose food can be purchased, revise and require the completion of the monthly bank card purchase report to include a column for Business/Public purpose for each transaction. Require monthly card statements are date stamped when received for review and approval. Scan receipts/invoices to alleviate fading overtime and to decrease the chances of misplacement. <a href="#">(Finding: Noncompliance with Policies and Procedures)</a></li> </ul>
<p style="text-align: center;"><b>Medium</b></p> <p>Represents a <b>moderate</b> level of risk exposure to the city from extensive operating inefficiencies or high-level non-compliance issues. Corrective action should occur expeditiously.</p>	<ul style="list-style-type: none"> <li>➤ Update and rewrite Handbook <a href="#">(Finding: Procurement and Travel Card Handbook.)</a></li> <li>➤ Implement GFOA recommendations <a href="#">(Finding: Government Finance Officers Association Recommendations)</a></li> </ul>
<p style="text-align: center;"><b>Low</b></p> <p>Represents a <b>minimal</b> level of risk exposure to the city from inefficiencies or low-level non-compliance issues. Corrective action should occur as appropriate.</p>	<p style="text-align: center;"><b>None</b></p>



### **Scope and Methodology**

The scope of this audit was limited to the Purchasing Division Procurement Card Program operating activities occurring during the period January 2019 – December 2020 for only the Procurement Card (P-card), not the Travel Card. To achieve the audit objectives, audit procedures performed included, but were not limited to, the following:

- Interviewing Purchasing Division Personnel responsible for administering the Procurement Card Program,
- Documenting and evaluating the internal controls over the Procurement Card Program, such as policies and procedures, issuance and deactivation of cards, training,
- Reviewing the City's Procurement and Travel Card Handbook and the Louisiana Legislative Auditor's Best Practices for Cards,
- Reviewing a sample of cardholder applications and agreements, monthly P-Card bank statements, transactions, and supporting documents to test effectiveness of controls and determine compliance with policies and procedures.

Sample size was calculated using a sampling calculator and was selected based on the criteria of 90% confidence level and 10% error rate. The results cannot be projected to the entire population. Random and judgmental sampling selection was used to improve the overall efficiency of the audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions, and recommendations based on our audit objectives.

***We thank the personnel in the Purchasing and Accounting Divisions for their cooperation, courtesy, patience, and assistance in gathering information provided to us in our work on this project.***





# **FINDINGS**

# **AND**

# **RECOMMENDATIONS**



**Objective: Determine if internal controls related to the Procurement Card Program are operating effectively.**

The Procurement Card Program internal controls help reduce the risk of inappropriate purchases and minimize the City's exposure to fraud, waste, and abuse. The internal controls related to the Procurement Card Program are designed effectively. However, we have identified areas that could be improved to increase efficacy.

### **Procurement and Travel Card Handbook**

Current and accurate documented policies and procedures are essential to ensure compliance with laws, regulations, and current practices. They provide standards for consistency and uniformity in practices, establish clear lines of responsibility, enhance accountability, and lessen the threat to continuity posed by employee turnover. Policies and Procedures should be clear, concise, and consistent to allow for comprehension and compliance.

The City's Procurement and Travel Card Procedures Handbook (Handbook) governs the procurement card program. It details the allowable and prohibited uses, the required documentation to support each transaction, the review and approval procedures, and responsibilities of Cardholders and Departmental Card Administrators.

However, **the Handbook has not been updated since March 4, 2014 and needs to be rewritten to improve clarity, conciseness, and consistency.** Users are relying on unclear, inconsistent and outdated information such as the inconsistency in who is responsible for identifying disputed transactions and filing the necessary form, and expired Annual Commodity Contracts & Selected Service Contracts (Exhibit D in Handbook) and Storeroom Order Form (Exhibit E in Handbook). *[Auditor Note: Per Interim Purchasing Agent, there is no longer a storeroom for supplies to be ordered by departments.]*

**Recommendation 1:** Update and rewrite the Procurement and Travel Card Procedures Handbook to provide clarity, conciseness, and consistency. Distribute and provide training to users once the handbook is complete.

#### **Management Response:**

We have established a working group to rewrite and update the procurement and travel card procedures. We hope to have this completed by the end of 2022.

**Due Date:**



### **Cardholder Application and Agreement**

The Handbook requires that a Procurement Card Application is completed to obtain a card and a Procurement Cardholder Agreement is required to be signed by the Cardholder and Department Head acknowledging receipt and responsibility of the card.

We **selected 40 (63%) out of 63 active P-Card cardholders** at time of the fieldwork to review Cardholder Applications and Agreements for compliance with Handbook. We found that:

- Cardholder Agreements and Applications **were not found for four cardholders** due to potential misplacement.
- Cardholder Agreements for **five Department cards were not signed by Department Head or other designated current employee to hold responsible for charges on card**. These cardholder agreements were signed by Department Heads or other designated employee that are no longer employed with the City. Therefore accountability for card use has not been established without a signed agreement.
- **Three cardholders inadvertently completed a Travel Card Agreement and Application instead of a Procurement Card Agreement and Application** although, the card is actually a Procurement card.
- **One cardholder approved their card application and agreement for their own card** instead of Department Head.

### **Recommendation 2:**

- a) Consider scanning cardholder applications and agreements as received into a centralized location to decrease or prevent the chances of misplacement.
- b) Procurement Card Administrator should determine if new agreements should be signed by current employees that replaced former employees to hold accountable for Departmental Card use.
- c) Procurement Card Administrator should ensure that the proper application and agreement is appropriately completed and signed before issuing the card.

### **Management Response:**

a) Agreed. The Financial Clerk will begin immediately scanning all new applications, agreement, and attachment to the Purchasing shared drive once they are approved by the Purchasing Agent and submitted to Regions for card issuance by Procurement Card Administrator.

**Due Date a:** Less Than 6 Months

b) The Procurement Card Administrator will immediately begin to reach out to all current card holder to have them to read and sign Annual Credit Card Agreement.



**Due Date b:** In Progress

c) Procurement Card Administrator will review each application to ensure that Procurement Card applicants are completing the Procurement Application (Exhibit N) and Travel Card applicants complete the Travel Application (Exhibit O). The Purchasing Agent will sign off on each application before submission to Regions Bank.

**Due Date c:** Less Than 6 Months

### **Card Issuance**

To ensure no unauthorized cards are obtained by the Card Administrator there should be a segregation of duties between the personnel that submits card applications to the Bank and the receipt of the cards. Also, the Purchasing Agent or designated personnel should provide documented oversight prior to submission of a request to card issuer (Regions Bank) for issuance of cards.

We found that the Purchasing Agent or other designated employee does not provide documented approval of card applications prior to the Card Administrator submitting request to Regions Bank (card issuer) for issuance of card. The Card Administrator submits card applications for cards to be issued and receives the cards for distribution.

### **Recommendation 3:**

Purchasing Agent or other designated personnel should sign off on card applications prior to Card Administrator's submission of request to Regions Bank for card to be issued and receive cards for distribution. These controls will mitigate the risk of unauthorized cards being obtained.

### **Management Response:**

Agreed. The Purchasing Agent or other designated personnel in her absence will begin immediately signing off on Procurement and Travel cards applications before the Procurement Card Administrator submit the request to Regions Banks for card issuance with her initials.

**Due Date:** Less Than 6 Months

### **Cardholder Training**

According to the Handbook, cardholders are required to attend training prior to issuance of a procurement card. The former Purchasing Agent stated the training consists of requiring the cardholder to read the Procurement and Travel Card Handbook. **No training**



records were maintained for verification of training prior to issuance of card. Training is not required for Departmental Card Administrators (DCA) or Department Heads, who are responsible for reviewing the monthly statements and receipts supporting the card transactions for appropriateness, unless they are the cardholder. These individuals are responsible for ensuring compliance and enforcing the policies and procedures but may not have the necessary knowledge without proper training. Refresher training is not provided. Through proper training, cardholders and approving officials learn their roles and responsibilities in ensuring compliance with the rules and minimizes the risk of improper card use.

**Recommendation 4:**

- a) Purchasing should provide actual training and periodic refresher training to Cardholders and Departmental Card Administrators to ensure they understand how the card is to be used, their roles and responsibilities, and any changes in policies and procedures.
- b) Purchasing should maintain training records as evidence that training was provided prior to issuance of cards and for any refresher training.
- c) Training should be provided on:
  - o Information security standards and fraud tactics/scams.
  - o How to differentiate between legitimate communications and fraudulent ones from the card issuer.
  - o How to verify a secure website before entering card information.
  - o How to properly dispose of documentation reflecting card information.

**Management Response:**

a) Agreed. The City of Shreveport Annual Credit Card Agreement will be implemented as a training tool and will be updated on an as needed basis and redistributed to all cardholders and Department Card Administrators (DCA's). As we get DCA's and current card holders to sign the form, it will serve as a refresher. Moving forward refresher courses will be held annually for current cardholder. Training will be provided for all new card holders and/or departmental position changes occur.

**Due Date a:** In Progress

b) Training sign in will be cross checked with cardholder applications.

**Due Date b:** In Progress

c) All items addressed above in section "c" will be addressed on the Annual Credit Card Agreement form.

**Due Date c:** In Progress



## **Monthly Audits**

The Handbook includes audit procedures that are to be followed by the Purchasing Division when conducting monthly audits. During the period under review, there was **no evidence that monthly audits were performed to monitor compliance with established policies and procedures**. Results of audits are to be summarized and any violations of policies and procedures are to be distributed to the respective Department Head and the City's Procurement Card Administrator. Without the performance of monthly audits, there is the potential for untimely detection of noncompliance with policies and procedures and abuse and misuse of P-Cards.

**Recommendation 5:** Purchasing Division should perform monthly audits to determine effectiveness of the internal controls over the procurement card program and Cardholders and/or Departmental Card Administrators' compliance with the established policies and procedures.

### **Management Response:**

Cardholder Administrator will conduct monthly audits by reviewing monthly statements and upon completion will initial the monthly statement and forward to the Purchasing Agent or assigned designee to sign and date statement for validity.

**Due Date:**

## **Replacement/Cancelation of Cards**

Departmental Card Administrators are responsible for notifying the Purchasing Agent when there is a change in a cardholder's employment status (i.e. transfer, termination). Once Purchasing Agent is notified, the card can be canceled/closed.

One active procurement card for the Water and Sewerage Department was not closed in a timely manner after termination of employee/cardholder. The cardholder was terminated as of January 31, 2019, but the Procurement Card remained open for over 2 years after termination. During review of terminated employees and active procurement cards, Internal Audit discovered and informed the Interim Purchasing Agent of the active card for the terminated employee. The card was closed the same day. No card transactions had occurred after the termination of the employee nor prior to closure of the card.

Since the Departmental Card Administrator did not notify Purchasing of the cardholder's termination, the card was not canceled timely and exposed the city to potential fraud and misuse.

### **Recommendation 6:**

- a) Reiterate to Departmental Card Administrators and/or Department Heads their responsibility to immediately notify Purchasing when a cardholder's employment status changes (ex: resignation, termination, retirement, job transfer).



- b) Request from Information Technology Division to provide a list weekly of terminated employees, to compare to current Cardholders to prevent any unauthorized charges and cancel cards timely.

**Management Response:**

a) Department Card Administrators and/or Department Heads will be notified by email and training reminding them to immediately notify Purchasing when a cardholder's employment status changes. Card should be returned to Purchasing to be destroyed and documented on Excel worksheet.

**Due Date a:**

b) Purchasing has also been added to be notified of any employee termination.

**Due Date b:**

**Online Card Management System**

The Regions Onepass Online Card Management system is used to view card statements and transactions, adding users and changing users' access abilities of the online card management system, adjusting spending limits for cards, activating and deactivating cards, adding or removing Merchant Category Codes among other capabilities. Access to the Regions Onepass Online Card Management system should be limited to current active employees that require access to fulfill their job duties.

There were **three former employees with access rights to the Regions Onepass Online Card management system as of March 26, 2021. Two of the former employees had been terminated for over a year before access rights were removed.** As a result, there was potential for unauthorized access to card data. After the Internal Auditor brought this to the attention of the Interim Purchasing Agent, the former employees' access was removed. Access rights were not removed timely after termination of employees because:

- No periodic reviews of access rights to the procurement card management system were performed to verify that only current employees that require access to do their job duties have proper access.
- The Purchasing Agent relied upon the Department Card Administrators to notify her of employee terminations and/or transfers of employment.

**Recommendation 7:**

- a) Perform periodic reviews of access rights to the Region Onepass Online Card Management system to verify that users are current employees and require access for their job duties.
- b) Periodically review HR Module in New World (Logos) to determine employment status of employees with access to the Region Onepass system.



**Management Response:**

a) We will continue to monitor and confirm quarterly that users are current employees and have access to their department statements only.

**Due Date a:** In Progress

b) The Card Administrator will be given access to the HR Module in New World to allow her to check employee status on a quarterly basis.

**Due Date b:** In Progress

**Government Finance Officers Association Recommendations**

The Government Finance Officers Association (GFOA) performed an Organizational Assessment and System Analysis of the Finance Department dated July 2020. As a result of the assessment, the following recommendations were made to improve the Procurement Card Program:

- The City should consider using one P-Card for all purchases.
- Clearly define policies and procedures regarding P-Card purchases.
- Explore using the P-Card module in New World.

**Recommendation 8:** Implement GFOA recommendations as feasible.

**Management Response:**

Agreed. Purchasing agrees to all three recommendations and will work to setup and implement as soon as possible. Interim Purchasing Agent and Information Technology Representatives will be meeting within the next few days to discuss the Procurement Card Module.

**Due Date:** 1 Year or More



**Objective: Determine if purchases made on the procurement cards are in compliance with policies and procedures.**

The following policies and procedures govern the use of the P-Card:

### **Spending Limits/Split Transactions**

The Procurement Card has an established \$1,000 single transaction limit and \$10,000 credit limit. Cardholders may not split a large purchase into smaller ones in order to circumvent the single transaction limit. Any deviations from these spending limits require a written request and approval for an increase to the spending limit. This documentation should be maintained with the monthly card statement to reflect that approval was received.

### **Sales Tax**

Sales tax is not to be paid when using the P-Card. The City is tax-exempt from State and Local taxes.

### **Itemized Receipt/Invoice**

Cardholders are required to obtain from vendor an itemized receipt or invoice. If the receipt or invoice is not itemized, items should be written on the receipt and the salesperson(s) should sign it. If receipt is lost, a duplicate copy must be obtained from the vendor.

An itemized receipt/invoice consists of the vendor name, description of item purchased, quantity purchased, price per item, total amount, and shipping charges if applicable. Once a card transaction is completed, the cardholder shall complete the Monthly Bank Card Purchase Report if required by the Department Head. See the Monthly Bank Card Purchase Report in Appendix B.

### **Prohibited/Inappropriate or Questionable transactions**

Procurement Card is to be used to purchase nonstandard supplies costing \$1,000 or less. The Handbook defines nonstandard supplies as "any practical commodity not defined as equipment or service, used in the daily operation, which cannot be obtained from City contract, or the City's storeroom". Any employee who uses the P-card for personal items or for prohibited items, shall be liable for payment of all costs involved and subject to appropriate disciplinary action by their Department Head.

The P-Card is not to be used to purchase prohibited items listed in the Handbook. **Appendix C** lists prohibited items. We noted the following [prohibited items were purchased](#):

Computers, Membership Dues, Bottled Water, Storeroom Items (i.e. Office Supplies that are not on backorder), Subscriptions to newspapers, Annual Contract Items (i.e., Auto Parts), Rental Agreements.



*[Auditor's Note: The Interim Purchasing Agent informed Internal Auditor that office supplies are no longer stored in the Mailroom and that former Purchasing Agent instructed the previous Storeroom Clerk to stop ordering supplies over a year ago.]*

The Handbook states that commodities available from a City Contract, and/or the Storeroom are restricted. However, the P-card can be used if the commodity is on backorder from the Storeroom, or if the amount needed does not meet the minimum order amount from a City Contract. A copy of the back order shall be attached to the monthly card statement. We found that there was no back-order form attached to the monthly statement to support purchase of office supplies that could have potentially been obtained from the Storeroom.

There were **questionable transactions** because either there was no itemized receipt/invoice or the description on the receipt was illegible/faded or didn't specify the item(s) to determine what was purchased. Also, there were transactions for food or meals without a business or public purpose stated or names of persons participating<sup>2</sup>.

### **Business/Public Purpose**

Business or Public Purpose should be noted for each transaction.<sup>3</sup>  
The P-card is not to be used for personal items.

### **Review and Approval Procedures**

The Handbook states that the Cardholder is responsible for reviewing the monthly card statement for accuracy, signs and dates, then forwards to the Departmental Card Administrator (DCA) within three working days from receipt of the statement.

The DCA is responsible for reviewing, approving, initialing, and dating the monthly statement and forwarding the statement and supporting documents (receipts/invoices) to the Accounting Division for recording into the financial system.

There were statements with **no initials/signatures, dates of review of statements** and no date stamps of when statements were received to determine if statements were reviewed within three working days of receipt of statement.

We noted that one Cardholder who is also the DCA reviewed their own statements and there was no evidence of review by someone else. When a DCA has card expenses of their own, another person is to document that they have reviewed the expenses and statement. Without proper review there is potential for misuse and abuse of the P-Card.

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<sup>2</sup> The Louisiana Legislative Auditor Best Practices for Cards states that receipts for meals and entertainment charges should contain the names of all persons participating and the business discussed.

<sup>3</sup> The Louisiana Legislative Auditor Best Practices for Cards states that for non-fuel cards, employees are responsible for documenting the business/public purpose of the purchase on the receipt.



**Merchant Category Codes**

A Merchant Category Code (MCC) is a four-digit number used by the bankcard industry to classify merchants and businesses by the type of goods or services provided. The procurement cards have specific MCCs that are approved for use. A transaction will be declined if the business’s assigned MCC is not on the approved list in the Procurement and Travel Card Handbook. The list of approved MCCs for the procurement cards helps minimize or prevent inappropriate purchases.

**Noncompliance with Policies and Procedures**

We randomly and judgmentally selected **40** (63%) out of **63** active cardholders and card statements for **6 months (total of 12 months)** from each year of 2019 and 2020 to determine:

- If there were transactions over the single transaction threshold amount of \$1,000 without proper documentation of approval for increase in spending limit.
- If there were split transactions to circumvent the \$1,000 limitation.
- If Sales Tax was paid.
- If original itemized receipts/invoices were provided for each transaction.
- If purchases were not prohibited, personal or inappropriate.
- If there was a Business or Public Purpose Noted for the transaction.
- If Cardholder and/or Departmental Card Administrator (DCA) or other designated person initialed/signed and dated the monthly card statement as evidence of review of the statement and supporting documentation.

**Table A** shows the sample of the cardholders reviewed.

<b>Table A</b>	
<b>P-Cards Reviewed</b>	
<b>Department</b>	<b>Number of Cards</b>
<b>Airport Administration</b>	3
<b>Sportran</b>	1
<b>MPC</b>	2
<b>Community Development</b>	4
<b>Police</b>	2
<b>Water and Sewerage</b>	5
<b>SPAR</b>	10
<b>Fire Maintenance</b>	1
<b>Human Resources</b>	1
<b>Information Technology</b>	1
<b>Engineering /Environmental</b>	2
<b>Property Standards</b>	2
<b>Mayor’s Office</b>	2
<b>Library</b>	3
<b>Purchasing</b>	1
<b>Total Cards Reviewed</b>	<b>40</b>



Our review of **1232 transactions from 201 monthly statements totaling \$223,895** resulted in the identification of noncompliance or potential noncompliance with policies and procedures in the City of Shreveport Procurement and Travel Card Handbook and The Louisiana Legislative Auditor’s Best Practices for Cards. These policies, procedures, and best practices are designed to govern P-Card purchases and minimize fraud, waste, and abuse.

**Table B** displays the results of our review of transactions. See **Appendix A** for departments that were not in compliance with policies and procedures.

<b>Table B</b>			
<b>Results of Review of Transactions</b>			
<b>Non-Compliance with Policies/Procedures/Best Practices</b>	<b>Total Number</b>	<b>% of -1232 Transactions/201-Monthly Statements</b>	<b>Total Amount of Transactions</b>
Transactions over \$1000 single transaction limit without documentation of request/approval for temporary spending limit increase	<b>11</b>	<b>&lt; 1%</b>	<b>\$32,091</b>
Split Transactions	<b>4</b>	<b>&lt; 1%</b>	<b>\$2,546</b>
Transactions with Sales Tax Paid	<b>85</b>	<b>7%</b>	<b>\$1,044</b>
Transactions without Itemized Receipt/Invoice	<b>62</b>	<b>5%</b>	<b>\$24,910</b>
Prohibited/Questionable transactions	<b>172</b>	<b>14%</b>	<b>\$40,840</b>
Transactions without Business or Public Purpose noted	<b>949</b>	<b>77%</b>	<b>\$207,446</b>
Monthly Statements with no evidence of review/approval by Cardholder and/or Departmental Card Administrator or other designated personnel	<b>158</b>	<b>79%</b>	<b>N/A</b>

**Recommendation 9:**

- a) Provide refresher training periodically to Cardholders and Departmental Card Administrators and/or Department Heads to reiterate their roles and responsibilities in ensuring compliance with the policies and procedures, purpose of the P-card, required supporting documentation, and prohibited uses.
- b) Perform monthly audits of the procurement card program transactions.
- c) Specify in Handbook for what purpose can food be purchased and require for meals or food purchases that the business purpose or business discussed be stated and individuals participating in the meal be provided to support the transaction.
- d) Require that the Monthly Bank Card Purchase Report be completed rather than it being optional and revise it to include a column for Business or Public Purpose to be stated for each transaction made on the P-card.
- e) Require that monthly card statements are date stamped when received for review and approval by the Cardholders and DCAs to determine if card statements have been reviewed within three working days of receipt.
- f) Consider requiring the scanning of receipts/invoices into New World-Procurement Card Module to alleviate fading overtime and to decrease the chances of misplacement.



**Management Response:**

a) Agreed. See Recommendation 4(a)

**Due Date a:**

b) Agreed. See Recommendation 5

**Due Date b:**

c) Agreed. Detailed specification of food purchases will be provided in updated handbook.

**Due Date c:**

d) Agreed. Department Card Administrator will be notified via written communication that effective immediately, the Monthly Bank Card Purchase Report will be required monthly. A column for Business or Public Purpose be added to current form and distributed to the Department Card Administrator to be distributed to their cardholders.

**Due Date d:**

e) Agreed. Department Card Administrator will be notified that monthly card statements are to be reviewed within three working days of receipt and date stamped when received to review and approve. Statement must be date stamped by Cardholder and Department Card Administrator and sent to purchasing for final approval before going to accounting.

**Due Date e:**

f) Agreed. Scanning of receipts/invoices into New World-Procurement Card Module will be one of the procedure requirements. Scanning of the receipts into New World will alleviate fading overtime and decreasing the chances of misplacement as stated.

**Due Date f:**



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tf:pj:ts

c: City Council  
Clerk of Council  
Mayor  
Chief Administrative Officer  
Carr Riggs and Ingram  
Chief Financial Officer  
Purchasing Agent



## Appendix A - Non-Compliance Issues by Department

Department	Non-Compliance Issues						
	A	B	C	D	E	F	G
Airport			X	X	X	X	X
Sportran			X	X	X	X	X
MPC			X	X	X	X	X
Community Development			X		X	X	X
Police	X		X	X	X	X	X
Water and Sewerage	X		X	X	X	X	X
SPAR	X	X	X	X	X	X	X
Fire Maintenance		X	X	X	X	X	X
Human Resources			X	X	X	X	X
Information Technology	X		X	X	X	X	X
Engineering/Environmental					X	X	X
Property Standards			X	X	X	X	X
Mayor's Office			X	X	X	X	X
Library			X	X	X	X	X
Purchasing				X	X	X	X

### X= Non-compliance

- A** Single transaction over \$1,000 without documentation of approval for increase in spending limit.
- B** Split Transaction.
- C** Sales Tax was paid.
- D** No itemized receipts/invoice for transaction.
- E** Prohibited or questionable transaction.
- F** No Business or Public Purpose noted for transaction.
- G** No evidence of review of statement and receipts by Cardholder and/or DCA or other designated person within 3 working days of receipt of statement.





## Appendix C – Prohibited Items

Airline Tickets	Computers	Police/Fire protective, safety and equipment
Alcoholic beverages	Consultants, instructors, and speakers	Postage stamps
Ammunition	Draperies	Postage meters
Annual Contract Items	Franklin Day Planners/Supplies	Professional Services
Art work	Ground transportation	Rental agreement
Attache` Case	Hotels, motels, and other lodging	Silk Plants
Automotive gasoline and oil	Identification badges	Service agreements
Bottled Water	Industrial cloths	Store Room Items
Brief case	Medical drugs, narcotic drugs, supplies	Transit passes
Calculator	Membership dues	Uniforms
Carpeting	Metal property tag	UPS registers
Car Washes	Party favors (i.e.balloons)	Vehicle rental
Source: City of Shreveport Procurement and Travel Card Handbook Revision March 4, 2014		