

**Post-Audit Review 25-02:  
Purchase Card Program**

**May 2026**

**City Auditor**

Stan Sewell, CPA, CGFM, CFE

**Senior Auditor**

Pamela Swinney, CPA





# OFFICE OF INTERNAL AUDIT

## Stan Sewell, City Auditor

May 7, 2026

To: Mayor Tim Kelly  
City Council Members

Subject: Post-Audit Review of Purchase Card Program (Report #25-02)

Dear Mayor Kelly and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2025 Purchase Card Program report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. The Purchasing Division had developed a comprehensive policy and procedures manual but some of the stated internal controls were not performed;
2. In general, cardholders attached adequate support documentation and purchases were for a municipal purpose. However, we found the timeliness of coding and approving transactions in Truist needed improvement and multiple instances of noncompliance with policies;
3. The P-Card rebates had increased substantially since the 2021 audit report, but opportunity exists to increase rebates available to the City; and,
4. Historical P-Card support documentation was not retained in accordance with record retention requirements.

The audit had 13 recommendations to improve efficiency and effectiveness of the purchase card program as well as address internal control deficiencies observed. At the time of this Post-Audit Review, nine recommendations were not implemented, three were partially implemented, and one was implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been

performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,



Stan Sewell, CPA, CGFM, CFE  
City Auditor

Attachment

cc: Audit Committee Members  
Kevin Roig, Chief of Staff  
Weston Porter, Chief Financial Officer  
Mande Green, Chief Operating Officer  
Jerele Neeld, Chief Information Officer  
Debbie Talley, Procurement Officer  
Jim Arnette, TN Local Government Audit

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## RECOMMENDATIONS NOT IMPLEMENTED (9)

<b>Recommendation</b>	<b>Actions Taken</b>
1 We recommended Finance update the Purchase Card Policy and Procedures Manual to document changes in the process and internal controls	The Purchase Card Policy and Procedures Manual has not been updated.
2 We recommended the Purchasing Division update the language in the Procurement Instruction Manual and submit changes to Council for approval.	The Procurement Instruction Manual has not been updated.
3 We recommended the P-Card Administrator review and correct the cardholders' approval flow to include the administrator/department head as the final approver in the purchase card system.	The cardholders' approval flow has not been changed. In addition, the policy has not been changed to allow for delegates.
6 We recommended Finance provide training to all P-Card transaction approvers.	Training has not been provided.
7 We recommended Finance perform and document random reviews of cardholder transactions and hold individuals accountable for non-compliance with stated policies.	Purchasing intends to assign two staff to perform reviews. Anticipated completion is July 1, 2026.
8 We recommended Finance implement a procedure to ensure expenditures do not exceed the approved contract amounts when Fleet uses the purchase card for Lee-Smith orders.	Per the Procurement Officer, the new P-Card system will provide the reports needed to track expenditures by supplier. The new system should be online by July 1, 2026.
9 We recommended Finance monitor supplier spending to identify non-compliance with policies and to identify spending that exceeds \$25,000 annually, as required by stated policies.	Per the Procurement Officer, the new P-Card system will provide the reports needed to track expenditures by supplier. The new system should be online by July 1, 2026.

Recommendation	Actions Taken
11 We recommended the Purchasing division update its purchase card policy to document how often data images are downloaded and how to access, if needed.	The Purchase Card Policy and Procedures Manual has not been updated.
13 We recommended Finance update the purchase card policy to prohibit purchases from Amazon on P-Cards.	The Purchase Card Policy and Procedures Manual has not been updated.

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### RECOMMENDATION PARTIALLY IMPLEMENTED (3)

Recommendation	Actions Taken
5 We recommended Finance perform a periodic analysis of unmapped and unapproved transactions in the credit card system and notify departments, as required by stated policies.	Per the Procurement Officer, she reviews a Truist report on a monthly basis and sends emails to employees not complying with policy. After the new P-Card system is active, two staff will be assigned the responsibility.
10 We recommended DTS periodically download the images from the purchase card platform. The images should be stored in a centralized, accessible location.	DTS has determined the images from Truist were located on a secure city server since July 2022. However, prior to recent efforts, the raw data was not in a readable format. Because the manual extraction process is resource-intensive and prone to sync errors, DTS is evaluating how to efficiently extract the data.
12 We recommended Finance include a procedure in the requisition process that requires the buyer, prior to approving noncatalog requisitions under \$5,000, to verify the purchase cannot be paid (without additional cost) via the purchase card.	Purchasing implemented the procedure. The new procedure requires a note to the buyer documenting the reason the P-Card cannot be used when the purchase is under \$5,000. However, our review of ten requisitions found not all buyers verified why the P-Card was not used.

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## RECOMMENDATIONS FULLY IMPLEMENTED (1)

Recommendation	Actions Taken
4 We recommended Finance, with the assistance of Human Resources, add the P-Card Administrator to the automated notification system used with Oracle's offboarding journey.	To address the finding, HR provides a weekly report to the P-Card Administrator that lists the employees terminated during the prior week. Our review of active P-Cards found none were assigned to terminated employees.

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