

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



October 1, 2008

Mr. Richard Riebeling, Director of Finance  
Metro Nashville Finance Department  
100 Metro Courthouse  
Nashville, Tennessee 37201

Dear Mr. Riebeling:

Please find attached the Comprehensive Monitoring Report of the Metro Procurement Card Program administered by the Department of Finance. This report discusses the effectiveness of controls over procurement card purchases, analyzes government-wide card use and trends and reports the results of the monitoring review of internal controls over general government's Procurement Card Program for the fiscal years ended June 30, 2008 and June 30, 2007. Staff from the Office of Financial Accountability conducted the review.

This review is more comprehensive than prior procurement card reviews, which were generally limited to individual department's procurement card practices and procedures, covering payments by both vouchers and procurement cards.

We appreciate the cooperation and assistance provided us during the course of the review. If you have any questions, please call me at (615) 880-1035.

Sincerely,

*Fred Adom*

Fred Adom, CPA  
Director

cc: Diane Neighbors, Vice Mayor  
Talia Lomax-O'dneal, Deputy Director of Finance  
Gene Nolan, Deputy Director of Finance  
Kim McDoniel, Assistant Finance Director  
Mark Swann, Internal Audit

Jeff Gossage, Purchasing Agent  
Kevin Brown, Office of Financial Accountability  
Laura Cowan, Office of Financial Accountability  
Brad Thompson, Office of Financial Accountability



**Metropolitan Government of Nashville and Davidson County**

◆ **Monitoring Report of** ◆

# **Metro Nashville's Procurement Card Program**



**Conducted by**



**Office of Financial Accountability**

October 1, 2008

FINANCIAL ACCOUNTABILITY

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# PROCUREMENT CARDS Monitoring Report

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## OBJECTIVES, SCOPE AND METHODOLOGY

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Metropolitan Nashville Procurement Card (P-card) program for the fiscal years ended June 30, 2007 and 2008. The review was performed in accordance with *Generally Accepted Government Auditing Standards* and in compliance with OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”

### **Overview of the Project**

Metro Nashville’s Procurement Card Program is a credit card based method of acquiring and paying for necessary goods and services. Authorized credit cards are issued to select Metro employees with the cards embossed with the names of both the Employee and Metro Nashville Government. Only the employees whose names are embossed on the card are authorized to use the card. All procurement card purchases are required to be for official business of Metro Nashville Government.

Typically, Procurement cards provide organizations with benefits such as reduced transaction costs and opportunities for increased revenues through vendor rebate programs. The procurement cards also offer individual users a convenient method of obtaining necessary goods and services. Although Metro Nashville Government’s use of the card has grown considerably over the past few years, opportunities for increased use and subsequent benefits still exist.

It should also be noted that Procurement card use in a government setting presents special risks that need to be addressed carefully. Metro Nashville’s procurement card program is not immune from the risk of abuse and mismanagement. These potential risks make oversight and enforcement even more critical. Non-compliance with established rules, weak controls and lax oversight of the program increase the risk of diverting legitimate business expenditures for personal use, and a host of other potential abuses. Also, with the increase in the volume of purchases and the number of cards issued, the risk of abuse and mismanagement increases.

## OBJECTIVES, SCOPE AND METHODOLOGY

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A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Metropolitan Nashville Government and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). The OFA is responsible for the internal monitoring of Metro agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The overall monitoring objective was to evaluate the adequacy of management controls currently in place over the Metropolitan Nashville Government P-card program and to determine whether card purchases were proper and in compliance with Metro policies and procedures.

The review period was the fiscal years ended June 30, 2007 and 2008. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period. It should be noted that even though Metro Nashville Public Schools, Metro Housing Development Agency and Metro Nashville General Hospital participate in the overall contractual arrangement with JPMorgan Chase Bank, our focus and references in this report, unless otherwise noted, refer solely to the Metro Nashville General Government, excluding any component units. We did not test the P-card program at Metro Nashville Public Schools, Metro Housing Development Agency or Metro Nashville General Hospital; therefore, our comments herewith do not relate to those agencies.

## OVERALL SUMMARY OF REVIEW HIGHLIGHTS

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Our review of the Metro Nashville Procurement Card program did not reveal any major fraud. However, there appears to be mismanagement/misuse of the card. Although we are not able to categorically state the absence of fraud, it is our conclusion that such abuse appears to be minimal.

Metro Nashville Government has already instituted many of the controls that are best practice recommended by experts in the credit card industry and relied upon by similar government entities. However, our review identified several opportunities for improvement of the current program which are outlined in this report along with our recommendations.

Overall, internal controls over procurement card use are adequate and effective, but closer monitoring and stricter enforcement of current rules and procedures is necessary.

In addition to the recommendations noted in the “Results of the Monitoring Review” section, we make the following recommendations:

1. Establish meaningful and enforced policies governing consequences for misuse. Consequences for misuse must be real, known, and enforced. Any misuse of a P-card should be treated as a violation, and proven use of a P-card for personal purchases should be considered an act of theft. The fraudster should be prosecuted, and the prosecution should be publicized. We recommend a merit system to track abuse and misuse of the card and the revocation of cardholder charging privileges.
2. Encourage all Metro employees to report suspected abuse and mismanagement on the hotline established by Internal Audit. There is always at least one other person besides the cardholder that is aware of or suspects fraud in every case of abuse. Such individuals should be encouraged to report his or her knowledge or suspicion in a confidential manner.

The section that follows provides more detailed information of our review of the procurement card program:

## BACKGROUND

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Metro Nashville Government initially entered into a contract with SunTrust Bank for a VISA (Procurement) card for use by Metro employees to procure products and services on behalf of Metro Nashville Government. The original contract period was November 1997 through September 1998, but was later extended through June 2004. The program relied mostly upon manual processes; monthly statements were mailed to individual cardholders and lengthy hard-copy transaction reports were sent to the Card Administrator at the end of each month. This manual report did not allow data mining for critical information necessary to properly administer the program. As a result, Metro signed a new contract with JP Morgan Chase Bank in November 2003 to replace the SunTrust contract. The new contract ushered Metro into an electronic arena, offering online review, approval, account coding and reporting.

There are two major benefits of the Procurement Card program:

1. Reduced transaction costs - Although it would be difficult to estimate the actual savings as a direct result of eliminating thousands of small-dollar purchases, electronic processing has undoubtedly increased organizational efficiency and effectiveness by reducing purchasing and accounting transaction costs.
2. Increased rebate dollars - Rebates are offered under the contract with the vendor to provide an incentive based on card usage. Total card activity of the current JPMorgan Chase card is approximately \$11 million per year and has generated about \$530,930 in rebate revenues through December 31, 2007 for the Metro general government. Together with Metro Schools, Metro Housing Development Agency and Metro General Hospital, Nashville has earned over \$1.1 million dollars through the program with JPMorgan Chase Bank as of December 31, 2007.

Procurement card programs are a valuable business tool. However, if the program is not designed to be fraud resistant, P-cards can also be a source of loss and public embarrassment. There have been numerous reports around the country about fraud

## BACKGROUND

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and abuse in government procurement card programs including high profile cases in Washington, DC, NASA and Knoxville, Tennessee. Losses identified in Metro Nashville Government have been relatively low: \$1,270 as of December 31, 2007, as reported by JPMorgan Chase Bank since the inception of the program.

The low dollar amount of losses in Metro's P-card program may be due to adequate internal controls in place. Our review indicates that Metro Nashville has implemented most of the controls recommended by experts for procurement programs.

Controls currently in place include:

1. Dedicated and detailed policies and procedures that are periodically updated to reflect the P-card program roles and responsibilities.
2. Appointment of a permanent administrator within the Department of Finance with responsibility for, and authority over, the procurement card program.
3. Establishment of a detailed cardholder agreement requiring the signatures of both the cardholder and the cardholder's supervisor, in order to reinforce responsibility and improve accountability.
4. Designating and communicating roles and responsibilities for the transaction reviewers/reconcilers, approving officials and account coding oversight.
5. Use of a P-card design that minimizes the possibility of "accidental" use. The Metro Nashville Card is embossed "Purchasing" in red bold letters along with Metro Nashville Government on the front.
6. Establishing reasonable daily and monthly card limits to reduce excessive or inappropriate use.
7. Requiring face-to-face training before issuing a P-card to new cardholders.
8. Requiring original receipts for every P-card purchase made.
9. Requiring online review/reconciliation of charges and acknowledgment of responsibility for charges.
10. Requiring cardholders to document a specific business purpose for each charge.
11. Requiring online supervisor approval of all charges.

## BACKGROUND

12. Providing access to downloadable data and other reports for mining and tracking purposes. Reviewing exception reports to follow up on irregular transactions.

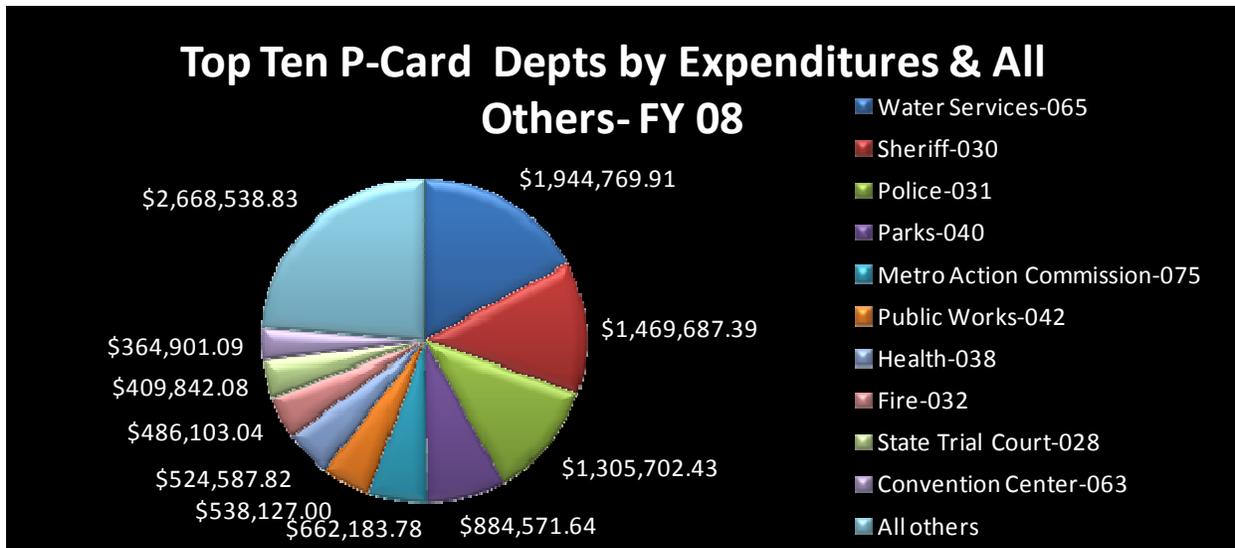
13. Instituting recurring monitoring and auditing of department-wide and individual procurement card charges to evaluate compliance with program policies and requirements.

### SUMMARY INFORMATION OVER THE PAST TWO YEARS

Procurement card use across Metro has grown steadily since 2002. In 2007, the trend turned downward, most likely due to the new eProcurement purchasing program. The number of cardholders has since declined, from a high of 1500 in 2007 to its current level of 1030. The volume of transactions has also declined, from \$12.4 million in 2007 to its current volume of \$11.2 million.

As shown below, Metro Water Services, the Sheriff's Office, the Police Department and Metro Parks and Recreation account for about half of all P-card transactions.

Chart 1



# Metro Nashville Procurement Card Analysis

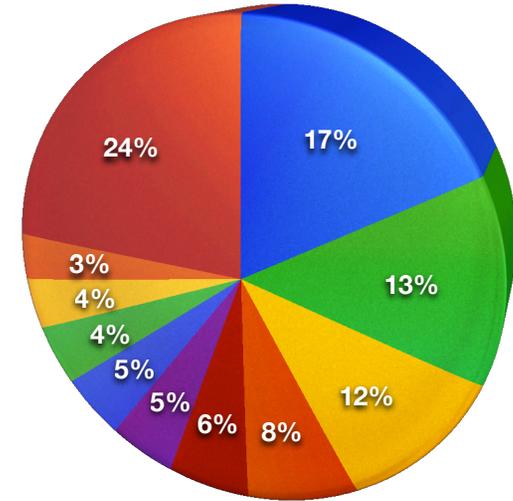
## Rebates Comparison

All Metro Procurement Card Inc Schools	Amount
Calendar Yr 2006	\$530,912
Calendar Yr 2007	\$399,617
Inception through Dec 2007	\$1,100,827
<b>Decrease in Rebates 06 - 07</b>	<b>\$131,295</b>

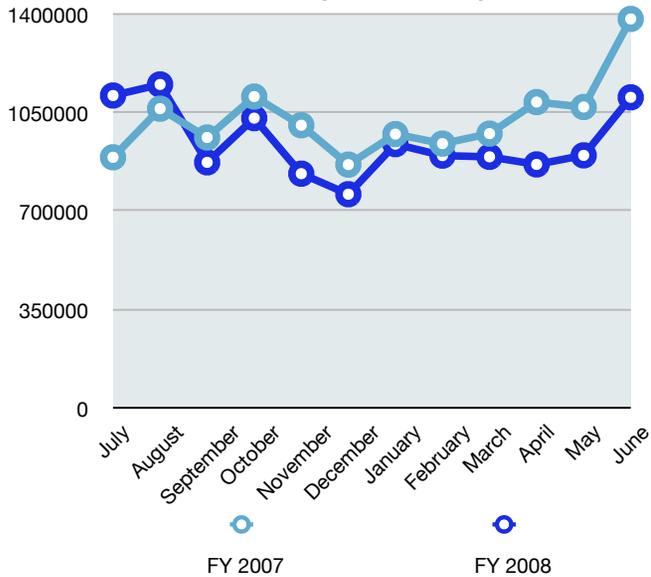
## Losses Due to Fraud (per JPM)

Year	Amount
Calendar Yr 2006	\$1,270
Calendar Yr 2007	\$0
<b>Total Inception to date</b>	<b>\$1,270</b>

## Dollar Volume By Dept



## Dollar Volume by Month Comparison



## FY 2008 Volume By Department

Department	Purchases
Water Services	\$1,944,770
Sheriff	\$1,469,687
Police	\$1,305,702
Park	\$884,572
Metro Action	\$662,184
Public Works	\$538,127
Health	\$524,588
Fire	\$486,103
State Trial Court	\$409,842
Convention Center	\$364,901
All Others	\$2,668,539
<b>Total Monthly Expenses</b>	<b>\$11,259,015</b>

- Water Services
- Sheriff
- Police
- Park
- Metro Action
- Public Works
- Health
- Fire
- State Trial Court
- Convention Center
- All Others

## Volume Trend

## Volume by Month

Transactions By Month	July	August	September	October	November	December	January	February	March	April	May	June
<b>FY 2007</b>	\$894,066	\$1,066,789	\$964,407	\$1,109,943	\$1,007,945	\$867,976	976533	\$942,606	\$978,116	\$1,090,357	\$1,072,853	\$1,385,981
<b>FY 2008</b>	\$1,113,647	\$1,152,960	\$876,025	\$1,033,256	\$835,793	\$762,730	\$940,833	\$900,005	\$895,691	\$868,686	\$900,909	\$1,107,161

## Top 10 Items (MCC Codes) Purchased With P-Card by the Top 10 Metro Departments FY 2007

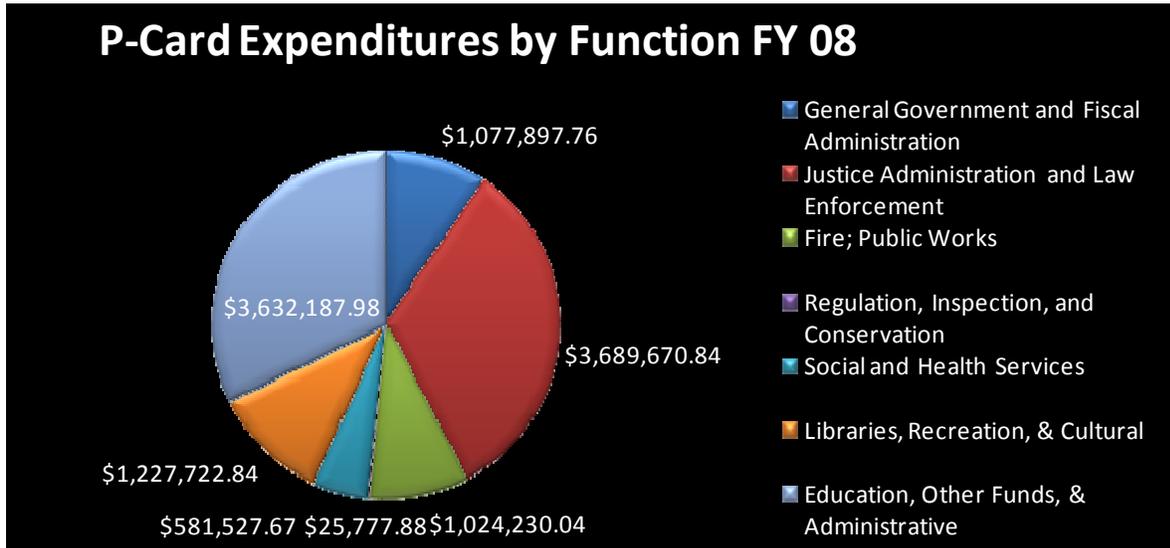


## Top 10 Items (MCC Codes) Purchased With P-Card by the Top 10 Metro Departments FY 2008



The following tables and charts are presented to show volume of expenditures by the various participating departments. Departments in the Education, Other Funds & Administrative and Justice Administration and Law Enforcement functions account for the majority of purchases made with P-cards.

Chart 2



Specific details of each department's P-card expenditures are presented below by function area in order to present the data in a manageable manner:

Chart 3

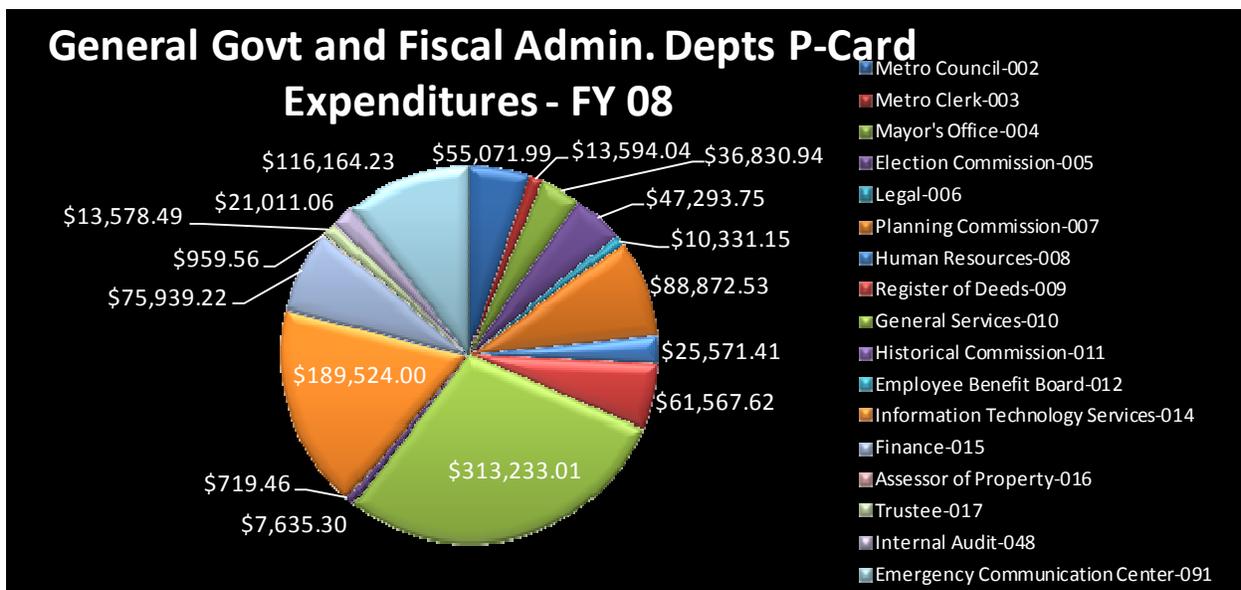


Chart 4

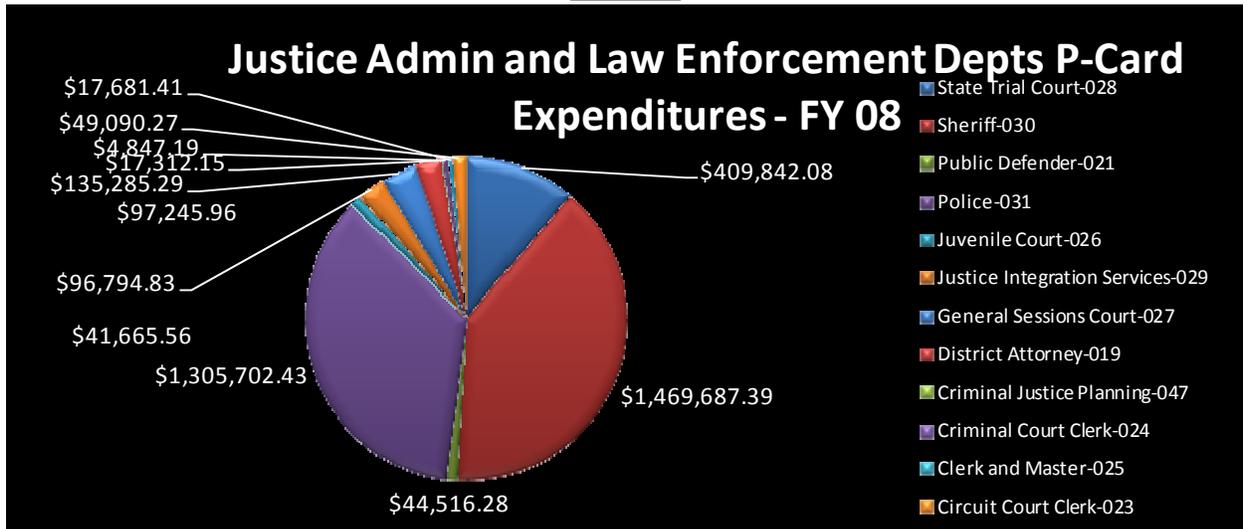


Chart 5

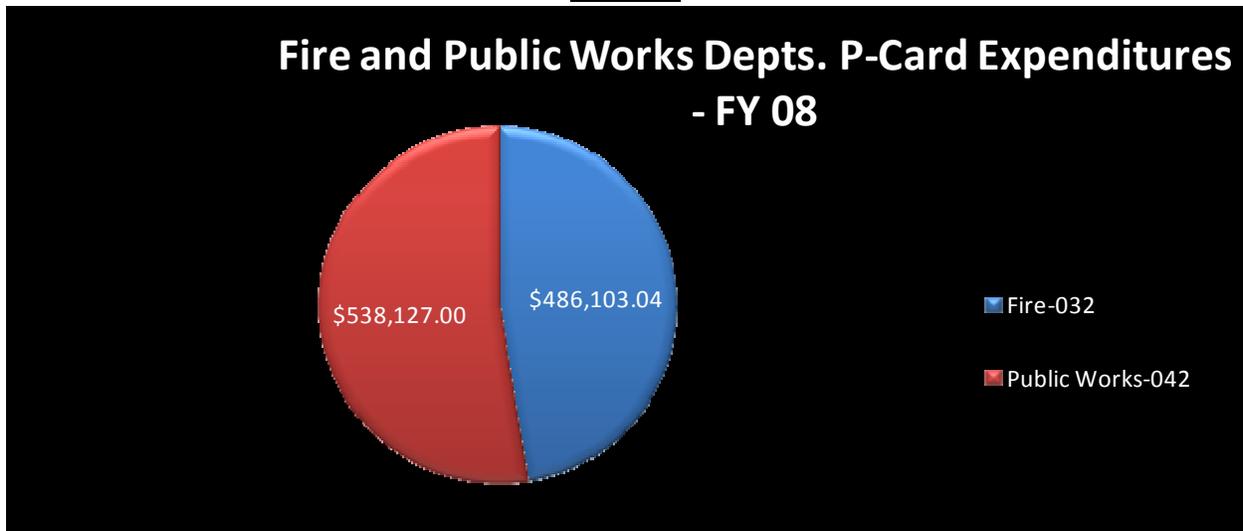


Chart 6

### Regulation, Inspection, and Conservation Dept P-Card Expenditures - FY 08

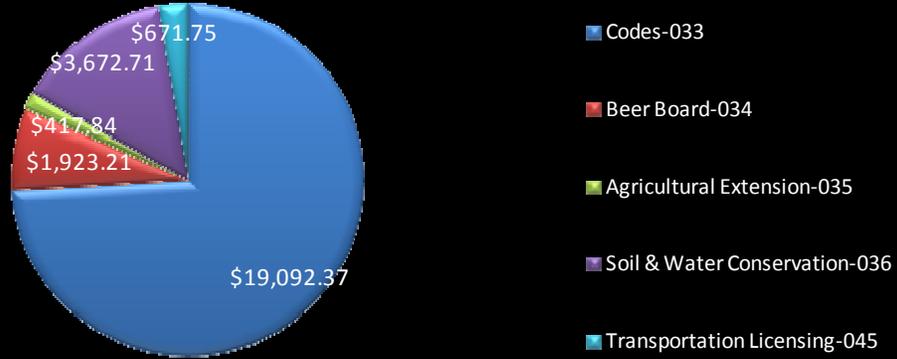


Chart 7

### Social and Health Services Depts P-Card Expenditures - FY 08

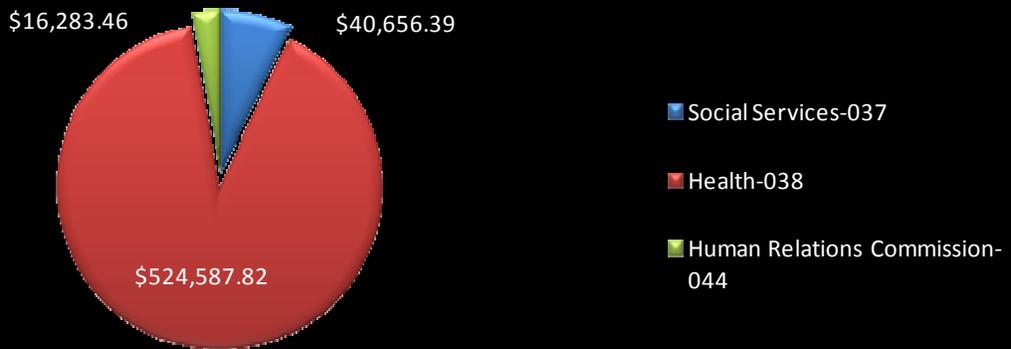


Chart 8

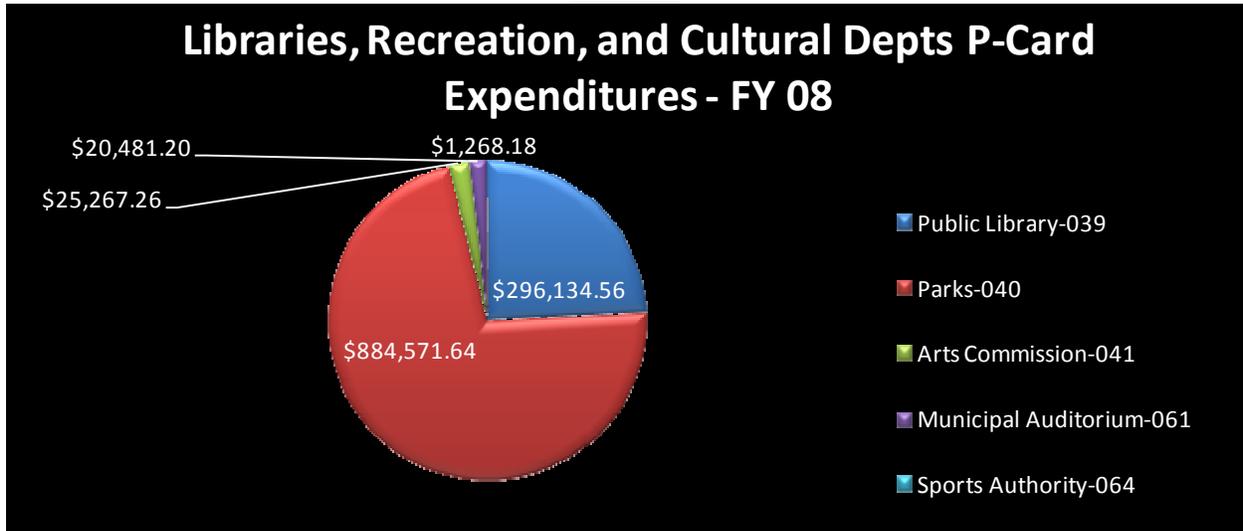
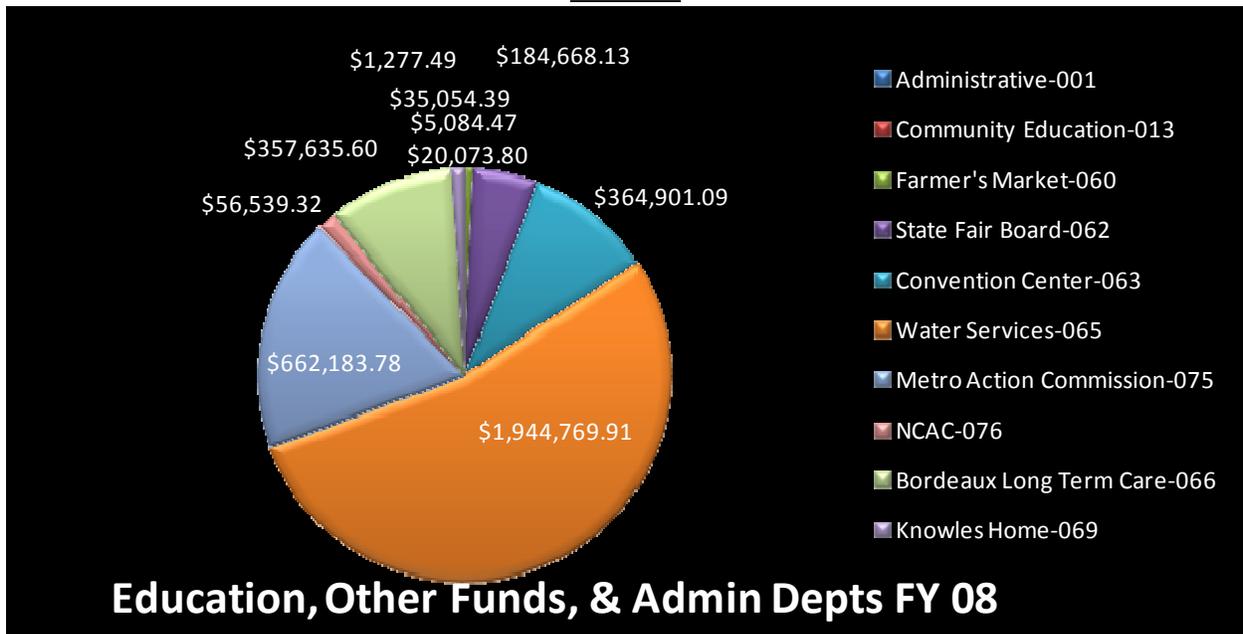


Chart 9



## RESULTS OF MONITORING REVIEW

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The current Procurement Card program has built in controls which restrict and/or prevent card use based on client preferences. Cards can be restricted to specific Merchant codes and specific industries if necessary. In addition, the card vendor can track the daily and monthly spending limits and other criteria based on client specific business rules. In addition, the client administrator can generate exception reports that reveal violations of the identified business rules. Exception Reports include:

**Unusual Spending Activity Report** This report can be used to identify transactions that may warrant further review including card use at businesses that might constitute a policy violation, such as charges for jewelry or auto repair. Such unusual activities are generally authorized and approved, but reported to the Administrator(s) for review.

**Declined Authorizations Report** This report identifies cardholders who have attempted to use a procurement card to buy an item (1) for which they are not authorized, (2) that exceeds their single purchase limits, (3) that exceeds their monthly purchase limit, or (4) from a business that is assigned an incorrect merchant category code. Such transactions are denied and reported to the Administrator to identify instances of potential unauthorized use, requiring the need for closer monitoring.

**Disputes Report** This report identifies date, merchant, reason code, dollar amount, and status of each dispute filed by a cardholder. It can be used to identify cardholders with excessive disputes for further inquiry.

The OFA routinely reviews all exception reports and follows up with cardholders directly for explanations of any unusual activities identified in the reports. For the purpose of this review however, the OFA reviewed the Metro-wide Unusual Spending Activity report and the Disputes report, but did not identify any significant fraud. A listing of sample instances of split purchases identified on the Unusual Spending Report is shown in the appendix.

## RESULTS OF MONITORING REVIEW

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### DECLINED AUTHORIZATIONS REPORT

As described above, the Declined Authorizations Report identifies cardholders who attempted to use a card for an unauthorized purchase or for which the purchase exceeded their single purchase limits or monthly purchase limit, or from a business that was assigned an incorrect merchant category code. It is important to note that both Metro and its vendor, JPMorgan Chase, have implemented various controls to prevent unauthorized and inappropriate card use, including but not limited to: monthly credit limits, single transaction limits, daily number of transaction limits, use at an ATM and potential fraud flags. Although such attempted transactions are always declined, this exception report helps to identify instances of potential user fraud and suggests the growing need for mandatory cardholder training on appropriate and ethical P-card use.

We reviewed a sample of declined procurement card transactions for the period May 1, 2007 through April 31, 2008. There were a total of 2937 transactions declined during the period. Of the 2937 declined transactions in the population, a sample of 495 (17%) were reviewed, including 100% of the transactions identified in the "Fraud" category, i.e. declined for potential fraud flags. These include attempts to obtain cash advances using the card at an ATM or bank.

Review procedures consisted of contacting the Metro employee/cardholder for an explanation, reviewing supporting documentation as necessary and assessing the overall appropriateness of the intended transaction, including identifying the cause of the decline.

The 495 sampled transactions related to 19 Metro employees/cardholders. All 19 cardholders were contacted. Of those, 3 employees did not respond. The remaining 16 cardholders cooperated with the review, providing detailed explanations (in some cases from supervisory staff) and documentation as necessary, for each transaction that was declined.

## **RESULTS OF MONITORING REVIEW**

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### Conclusions:

1. Human Error: The largest category of declines was caused by human error. 35% of sampled items were declined due to either an incorrectly entered security code or credit card expiration date.
2. Split Purchase Attempts: 33% of sampled transactions were declined because they exceeded established single transaction limits. One Metro department is responsible for 127 of these transactions, representing a full 26% of the total declined transactions reviewed. An employee of this department stated she had instructed the vendor to split over \$999, but the vendor did not do so, resulting in the declines.
3. Card Sharing: 26% of the declines were due to the employee exceeding the monthly card limit. The most common explanation given by the cardholder was that the office/division is “sharing the card”, i.e. using a single card to make purchases for multiple employees, as one would in relying on a “Super User”.
4. Inappropriate Use: Although not a single employee stated they used the card inappropriately, 5% of sampled transactions were unexplainable by the cardholder, or the employee could not recall making the transaction at all. Further, 3 employees did not respond whatsoever. In addition, two separate employees from the same department attempted to use Metro procurement cards to purchase hundreds of dollars worth of Visa gift cards. The gift cards were given as incentives to participants in a grant program.
5. Unknown: Due to lack of adequate information, we were unable to determine the appropriateness of approximately 1% of sampled items.

### **DELEGATED PURCHASE AUTHORITY**

The Purchasing Agent is granted the authority under Section 4.08.060 of the Metropolitan Code of Law to extend the authority granted to the Purchasing Agent to other departments, in order to purchase goods and services for their respective departments. The Purchasing Agent establishes the delegated authority limits through a formal process that limits the extent of the departments’ purchasing power without the specific approval of the Purchasing Agent or his appointed representative.

## **RESULTS OF MONITORING REVIEW**

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Our review of the departments' delegated authority determined the following:

1. 26% of Metro departments participating in the procurement card program did not have the delegated authority to procure goods and services.
2. 60% of Metro departments granted delegated authorities to procure goods and services have cardholders with single transaction limits greater than the department's delegated purchasing authority limit.
3. 36% of Metro Departments exceeded their delegated purchasing authority limit established by the Metro Purchasing Agent, based on a review of randomly selected June 2008 transactions.

### **Recommendations:**

The Metro Purchasing Agent should take the following measures to ensure that the single transaction limits for each Metro Cardholder are aligned with the Department's delegated purchasing authority limits:

1. The Purchasing agent should issue delegated purchasing authority to all departments participating in the Procurement card program.
2. The Purchasing agent should limit the single transaction amounts to the delegated purchase authority, or the delegated purchase authority should be increased as appropriate.
3. Procurement cards for those Metro Departments for which delegated purchasing authority is lacking or exceeded should be revoked.

### **LODGING CHARGES**

Metro Travel Policy prohibits charges for travel unless the employee is on pre-approved travel status. In-state travel can be approved by the department heads; however, out-of-state travel requires approval of the Finance Director, with the exception of judges and elected officials. Metro has also developed an online

## RESULTS OF MONITORING REVIEW

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travel request system for out-of-state travel that streamlines the request and approval process and tracks employee travel requests and authorizations.

We reviewed a sample of procurement card transactions for lodging for the period May 1, 2006 through April 31, 2008. There were a total of 2532 lodging transactions during the period. Of those, a sample of 375 (15%) transactions was reviewed.

Review procedures consisted of comparing the lodging charges with the travel authorization approval database to identify charges needing further review. Each Metro employee/cardholder that did not have travel authorization was contacted for an explanation. Original receipts and supporting documentation was reviewed for accuracy, appropriateness and adherence with Metro policies and procedures.

The 375 sampled transactions comprised 130 lodging transactions, pertaining to 24 Metro employees/cardholders in the Travel Authorization database. Twenty two cardholders were contacted. We were unable to contact two cardholders who are no longer employed by Metro.

Of the contacted employees, 21 employees cooperated fully and were able to provide sufficient supporting documentation to support the travel charges. The remaining employee sent a written response including the support for the charges, but lacked an approved travel authorization.

### Conclusions:

1. **Reservation Charges:** The largest category of lodging transactions was reservation fees. These charges were primarily made by administrative assistants or “Super Users” on behalf of other employees, in order to secure a room until the authorized person arrived. Of the 130 transactions selected for testing, 95 were charged by this group. Therefore, employee/cardholder names on the reservation charges did not correspond to the names approved on the travel authorizations.
2. Our review did not specifically identify any charges for unauthorized travel.
3. **Elected Officials and Judges:** 50 of the sampled transactions were charges for elected officials or judges that did not require travel authorization.

## **RESULTS OF MONITORING REVIEW**

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4. Davidson County Sheriff's Office (DCSO) employees, responsible for 21 of the selected transactions, did not respond to our inquiries and requests for information. Therefore, we are unable to determine the appropriateness of DCSO procurement card transactions.

### Recommendations:

1. The Purchasing agent and card administrator should determine the optimum number of cardholders necessary for each department's operations. Any cards determined not to be critical to the departments' operations should be cancelled.
2. Assign P-card program oversight to a committee such as the Procurement Standards Board to oversee P-card use, trends, and abuses and to take appropriate action. The role of the P-card committee should be given high visibility and the results of its actions should be communicated across Metro Nashville government.
3. Managers should be held accountable for failure to follow-up on obviously questionable items.
4. Approvers should be designated for all cardholders. Approvers for cards held by department heads should be assigned to others outside that department.
5. In addition to the reviewers and approvers at the department level, Metro needs to add another layer of reviewers for every transaction. This third layer of approvers should be independent of the department and should have the authority to disapprove charges. Disapproved charges should be considered personal charges payable by the cardholders.
6. Charging privileges of non-compliant cardholders should be suspended or revoked.

### **COMPREHENSIVE TESTING OF EACH DEPARTMENT'S CHARGES**

Each year the Office of Financial Accountability reviews a sample of each department's procurement transactions including procurement card charges, as part of its recurring monitoring reviews. Those reviews have traditionally had a narrow focus, concentrating on the transactions of the selected department only.

## RESULTS OF MONITORING REVIEW

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This year the OFA sought to take a more comprehensive look at the government-wide procurement card program for all participating departments, to determine Metro Nashville's overall compliance level and that of each department as well.

Specific review procedures consisted of contacting the Metro employee/cardholder for supporting documentation such as itemized receipts and invoices, reviewing supporting documentation as necessary and assessing the overall appropriateness of the transaction and supporting documentation, in terms of business purpose and other relevant Metro policies.

In doing so, we reviewed a sample of procurement card transactions that occurred during fiscal years FY07 and FY08. Of the 96,470 transactions in those years, a sample consisting of 992 (1%) transactions were reviewed from 55 Metro departments. *(Unless noted below, departments' procurement card transactions were appropriate and well documented – see Table 2 in the appendix)*

### Findings and Conclusions:

1. Thirty (30) of fifty-five (55) departments provided 100% of the necessary documentation to support items tested. Fifteen other departments provided at least 80% of the necessary support.
2. Almost 90% of the supporting documentation for the items purchased was consistent with the department's business operations.
3. Metro Council: 10% of sampled transactions were inappropriate and/or unsupported. Two transactions lacked itemized receipts for multiple room service charges of \$147.16, \$403.59, \$74.75 and \$29.71. In addition, charges to upgrade the room for each of four nights totaled \$227.
4. Register of Deeds: 10% of sampled transactions were unsupported.
5. Trustee: 5% of sampled transactions were inappropriate and/or unsupported. One transaction for \$76.48 was not itemized.

## RESULTS OF MONITORING REVIEW

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6. Clerk & Master: 10% of sampled transactions were inappropriate and/or unsupported. Two transactions included sales taxes totaling \$14.77.
7. General Sessions Court: 15% of sampled transactions were inappropriate and/or unsupported. Specifically, a table was purchased at a charity dinner event for \$600. Two “working lunches” were purchased for the monthly judges meetings.
8. State Trial Court: 35% of sampled transactions were inappropriate and/or unsupported. Three parking transactions (\$22) did not have receipts. Three “working lunches” were purchased (\$903, \$137, and \$84.17). Sales taxes were paid on one purchase of \$13.48.
9. Beer Board: 42% of sampled transactions were inappropriate and/or unsupported. Sales Tax was paid on eight transactions for a total overpayment of \$113.55. One transaction did not have a receipt and was for a floral arrangement for a deceased employee/family member of an employee.
10. Soil & Water Conservation: 5% of sampled transactions were inappropriate and/or unsupported. One transaction was a “working lunch” for \$87.41.
11. Health: 5% of sampled transactions were inappropriate and/or unsupported. One transaction was a “working lunch” for \$104.90.
12. Parks: Eleven out of the 20 items tested was not supported by an invoice or receipt. Further, the Employees/Cardholders did not respond to our inquiries and requests for supporting documentation.
13. Arts Commission: The OFA noted discrepancies on two of the 20 items selected. One transaction was a floral purchase for a deceased parent of a staff member and the other consisted of a P-card transaction unsupported by an invoice and/or receipt.
14. Public Works: The OFA noted discrepancies on six out of the 20 items selected. Five transactions were not supported by an invoice and/or receipt and the other item was not supported by an itemized receipt. Therefore,

## RESULTS OF MONITORING REVIEW

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we are unable to determine the appropriateness of the purchase or its business purpose.

15. Human Relation Commission: The OFA noted discrepancies on four out of the 20 items selected. Two transactions were not supported by an invoice and/or receipt. Two transactions included sales tax in the amount of \$3.74.

16. Farmer's Market: The OFA noted discrepancies on nine of the 20 items selected. Six of the transactions included sales tax in the amount of \$13.39. Two of the items tested were not supported by an invoice and/or receipt and one transaction was not supported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose.

17. Municipal Auditorium: The OFA noted discrepancies on nine out of the 20 items selected. Two of the items tested included sales tax in the amount of \$3.43. Six of the items tested were not supported by an invoice and/or receipt and one transaction was not supported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose..

18. State Fair Board: The OFA noted discrepancies on four out of the 20 items selected. Three of the items tested were not supported by an invoice and/or receipt and one transaction was not supported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose..

19. Convention Center: The OFA noted discrepancies on five out of the 20 items selected. All five of the discrepancies pertained to transactions unsupported by an invoice and/or receipt.

20. Sports Authority: The OFA noted discrepancies on 14 out of the 20 items selected. All 14 of the discrepancies pertained to transactions unsupported by an invoice and/or receipt.

21. Water Services: The OFA noted a discrepancy on one out of the 20 items selected. The department paid sales tax on the item in the amount of \$4.86.

## **RESULTS OF MONITORING REVIEW**

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22. Bordeaux Long Term Care: The OFA noted discrepancies on two out of the 20 items selected. The discrepancies pertained to the items being unsupported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose.
23. Knowles Home: The OFA noted a discrepancy on one out of the 20 items selected. The discrepancy noted pertained to the item being unsupported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose.
24. Metro Action Commission: The OFA noted a discrepancy on one out of the 20 items selected. The discrepancy noted pertained to the item being unsupported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose.
25. Emergency Communication Center: The OFA noted discrepancies on 14 out of the 20 items selected. Nine of the items tested were unsupported by an invoice and/or receipt. Three of the items tested were unsupported by an itemized receipt. Therefore, we were unable to determine the appropriateness of the purchase or its business purpose. Two transactions included sales tax in the amount of \$3.82.

### **Recommendations**

Although a small number of the purchases appear to be inappropriate, based on our judgment, such decisions can be best made by the immediate supervisor/card approver or others in the department, closest to the cardholder and more knowledgeable about the operations of the department and/or specific units within the department.

We recommend the following measures be taken to strengthen controls over the P-card program:

1. Significant responsibility should be placed on the approvers. Departmental approvers should be more vigilant in approving procurement card transactions and should be held accountable for

## RESULTS OF MONITORING REVIEW

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mismanagement and misuse of inappropriately approved and fraudulent transactions.

2. Cardholders and approvers who overlook or fail to identify obvious waste and mismanagement should be reprimanded.
3. All participating departments and cardholders should be held to the same expectations whether they are exempt from Metro travel regulations or not. Non-compliant cardholders should be suspended from the program.

Department	# Transactions Selected	# Appropriate and Supported	# Inappropriate and/or Unsupported	% Appropriate and Supported	Findings
Metro Council-002	20	18	2	90%	2 sampled transactions lacked itemized receipts for multiple room service charges of \$147.16, \$403.59, \$74.75 and \$29.71. In addition, charges to upgrade the room for each of 4 nights totaled \$227.
Metro Clerk-003	20	20	0	100%	
Mayor's Office-004	10	10	0	100%	
Election Commission-005	20	20	0	100%	
Legal-006	20	20	0	100%	
Planning Commission-007	20	20	0	100%	
Human Resources-008	20	20	0	100%	
Register of Deeds-009	20	18	2	90%	Documentation was unavailable for 2 sampled items.
General Services-010	20	20	0	100%	
Historical Comm.-011	20	20	0	100%	
Employee Benefit Brd-012	20	20	0	100%	
Community Education-013	10	10	0	100%	
ITS-014	20	20	0	100%	
Finance-015	20	20	0	100%	
Assessor of Property-016	8	8	0	100%	
Trustee-017	20	19	1	95%	Documentation was insufficient for 1 sampled transaction. Specifically, the receipt for the
District Attorney-019	20	20	0	100%	
Public Defender - 21	20	20	0	100%	
Circuit Court Clerk - 23	20	20	0	100%	
Criminal Court Clerk - 24	20	20	0	100%	
Clerk & Master - 25	20	18	2	90%	Taxes were paid on two purchases for a total of \$14.77.
Juvenile Court - 26	20	20	0	100%	
General Sessions Court - 27	20	17	3	85%	A table was purchased at a charity dinner for \$600. Two lunches were purchased for the monthly judges meeting. Taxes were paid on two purchases for a total of \$1.81.
State Trial Court - 28	20	13	7	65%	Three parking transactions (\$22) did not have receipts. Three "working lunches" were purchased (\$903, \$137, and \$84.17). Taxes were paid on one purchase \$13.48.
Justice Integration Services - 29	20	20	0	100%	
Sheriff - 30	20	20	0	100%	
Police - 31	20	20	0	100%	
Fire - 32	20	20	0	100%	
Codes - 33	20	20	0	100%	
Beer Board - 34	19	11	8	58%	Taxes were paid on 8 transactions for a total overpayment of \$113.55. One of those transactions did not have a receipt and was for a floral arrangement for a deceased employee/family member of employee.
Agricultural Extension - 35	13	13	0	100%	

Department	# Transactions Selected	# Appropriate and Supported	# Inappropriate and/or Unsupported	% Appropriate and Supported	Findings
Soil & Water Conservation - 36	20	19	1	95%	One transaction was a "working lunch" for \$87.41.
Social Services - 37	20	20	0	100%	
Health - 38	20	19	1	95%	One transaction was a "working lunch" for \$104.90.
Public Library - 39	20	20	0	100%	
Parks-040	20	9	11	45%	11-did not provide supporting documentation
Arts Commission-041	20	18	2	90%	1-no supporting documentation and 1 was for flowers for a funeral
Public Works-042	20	14	6	70%	1 transaction was not supported by a detailed receipt and 5 was not supported at all
Human Relations Commission-043	20	16	4	80%	2-no receipts and 2-paid sales tax (\$3.74)
Transportation Licensing-045	2	2	0	100%	
Criminal Justice Planning-047	20	20	0	100%	
Internal Audit-048	10	10	0	100%	
Farmer's Market-060	20	11	9	55%	Paid sales tax on 6 transactions for a total amount of \$13.39 and 1 transaction was not supported by a detailed receipt and 2-no receipts
Municipal Auditorium-061	20	11	9	55%	Paid sales tax on 2 transactions in the amount of \$3.43 and 1 transaction was not supported by a detailed receipt and 6-did not provide supporting documentation
State Fair Board-062	20	16	4	80%	1 transaction was not supported by a detailed receipt and 3-no supporting documentation
Convention Center-063	20	15	5	75%	5-no supporting documentation provided
Sports Authority-064	20	6	14	30%	14-no receipts
Water Services-065	20	19	1	95%	Paid sales tax on 1 transaction in the amount of \$4.86
Bordeaux Long Term Care-066	20	18	2	90%	2 transactions were not supported by a detailed receipt but rather just the charge slip
Knowles Home-069	20	19	1	95%	1 transaction was not supported by a detailed receipt but rather just the charge slip
Metro Action Commission-075	20	19	1	95%	1-not a detailed receipt
NCAC-076	20	20	0	100%	
Emergency Communication Center-077	20	6	14	30%	2-paid sales tax (\$3.82) and 3-not a detailed receipt and 9-no supporting documentation provided
<b>Totals</b>	<b>992</b>	<b>882</b>	<b>110</b>	<b>89%</b>	

## RESULTS OF MONITORING REVIEW

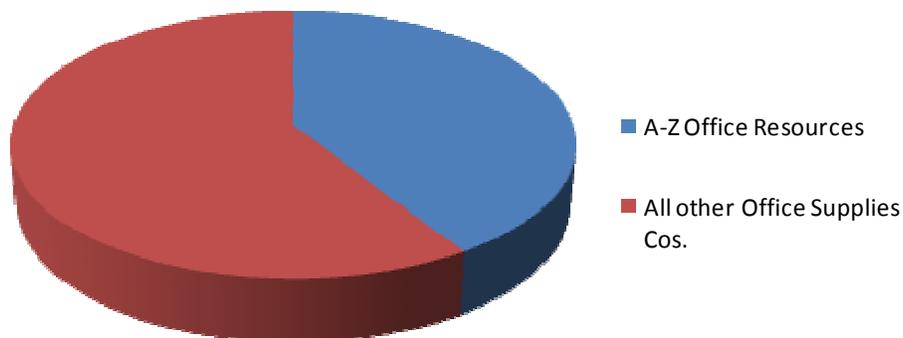
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### CONTRACT VERSUS NON-CONTRACT VENDORS

Review of purchases for office supplies revealed that cardholders are making significant purchases outside the established Metro Nashville Government contract for those items. Purchases for office supplies made from non-contract vendors amounted to 59 percent of the total spent on office supplies in FY 07 and FY 08. The items purchased included common office supplies to be purchased under Metro's contract with A-Z Office Resources. This is in direct violation of the procurement code and the procurement card policy.

While the case can be made for the ease of use of the card in procuring such items more quickly, Metro is likely buying items on contract at much higher prices, which are often of lower quality than those available under vendor contracts.

### Office Supplies Purchases



## RESULTS OF MONITORING REVIEW

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### USER AGREEMENTS

Cardholders are required to sign an agreement prior to receiving a Metro procurement card. By signing the agreement, the individual is acknowledging receipt of the conditions of the card. The OFA randomly selected 15 Metro procurement card users to verify that the authorized user had signed a Metro Purchasing Card User Agreement. We contacted the purchasing card administrator within the Metro Finance Department Division of Purchasing for documentation supporting the cardholder's user agreement. Based on test work completed, we determined that four out of 15 (27%) of the users randomly selected for testing did not have signed user agreements on file with the card administrator. It also appears that card limits were set by the requesting department and only questioned when they seemed unusual. Our inquiries revealed this has been a long-standing practice, including the period during which P-card processing activities were handled by the Metro Nashville Government Shared Business Office on behalf of the card administrator.

### RECOMMENDATIONS:

The Metro Purchasing Agent or the Metro Purchasing Card Administrator should ensure that procurement card user agreements are being maintained and readily available for review upon request.

### SPLIT PURCHASES

Multiple split purchases were identified. Split purchases consist of splitting a single transaction into multiple transactions, in order to avoid exceeding designated single item limits. Split purchases are in direct violation of Metro's procurement policies; however, several card holders continue to disregard the rules. See the Appendix for split purchases identified in our review.

## RESULTS OF MONITORING REVIEW

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### **RECOMMENDATIONS:**

Cardholders should be re-trained regarding their procurement card responsibilities. Cardholders who continually fail to comply with Metro procurement card policies should be informed of the violations and their charging privileges should be suspended or revoked. The approvers should also be well informed of the rules as well.

### **REVIEW TO DETERMINE WHETHER PURCHASE PATTERNS ARE TRACKED**

Metro does not actively track purchases to identify spending patterns. Tracking purchases through the use of P-cards could alert Metro to contact vendors for better pricing.

### **DOCUMENTATION OF CARDHOLDER TRAINING**

Procurement card holders do not receive the necessary training for the use of procurement cards. Training is necessary to ensure cardholders are aware of all rules and regulations. Although Metro has a policy of providing training prior to issuing the cards, we were unable to find evidence of training for a sample of cardholders randomly selected for review.

The OFA randomly selected 15 Metro procurement card users to verify whether the users had received proper training for the Metro Purchasing Card Program. We concluded that in most cases, formal training on the Metro Procurement Card Program has not been completed. Rather, the Division of Purchasing trains Metro Department Heads or other department representative(s) on the use of the program at the onset of the program, but the Division of Purchasing does not maintain any supporting documentation to support this training. Upon completion of training, the Department Heads or representatives are responsible for training the department's P-card users on the policies and procedures of the Metro Purchasing Card Program. Therefore, the Division of Purchasing did not conduct training for every user of the Metro Purchasing Card Program. In addition, the Division of Purchasing does not collect records or track training offered by that office or by other departments to the cardholders.

## **RESULTS OF MONITORING REVIEW**

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### **RECOMMENDATIONS:**

The Metro Purchasing Agent or the Purchasing Card Administrator should ensure that formal training is conducted for every existing user of the Metro Purchasing Card Program and for any new users of the program upon acceptance of their purchasing card application. The Purchasing Agent or the Purchasing Card Administrator should also establish and maintain supporting documentation for the training of the Purchasing Card Program users.

### **CARDHOLDER AND APPROVER REQUIREMENTS FOR ONLINE PROCESSING**

Multiple cardholders and their approvers do not fully comply with the requirement to review, reconcile and approve departmental purchases. Our review of exception reports for FY 07 and FY 08 revealed that in 2,894 instances, cardholders failed to review the transactions and in 2528 instances the designated approver failed to approve the charges. These circumstances required system override to rectify and appropriately check and approve those transactions for the monthly processing, which resulted in the exception reports.

The approval process also requires individual cardholders to note the items purchased in a comment section, to be used for supervisor review and approval of purchases. Our review of the comments indicates several cardholders do not take the process seriously and their approvers are not vigilant.

### **RECOMMENDATION:**

Cardholders and approvers should be re-trained regarding their procurement card responsibilities. Cardholders who continually fail to comply with Metro procurement card policies should be informed of the violations and their charging privileges should be suspended or revoked.

## RESULTS OF MONITORING REVIEW

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### UTILIZING THE MERCHANT CATEGORY CODES

The Procurement card program includes a Merchant Category code for each vendor that identifies the type of services, product and industry for that particular vendor. Adding a restriction to the card to limit charges for certain merchant categories could provide extra controls and limit potential fraud and abuse.

#### **Other Recommendations:**

1. Establish meaningful and enforced policies governing consequences for misuse. Consequences for misuse must be real, known, and enforced. Any misuse of a P-card should be treated as a violation, and proven use of a P-card for personal purchases should be considered an act of theft. The fraudster should be prosecuted, and the prosecution should be publicized. We recommend a merit system to track abuse and misuse of the card and the revocation of cardholder charging privileges.
2. Encourage all Metro employees to report suspected abuse and mismanagement on the hotline established by Internal Audit. There is always at least one other person besides the cardholder that is aware of or suspects fraud in every case of abuse. Such individuals should be encouraged to report his or her knowledge or suspicion in a confidential manner.

**APPENDIX**

**TABLE 1** shows the distribution of FY08 purchases by department, including the number of transactions and sales tax paid.

**TABLE 1  
FY08 Procurement Card Purchases by Department**

<b>Department</b>	<b>Purchase Amount</b>	<b>Number of Transactions</b>	<b>Sales Tax</b>
Water Services	\$1,944,770	6,003	\$2,295
Sheriff	1,469,687	3,707	1,100
Police	1,305,702	4,214	2,750
Parks	884,572	5,378	4,175
Metro Action Commission	662,184	1,456	311
Public Works	538,127	1,913	369
Health	524,588	1,453	118
Fire	486,103	826	1,278
State Trial Court	409,842	2,504	2,097
Convention Center	364,901	986	280
Bordeaux Long Term Care	357,636	1,748	156
General Services	313,233	2,004	817
Public Library	296,135	1,624	215
Information Technology Services	189,524	594	309
State Fair Board	184,668	1,025	827
General Sessions Court	135,285	858	918
Emergency Communication Center	116,164	535	100
District Attorney	97,246	433	67
Justice Integration Services	96,795	237	605
Planning Commission	88,873	752	84
Finance	75,939	704	220
Register of Deeds	61,568	322	194
NCAC	56,539	950	5
Metro Council	55,072	155	0
Circuit Court Clerk	49,090	203	46
Election Commission	47,294	239	13
Public Defender	44,516	151	10
Juvenile Court	41,666	253	8
Social Services	40,656	228	33
Mayor's Office	36,831	268	76
Knowles Home	35,054	455	284
Human Resources	25,571	540	19
Arts Commission	25,267	472	309
Internal Audit	21,011	113	10
Municipal Auditorium	20,481	161	25
Farmer's Market	20,074	236	179
Codes	19,092	99	23
Clerk and Master	17,681	73	122
Criminal Court Clerk	17,312	69	0
Human Relations Commission	16,283	152	91
Metro Clerk	13,594	103	14
Trustee	13,578	63	33

Legal	10,331	54	0
Historical Commission	7,635	89	1
Community Education	5,084	39	2
Criminal Justice Planning	4,847	68	1
Soil & Water Conservation	3,673	32	0
Beer Board	1,923	13	20
Administrative	1,277	4	0
Sports Authority	1,268	32	0
Assessor of Property	960	2	0
Employee Benefit Board	719	32	0
Transportation Licensing	672	2	0
Agricultural Extension	418	6	0
<b>Totals</b>	<b>\$11,259,015</b>	<b>44,632</b>	<b>\$20,611</b>

**TABLE 2**

<b>MCC Code</b>	<b>MCC Description per JP Morgan Chase</b>	<b>Examples</b>
5111	Stationery, Office Supplies, Printing/Writing Paper	File Cabinets, Paper, Calculators, Ink Toner
5085	Industrial Supplies, Not Elsewhere Classified	Cooling Fans, Repair Parts, Tools
5251	Hardware Stores	Cable, Plastic Ties, Amp Breakers
5399	General Merchandise	Hydraulic Oil, Hoses,
5999	Specialty Retail Stores-Miscellaneous	Sump Pump, Registration, Notice Signs
5969	Direct Marketing-Not Elsewhere Classified	Software Renewal, Summer GREAT camp Tshirts, Posters
5691	Men's & Women's Clothing Stores	Badges for Trial Court, Uniforms for Security Staff,
4900	Utilities - Electric, Gas, Water, Telephone, Sanitary	Propane Gas, Waste Disposal, Recycling Disposal
7399	Business Services Not Elsewhere Classified	Light Bulbs, Printer Ribbons, Davidson County Area Wall Maps
5065	Electrical Parts And Equipment	Conduit Bushings, Power Cords, Security Cameras

**TABLE 3****Metro Government of Nashville & Davidson County****Charges at Nashville Restaurants in FY 07 and FY 08****Does not include charges in other Nashville MSA**

ACCOUNT NAME	DEBIT		CREDIT		TOTAL	
	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT
J & JS BISTRO	27	\$18,695.54	0	\$0.00	27	\$18,695.54
J AND JS BISTRO	8	\$8,001.00	0	\$0.00	8	\$8,001.00
J & J BISTRO	6	\$5,572.00	0	\$0.00	6	\$5,572.00
CHARLIE BOBS SPORTS BA	3	\$3,527.50	0	\$0.00	3	\$3,527.50
CAROYLNS HOMESTYLE	9	\$3,462.25	0	\$0.00	9	\$3,462.25
SUBWAY #11759 Q12	5	\$3,127.58	0	\$0.00	5	\$3,127.58
PROVENCE BREAD AND CAFE	15	\$2,735.48	2	(\$64.89)	17	\$2,670.59
KATIES MEAT AND THREE	19	\$2,579.39	0	\$0.00	19	\$2,579.39
NOSHVILLE DELICATESSEN L	17	\$2,300.74	0	\$0.00	17	\$2,300.74
ATLANTA BREAD COMPANY	21	\$2,155.73	0	\$0.00	21	\$2,155.73
APPLE SPICE JUNCTION	14	\$2,276.05	1	(\$126.85)	15	\$2,149.20
CRACKER BARREL # 26	4	\$1,802.65	0	\$0.00	4	\$1,802.65
DEMOS' STEAK AND S	11	\$1,724.01	0	\$0.00	11	\$1,724.01
OFF THE GRILL	4	\$1,631.47	0	\$0.00	4	\$1,631.47
DOMINO'S PIZZA #6136	26	\$1,519.43	1	(\$5.72)	27	\$1,513.71
SHARON JOHNSON CATER	3	\$1,484.00	0	\$0.00	3	\$1,484.00
SUBWAY 36236 00036236	2	\$1,269.35	0	\$0.00	2	\$1,269.35
QUIZNOS SUBS	1	\$1,225.00	0	\$0.00	1	\$1,225.00
THE PICNIC	3	\$1,215.65	0	\$0.00	3	\$1,215.65
SUBWAY SANDWICHES	2	\$1,197.50	0	\$0.00	2	\$1,197.50
ZS FIVE POINTS DELI	17	\$1,169.12	0	\$0.00	17	\$1,169.12
PANERA BREAD #895	6	\$1,019.25	0	\$0.00	6	\$1,019.25
THE BRIARPATCH	1	\$999.99	0	\$0.00	1	\$999.99
PANERA BREAD #820	10	\$994.78	0	\$0.00	10	\$994.78
CAFE LE CRUMBS	6	\$976.99	0	\$0.00	6	\$976.99
NASHVILLE CONVENTION	8	\$946.85	0	\$0.00	8	\$946.85
POPEYE'S #9926	3	\$854.05	0	\$0.00	3	\$854.05
KRISPY KREME NASHVLE 0063	18	\$848.89	0	\$0.00	18	\$848.89
NEELY'S BAR-B-Q	6	\$828.84	1	(\$5.00)	7	\$823.84
ARAMARK ED SVC C O TSU	2	\$742.50	0	\$0.00	2	\$742.50
THE STANDARD	5	\$733.55	0	\$0.00	5	\$733.55
PIZZA HUT 00043836	8	\$660.24	0	\$0.00	8	\$660.24
SAY CHEESE	1	\$650.00	0	\$0.00	1	\$650.00
HARPERS RESTAURANT	2	\$622.40	0	\$0.00	2	\$622.40
JACK'S BAR-B-QUE - BRO	6	\$543.26	0	\$0.00	6	\$543.26
PARTY GO'ERS CATERI	1	\$525.00	0	\$0.00	1	\$525.00
MAGGIES ARCADE GRILL	6	\$499.56	0	\$0.00	6	\$499.56
JACK'S BAR-B-QUE	7	\$484.31	0	\$0.00	7	\$484.31
WHITTS BARBECUE	3	\$480.13	0	\$0.00	3	\$480.13
KRISPY KREME NASHVLE 0064	14	\$452.97	0	\$0.00	14	\$452.97
OUTBACK #4310	2	\$449.38	0	\$0.00	2	\$449.38
DOMINO'S PIZZA #05422	7	\$434.85	0	\$0.00	7	\$434.85
DUNKIN #344981 Q35	12	\$429.47	0	\$0.00	12	\$429.47
NASHVILLE AIRPORT	17	\$417.70	0	\$0.00	17	\$417.70
FAST TRACK EVENTS LLC	1	\$400.00	0	\$0.00	1	\$400.00
JASON'S DELI -WSE	3	\$395.70	0	\$0.00	3	\$395.70
QDOBA #10 00600114	1	\$391.50	0	\$0.00	1	\$391.50
CICI'S PIZZA #326	8	\$379.85	0	\$0.00	8	\$379.85
LENNY'S SUB SHOP Q21	4	\$355.02	0	\$0.00	4	\$355.02
OFF THE GRILL - BROADW	6	\$354.16	0	\$0.00	6	\$354.16
THE CLEAN PLATE CLUB	1	\$350.00	0	\$0.00	1	\$350.00
E. MILANO PIZZARIA 2	3	\$339.32	0	\$0.00	3	\$339.32
SUNSET GRILL	3	\$339.04	0	\$0.00	3	\$339.04
CHILI'S GRILL 00000729	2	\$336.86	0	\$0.00	2	\$336.86
J ALEXANDERS 02000289	4	\$333.53	0	\$0.00	4	\$333.53
AL HANTOULI	6	\$329.05	0	\$0.00	6	\$329.05
GERMANTOWN CAFE	13	\$313.17	0	\$0.00	13	\$313.17
JERSEY MIKES SUBS	4	\$309.67	0	\$0.00	4	\$309.67
PONDEROSA 1325	2	\$305.81	0	\$0.00	2	\$305.81
CRACKER BARREL # 23	4	\$298.03	0	\$0.00	4	\$298.03

ACCOUNT NAME	DEBIT		CREDIT		TOTAL	
	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT
LONGHORN #020	3	\$275.51	0	\$0.00	3	\$275.51
SUBWAY 00036244	1	\$274.38	0	\$0.00	1	\$274.38
NERO'S GRILL	1	\$270.66	0	\$0.00	1	\$270.66
MAGGIANO'S #1900001958	2	\$269.75	0	\$0.00	2	\$269.75
MARCHE ARTISAN FOODS	6	\$264.87	0	\$0.00	6	\$264.87
BRICK TOPS #2	4	\$256.66	0	\$0.00	4	\$256.66
SHALIMAR RESTAURANT	1	\$247.87	0	\$0.00	1	\$247.87
BREAD & COMPANY Q29	3	\$243.79	0	\$0.00	3	\$243.79
CHAPPYS SEAFOOD RESTAURA	2	\$242.85	0	\$0.00	2	\$242.85
NICK'S ITALIAN DELI	1	\$240.00	0	\$0.00	1	\$240.00
WILDHORSE SALOON F/B	1	\$239.91	0	\$0.00	1	\$239.91
MRS. WINNERS CKN A	5	\$232.74	0	\$0.00	5	\$232.74
LUNCHTIME CATERING	2	\$217.68	0	\$0.00	2	\$217.68
ISTANBUL RESTAURANT	3	\$209.84	0	\$0.00	3	\$209.84
MARGOT CAFE AND BAR	2	\$203.25	0	\$0.00	2	\$203.25
TAZZA RESTAURANT	4	\$194.54	0	\$0.00	4	\$194.54
MONELL'S DINING	2	\$189.80	0	\$0.00	2	\$189.80
MCDONALD'S M6204 OF TN	6	\$188.52	0	\$0.00	6	\$188.52
THE OLIVE GARD00011734	1	\$187.25	0	\$0.00	1	\$187.25
BAR-B-CUTIE	2	\$184.24	0	\$0.00	2	\$184.24
BIG RIVER GRILLE-NASHVIL	5	\$180.94	0	\$0.00	5	\$180.94
SHONEY'S # 1223	4	\$178.09	0	\$0.00	4	\$178.09
LOGAN'S ROADHOUSE 323	1	\$168.20	0	\$0.00	1	\$168.20
DAVINCI'S PIZZA	1	\$166.00	0	\$0.00	1	\$166.00
KFC 27 NASHVILLE	2	\$165.32	0	\$0.00	2	\$165.32
ANATOLIA TURKISH RESTAURA	1	\$164.91	0	\$0.00	1	\$164.91
PANERA BREAD #1260	1	\$131.82	0	\$0.00	1	\$131.82
LONGHORN STEAK00050195	4	\$131.79	0	\$0.00	4	\$131.79
MCDONALD'S M6214 OF TN	3	\$130.01	0	\$0.00	3	\$130.01
PARADISE RIDGE GRILLE LLC	1	\$130.00	0	\$0.00	1	\$130.00
LOGANS	3	\$127.48	0	\$0.00	3	\$127.48
PIZZA HUT 00044008	1	\$122.74	0	\$0.00	1	\$122.74
ORDER IN THE COURT	7	\$122.24	0	\$0.00	7	\$122.24
NOOLEY'S RESTAURANT	3	\$114.50	0	\$0.00	3	\$114.50
US BORDER CANTINA	1	\$114.00	0	\$0.00	1	\$114.00
MCDONALD'S M4546 OF TN	1	\$112.05	0	\$0.00	1	\$112.05
WHICH WICH WEST END	1	\$111.00	0	\$0.00	1	\$111.00
JERSEY MIKE Q44	2	\$106.29	0	\$0.00	2	\$106.29
CHINA KING BUFFET	1	\$100.35	0	\$0.00	1	\$100.35
STARBUCKS USA 00097816	1	\$100.00	0	\$0.00	1	\$100.00
P.F. CHANG'S CHINA BIS	2	\$98.63	0	\$0.00	2	\$98.63
PIZZA HUT 00043968	2	\$96.84	0	\$0.00	2	\$96.84
JIM N NICKS NASHVILLE	1	\$96.59	0	\$0.00	1	\$96.59
BURGER KING #3940 Q07	3	\$96.00	0	\$0.00	3	\$96.00
MERCHANTS RESTAURANT	1	\$95.97	0	\$0.00	1	\$95.97
SUBWAY 00148403	2	\$93.38	0	\$0.00	2	\$93.38
PALM RESTAURANT	1	\$92.09	0	\$0.00	1	\$92.09
JOE'S CRAB-NASHVILLE	2	\$90.20	0	\$0.00	2	\$90.20
SUBWAY # 14840	2	\$97.18	1	(\$7.92)	3	\$89.26
SUBWAY E THOMPSON LANE	1	\$84.94	0	\$0.00	1	\$84.94
KFC 25 NASHVILLE	2	\$84.09	0	\$0.00	2	\$84.09
LAS PALMAS VERDES #4	3	\$83.95	0	\$0.00	3	\$83.95
NOSHVILLE DELICATESSEN 2	3	\$81.06	0	\$0.00	3	\$81.06
SOLE-MIO	1	\$72.82	0	\$0.00	1	\$72.82
SICILIAN PIZZA AND PASTA	2	\$71.99	0	\$0.00	2	\$71.99
MCDONALD'S M4542 OF TN	2	\$71.58	0	\$0.00	2	\$71.58
RAINFOREST-OPRY	1	\$70.00	0	\$0.00	1	\$70.00
NASHVILLE'S MOST WANTE	1	\$69.75	0	\$0.00	1	\$69.75
TIN ANGEL RESTAURANT	2	\$69.62	0	\$0.00	2	\$69.62
LAPAZ	1	\$69.45	0	\$0.00	1	\$69.45
PAPA JOHNS 75	2	\$68.92	0	\$0.00	2	\$68.92
CARRABBA'S #9302	1	\$63.58	0	\$0.00	1	\$63.58
SUBWAY #23557	1	\$63.00	0	\$0.00	1	\$63.00
SHONEYS#1223 00012237	1	\$61.38	0	\$0.00	1	\$61.38
GOLDEN THAI	1	\$61.25	0	\$0.00	1	\$61.25
SIR PIZZA	1	\$58.80	0	\$0.00	1	\$58.80
BONGO JAVA-CAFE EAST	6	\$58.78	0	\$0.00	6	\$58.78

ACCOUNT NAME	DEBIT		CREDIT		TOTAL	
	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT
SUB DEPOT LLC	1	\$58.51	0	\$0.00	1	\$58.51
SHONEYS#1202 00012021	1	\$57.64	0	\$0.00	1	\$57.64
STARBUCKS USA 00083568	3	\$106.16	1	(\$49.16)	4	\$57.00
CICI S PIZZA #524	1	\$55.00	0	\$0.00	1	\$55.00
SAN ANTONIO TACO CO	1	\$54.12	0	\$0.00	1	\$54.12
MAMBU	1	\$54.07	0	\$0.00	1	\$54.07
LAS MARACAS II	1	\$53.39	0	\$0.00	1	\$53.39
SITAR- NASHVILLE	1	\$52.82	0	\$0.00	1	\$52.82
BELLSOUTH	1	\$50.26	0	\$0.00	1	\$50.26
SHONEY'S # 1227	1	\$50.05	0	\$0.00	1	\$50.05
HOUSE OF KABOB	1	\$48.59	0	\$0.00	1	\$48.59
QUIZNO'S SUBS	2	\$46.31	0	\$0.00	2	\$46.31
RUBY TUESDAY #3611	1	\$44.00	0	\$0.00	1	\$44.00
AQUARIUM NASHVILLE RES	1	\$43.89	0	\$0.00	1	\$43.89
BAJA BURRITO	1	\$43.15	0	\$0.00	1	\$43.15
WENDELL SMITHS RESTAURAN	2	\$42.89	0	\$0.00	2	\$42.89
GODFATHER S PIZZA	1	\$42.47	0	\$0.00	1	\$42.47
MCDONALD'S F10050	1	\$42.24	0	\$0.00	1	\$42.24
AURORA BAKERY	1	\$42.00	0	\$0.00	1	\$42.00
VITTLES RESTAURANT	1	\$42.00	0	\$0.00	1	\$42.00
WENDY'S #0431 Q25	1	\$41.65	0	\$0.00	1	\$41.65
PICCADILLY CAFETERIA #423	1	\$41.05	0	\$0.00	1	\$41.05
PANERA BREAD #1143	2	\$40.37	0	\$0.00	2	\$40.37
ROSEPEPPER MEXICAN GRILL	2	\$39.79	0	\$0.00	2	\$39.79
PANCAKE PANTRY	1	\$39.46	0	\$0.00	1	\$39.46
MONELLS DINING	1	\$38.85	0	\$0.00	1	\$38.85
ROMA PIZZA - WEST	2	\$38.81	0	\$0.00	2	\$38.81
BATTER'D & FRIED	2	\$38.71	0	\$0.00	2	\$38.71
SUBWAY 16679	2	\$38.25	0	\$0.00	2	\$38.25
TED'S MONTANA GRILL	1	\$36.56	0	\$0.00	1	\$36.56
CRACKER BARREL # 13	2	\$36.42	0	\$0.00	2	\$36.42
FIDO	2	\$35.35	0	\$0.00	2	\$35.35
KNOCK OUT WINGS	1	\$34.95	0	\$0.00	1	\$34.95
DAN'S CAFETERIA	1	\$34.15	0	\$0.00	1	\$34.15
O'CHARLEY'S #210	1	\$32.56	0	\$0.00	1	\$32.56
SAM & ZOE'S	2	\$31.63	0	\$0.00	2	\$31.63
ELLENDALES	1	\$31.10	0	\$0.00	1	\$31.10
SONOBANA JAPANESE REST	1	\$30.25	0	\$0.00	1	\$30.25
STARBUCKS USA 00112045	1	\$30.00	0	\$0.00	1	\$30.00
SOUTH STREET	1	\$29.90	0	\$0.00	1	\$29.90
RADIUS 10	1	\$29.74	0	\$0.00	1	\$29.74
BURGER KING #16033 Q07	4	\$29.50	0	\$0.00	4	\$29.50
KAZOO'S	1	\$28.85	0	\$0.00	1	\$28.85
THE OLE' DINNER BE	2	\$28.25	0	\$0.00	2	\$28.25
SWETTS RESTAURANT	1	\$27.31	0	\$0.00	1	\$27.31
SUBWAY 101944510194454	1	\$25.99	0	\$0.00	1	\$25.99
CALYPSO CAFE	1	\$25.14	0	\$0.00	1	\$25.14
MIRROR, LLC	1	\$25.00	0	\$0.00	1	\$25.00
GERST HAUS	1	\$24.74	0	\$0.00	1	\$24.74
RAFFERTY'S #72	1	\$24.68	0	\$0.00	1	\$24.68
WENDY'S #0441 Q25	1	\$24.50	0	\$0.00	1	\$24.50
THE MAD PLATTER	1	\$24.48	0	\$0.00	1	\$24.48
SUBWAY 16843 00168435	1	\$24.22	0	\$0.00	1	\$24.22
MICHAELANGELO'S PIZZA	1	\$24.00	0	\$0.00	1	\$24.00
BETHEL ETHIOPLAN CUISINE	1	\$23.64	0	\$0.00	1	\$23.64
KING FISH Q21	1	\$22.55	0	\$0.00	1	\$22.55
NASHVILLE DELI BNA	1	\$22.18	0	\$0.00	1	\$22.18
SWETTS FARMERS MARKET	1	\$21.69	0	\$0.00	1	\$21.69
APPLEBEE'S #1 NEIGHBORH	1	\$21.67	0	\$0.00	1	\$21.67
MAMA MIAS	1	\$21.63	0	\$0.00	1	\$21.63
VANDERBILT UNI30040091	1	\$21.00	0	\$0.00	1	\$21.00
CHEESEBURGER CHARLEYS	1	\$20.51	0	\$0.00	1	\$20.51
SHIPLEY'S DONUTS	2	\$20.49	0	\$0.00	2	\$20.49
HARDEES 15018765	2	\$19.18	0	\$0.00	2	\$19.18
LAS PALMAS MEXICAN RESTAU	1	\$18.64	0	\$0.00	1	\$18.64
FATTOUSH CAFE	1	\$18.09	0	\$0.00	1	\$18.09
C & QUIZNOS Q63	2	\$17.90	0	\$0.00	2	\$17.90

ACCOUNT NAME	DEBIT		CREDIT		TOTAL	
	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT	# OF TRANS	AMOUNT
BURGER KING #6975 Q07	1	\$17.63	0	\$0.00	1	\$17.63
PANERA BREAD #964	1	\$17.04	0	\$0.00	1	\$17.04
3RD & LINDSEY BAR & GRILL	1	\$17.00	0	\$0.00	1	\$17.00
TIN ANGEL	1	\$16.89	0	\$0.00	1	\$16.89
C & BAJA BURRITO Q63	2	\$16.14	0	\$0.00	2	\$16.14
BLACKSTONE REST&BREWERY	1	\$16.00	0	\$0.00	1	\$16.00
SAM'S PLACE	1	\$15.99	0	\$0.00	1	\$15.99
JERSEY MIKES	1	\$15.08	0	\$0.00	1	\$15.08
RUBY TUESDAY #3663	1	\$14.89	0	\$0.00	1	\$14.89
KRYSTAL 00003236	1	\$14.63	0	\$0.00	1	\$14.63
LEGENDS CORNER	1	\$14.25	0	\$0.00	1	\$14.25
MCDONALD'S M4543 OF TN	1	\$14.07	0	\$0.00	1	\$14.07
STAR BAGEL CAFE & TQ23	1	\$12.49	0	\$0.00	1	\$12.49
EL REY MEXICAN RESTAURANT	1	\$12.00	0	\$0.00	1	\$12.00
PRINCETONS GRILLE	1	\$11.82	0	\$0.00	1	\$11.82
CAFE COCOS ITALIAN MARKET	1	\$10.92	0	\$0.00	1	\$10.92
PROVENCE BNA	2	\$10.67	0	\$0.00	2	\$10.67
KRYSTAL 00001933	1	\$10.58	0	\$0.00	1	\$10.58
C & FAMOUS Q63	1	\$9.78	0	\$0.00	1	\$9.78
BOB EVANS REST #0253	1	\$9.13	0	\$0.00	1	\$9.13
C & QUIZNOS	1	\$8.61	0	\$0.00	1	\$8.61
FIVE GUYS # 253	1	\$7.85	0	\$0.00	1	\$7.85
DUNKIN #345491 Q35	1	\$7.80	0	\$0.00	1	\$7.80
CICI PIZZA - NASHVILLE	1	\$7.41	0	\$0.00	1	\$7.41
WENDY'S #0429 Q25	1	\$6.65	0	\$0.00	1	\$6.65
MCDONALD'S F7397	1	\$6.56	0	\$0.00	1	\$6.56
C & FAMOUS	1	\$6.53	0	\$0.00	1	\$6.53
SYLVAN PARK MELROSE	1	\$5.13	0	\$0.00	1	\$5.13
MCDONALD'S M6204 OF	0	\$0.00	1	(\$21.85)	1	(\$21.85)
QUIZNOS SUB #10033	0	\$0.00	1	(\$98.18)	1	(\$98.18)
PROVENCE BREADS	0	\$0.00	3	(\$166.50)	3	(\$166.50)
<b>GRAND TOTALS:</b>	<b>693</b>	<b>\$101,949</b>	<b>12</b>	<b>(\$546)</b>	<b>705</b>	<b>\$101,403</b>

# List of Selected Split Purchases

Trans ID	Transaction Date	Post Date	Transaction Amount	Sales Tax Amount	Dept	Merchant MCC
155368	03/02/07	03/05/07	\$544.31	39.31	4	5811
155367	03/02/07	03/05/07	\$544.31	39.31	4	5811
			<b>\$1,088.62</b>	Single Transaction Limit \$999		
143218	11/21/06	11/22/06	603.63	0	5	5111
143214	11/21/06	11/22/06	603.62	0	5	5111
			<b>\$1,207.25</b>	Single Transaction Limit \$999		
159479	03/30/07	04/02/07	150.97	0	6	5732
159478	03/30/07	04/02/07	999.99	0	6	5732
			<b>\$1,150.96</b>	Single Transaction Limit \$2999		
156060	03/08/07	03/09/07	100	0	10	5074
156059	03/08/07	03/09/07	990.38	0	10	5074
			<b>\$1,090.38</b>	Single Transaction Limit \$999		
141145	11/03/06	11/06/06	584.97	0	11	5942
141144	11/03/06	11/06/06	809.99	0	11	5942
			<b>\$1,394.96</b>	Single Transaction Limit \$999		
128432	08/07/06	08/08/06	644.95	0	17	5111
128431	08/07/06	08/08/06	849.95	0	17	5111
			<b>\$1,494.90</b>	Single Transaction Limit \$1100		
155365	03/01/07	03/05/07	1000	0	19	5734
155364	03/01/07	03/05/07	1499.95	0	19	5734
			<b>\$2,499.95</b>	Single Transaction Limit \$2000		
135884	09/28/06	09/29/06	734.6	0	24	5712
135883	09/28/06	09/29/06	800	0	24	5712
135882	09/28/06	09/29/06	800	0	24	5712
			<b>\$2,334.60</b>	Single Transaction Limit \$1500		
149811	01/19/07	01/22/07	333.5	0	27	7523
149810	01/19/07	01/22/07	999	0	27	7523
			<b>\$1,332.50</b>	Single Transaction Limit \$8000		
166475	05/24/07	05/25/07	531.68	0	27	5111
166474	05/24/07	05/25/07	531.68	0	27	5111
166473	05/24/07	05/25/07	531.68	0	27	5111
			<b>\$1,595.04</b>	Single Transaction Limit \$8000		
165937	05/17/07	05/21/07	852	0	28	7338
165936	05/17/07	05/21/07	832.75	0	28	7338
165935	05/17/07	05/21/07	800	0	28	7338
165934	05/17/07	05/21/07	750	0	28	7338
165933	05/17/07	05/21/07	761.84	0	28	7338
165932	05/17/07	05/21/07	288	0	28	7338
			<b>\$4,284.59</b>	Single Transaction Limit \$1500		
167070	05/29/07	05/31/07	739.17	0	28	7379
167069	05/29/07	05/31/07	739.17	0	28	7379
167068	05/29/07	05/31/07	739.16	0	28	7379
			<b>\$2,217.50</b>	Single Transaction Limit \$1500		

# List of Selected Split Purchases

Trans ID	Transaction Date	Post Date	Transaction Amount	Sales Tax Amount	Dept	Merchant MCC
162661	04/25/07	04/26/07	937.89	0	28	5111
162660	04/25/07	04/26/07	937.89	0	28	5111
162659	04/25/07	04/26/07	937.89	0	28	5111
			<b>\$2,813.67</b>	Single Transaction Limit \$1500		
160416	04/05/07	04/09/07	2050	0	30	8299
160415	04/05/07	04/09/07	2050	0	30	8299
160414	04/05/07	04/09/07	2050	0	30	8299
160413	04/05/07	04/09/07	2050	0	30	8299
			<b>\$8,200.00</b>	Single Transaction Limit \$3999		
171776	06/29/07	07/02/07	969.98	0	31	5311
171775	06/29/07	07/02/07	529.98	0	31	5311
			<b>\$1,499.96</b>	Single Transaction Limit \$999		
171824	06/29/07	07/02/07	1728.88	0	31	5722
171823	06/29/07	07/02/07	1728.88	0	31	5722
171822	06/29/07	07/02/07	2962.35	0	31	5722
171821	06/29/07	07/02/07	2824.07	0	31	5722
171820	06/29/07	07/02/07	3943.27	0	31	5722
			<b>\$13,187.45</b>	Single Transaction Limit \$9999		
137708	10/11/06	10/12/06	8020.9	0	32	7296
137707	10/11/06	10/12/06	700.5	0	32	7296
137706	10/11/06	10/12/06	2945.2	0	32	7296
			<b>\$11,666.60</b>	Single Transaction Limit \$9999		
157051	03/13/07	03/15/07	4809.04	0	38	5969
157050	03/13/07	03/15/07	2747.1	0	38	5969
			<b>\$7,556.14</b>	Single Transaction Limit \$5000		
162933	04/26/07	04/27/07	1204.8	0	39	5111
162932	04/26/07	04/27/07	2255.7	0	39	5111
162931	04/26/07	04/27/07	905	0	39	5111
			<b>\$4,365.50</b>	Single Transaction Limit \$3999		
147058	12/22/06	12/26/06	599	0	39	5085
147057	12/22/06	12/26/06	824	0	39	5085
147056	12/22/06	12/26/06	689.5	0	39	5085
147055	12/22/06	12/26/06	599	0	39	5085
147054	12/22/06	12/26/06	2100	0	39	5085
147053	12/22/06	12/26/06	824.88	0	39	5085
			<b>\$5,636.38</b>	Single Transaction Limit \$3999		
154127	02/22/07	02/23/07	609.38	0	40	5085
154126	02/22/07	02/23/07	625.73	0	40	5085
			<b>\$1,235.11</b>	Single Transaction Limit \$999		
152320	02/05/07	02/08/07	546.68	0	42	4900
152321	02/05/07	02/08/07	458.6	0	42	4900
			<b>\$1,005.28</b>	Single Transaction Limit \$1001		
145335	12/08/06	12/11/06	861	0	42	5085

# List of Selected Split Purchases

Trans ID	Transaction Date	Post Date	Transaction Amount	Sales Tax Amount	Dept	Merchant MCC
145336	12/08/06	12/11/06	958.5	0	42	5085
145337	12/08/06	12/11/06	979	0	42	5085
145338	12/08/06	12/11/06	975	0	42	5085
145339	12/08/06	12/11/06	986	0	42	5085
145340	12/08/06	12/11/06	539.4	0	42	5085
			<b>\$5,298.90</b>	Single Transaction Limit \$999		
163072	04/27/07	04/30/07	712.27	0	63	5111
163073	04/27/07	04/30/07	673.2	0	63	5111
163074	04/27/07	04/30/07	915.18	0	63	5111
163075	04/27/07	04/30/07	443.2	0	63	5111
163076	04/27/07	04/30/07	239.98	0	63	5111
			<b>\$2,983.83</b>	Single Transaction Limit \$2500		
135949	09/26/06	09/29/06	989.35	0	65	7349
135950	09/26/06	09/29/06	935.5	0	65	7349
			<b>\$1,924.85</b>	Single Transaction Limit \$999		
140799	11/01/06	11/03/06	597.6	0	65	5074
140800	11/01/06	11/03/06	597.6	0	65	5074
			<b>\$1,195.20</b>	Single Transaction Limit \$999		
130366	08/17/06	08/21/06	338.8	0	66	7338
130367	08/17/06	08/21/06	997.19	0	66	7338
			<b>\$1,335.99</b>	Single Transaction Limit \$999		
152160	02/06/07	02/07/07	586.9	0	69	5732
152161	02/06/07	02/07/07	978.85	0	69	5732
			<b>\$1,565.75</b>	Single Transaction Limit \$999		
130448	08/21/06	08/22/06	900	0	75	5045
130449	08/21/06	08/22/06	690	0	75	5045
			<b>\$1,590.00</b>	Single Transaction Limit \$999		
171803	06/29/07	07/02/07	2851.85	0	75	5451
171804	06/29/07	07/02/07	346.5	0	75	5451
171805	06/29/07	07/02/07	3097.5	0	75	5451
171805	06/29/07	07/02/07	552.75	0	75	5451
171805	06/29/07	07/02/07	345.15	0	75	5451
			<b>\$7,193.75</b>	Single Transaction Limit \$5000		
134771	09/21/06	09/22/06	888.4	0	75	5943
134772	09/21/06	09/22/06	308.87	0	75	5943
134773	09/21/06	09/22/06	308.87	0	75	5943
			<b>\$1,506.14</b>	Single Transaction Limit \$999		
159090	03/28/07	03/29/07	650	0	76	8699
159091	03/28/07	03/29/07	650	0	76	8699
159092	03/28/07	03/29/07	650	0	76	8699
159093	03/28/07	03/29/07	650	0	76	8699
			<b>\$2,600.00</b>	Single Transaction Limit \$2500		