Internal Audit Division
Procurement Card Workshop

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March 12, 2010

The Goal
- To encourage sharing of tools and techniques used to administer the P-Card program and create opportunities to leverage these efficiencies across institutions.

The Plan
- Discuss Campus Fiscal Review results related to procurement card administration
- Share best practices among campuses
Where We Began

- 2006 – P-Card Audit
  - Internal Controls
    - Program monitoring
    - Training
    - Administration
  - Control structure requires improvement

Progress Made

- 2008 Activities
  - Revised policy issued
  - Web based training launched
  - IAD announces implementation review
    - Revised policy
    - Training requirements

Next Steps

- 2008-2009 – Campus Fiscal Reviews
  - Fieldwork
    - April to August 2009
    - All institutions
    - Chancellor’s Office
  - Focus
    - Cashiering
    - P-Card
Balancing Risk and Control

- Consider a balance between risk and controls -- internal controls should be proactive, value-added, cost-effective and address exposure to risk.

P-Card Control Activities

Fiscal Reviews looked at:
- Policies and Procedures
- Segregation of Duties
- Training
- Monitoring
- Documentation

Policies and Procedures

Risk
- Without clearly defined, consistent policies and procedures over procurement cards, employees may not be aware of university requirements governing procurement card transactions.

- Employees may be at risk of sanctions for unintentional card misuse.
Policies and Procedures

Best Practice
- An institutional policy and forms which comply with the OUS P-Card policy should be in place.

Policies and Procedures

OUS Policy Requirements
- Institution specific policy
- Post-transaction review program
- Monitoring program
- Training program
- Quarterly distributions
- Separation procedures
- Prohibits certain expenses

Policies and Procedures

OUS Form Requirements:
- P-Card responsibility forms
  - Card user
  - Card custodian
  - Budget authority
- P-Card logs
Policies and Procedures

Campus Tools
- Audit worksheet
- Audit report routing
  - Card custodian
  - Budget Authority

Segregation of Duties

Risk
- Without adequate segregation of duties, one person could control activities in a business process from beginning to end.

Segregation of Duties

Best Practice
- P-Card administration responsibilities should be assigned so that no one person can initiate, approve, undertake and review the same activity.
Segregation of Duties

OUS Policy
- Roles and Responsibilities
  - Card User
  - Card Custodian
  - P-Card Administrator
  - Budget Authority

Segregation of Duties

OUS Policy
- Independent Reviews
  - Transaction reviews
  - Charges against departmental funds

Segregation of Duties

- Campus Tools Discussion
  - Purchasing staff
  - Changes to US Bank system
  - Shared responsibility for daily audits
  - Shared monitoring of transactions
  - Shared monitoring of card changes
Training

Risk
- Without adequate personnel training, policies and procedures may not be fully understood and inappropriate activities may occur.

Training

Best Practice
- Training on the P-Card policy should be provided to assist employees in understanding appropriate and allowable P-Card usage.

Training

OUS Policy
- Required Training
  - System level
  - Web-based training
- Institution level
  - As needed
Training

- Campus Tools
  - Buddy card
  - One-on-one training
  - On-site visits for new users

Monitoring

Risk

- Without sufficient monitoring, fraudulent or erroneous transactions may go undetected.

Monitoring

Best Practice

- Institutions should have a formal monitoring program in place which requires documentation and resolution of inappropriate purchases.
Monitoring
OUS Policy
- Required reviews
  - Transactions
  - Account codes
  - Transaction descriptions
  - Listing of MCC codes
  - Frequency of card usage
  - Card activity level

Monitoring
- Campus Tools - Reviews
  - Daily transaction review
  - Monthly declined transaction review
  - Monthly card status change review
  - High risk transaction review
  - Departmental audit process

Monitoring
- Campus Tools – Technology
  - US Bank on-line access
  - US Bank reports
    - Card status
    - Transactions
  - Banner P-Card module
  - Banner reports
Documentation

Risk
• Without sufficient documentation, it can be unclear whether transactions are allowable.
• Employees may be at risk of sanctions for unintentional card misuse.

Documentation

Best Practice
• The documentation process should:
  • Assist the P-Card custodian in showing that transactions are appropriate and allowable.
  • Assist in performing P-Card administration responsibilities.

Documentation

OUS Policy
• Required Documentation
  • Application and agreement
  • Supporting materials
  • P-Card log
  • List of users, custodians and budget authorities
Documentation
Campus Tools
- Audit worksheet
- Audit report
- Spreadsheet of inappropriate charges
- Information tracking database for program administration

Summary
- Controls over procurement card activities are essential to:
  - Ensuring that transactions are legitimate, permissible, and appropriate.
  - Protecting university assets and staff.

Conclusion
- Thank you for your participation and sharing of effective control activities used in administering your procurement card program.
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