

Procurement Card Program



Presented By

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Agenda

- PCard Abuse
- Payment Method
- Not a Procurement Method
- Use of Procurement Card
- Internal Controls
- Red Flags
- Best Practices

Pcard Abuse – We have seen the reports

- **Sandia Labs employee allegedly used gov't credit card for Amazon purchases**
- **UNM Former Lobo hoops staffer indicted on felony embezzlement charge** In that internal audit report, UNM alleged Hopkins misused his team purchasing card, referred to by all UNM employees as a “P-card.”

Payment Method

- Procurement Cards are a method for payment disbursement.
- Convenient payment
- Used for small purchases; similar to prior petty cash funds
- Used with vendors that do not accept purchase orders
- Streamline procure to pay process
- Reduce transaction costs
- Used for urgent situations (not emergencies)
- Incentive Rebates

Internal PCard Controls

To deter or detect misuse internal controls should be implemented:

- Who should be issued a PCard?
- Application process to instruct roles, responsibilities, recourse
- Dollar limits set per transaction
- Dollar limits on daily and monthly transactions.
- Restriction by Merchant Classification Codes (MCC).
- Allowable and Non Allowable Purchases

Internal PCard Controls

- Segregation of duties for payment approvals, accounting, and reconciliation
- Reviews and approval of purchases by supervisors.
- Purchase reviews by a second person, the PCard coordinator.
- Software monitoring to identify potential questionable transactions.
- If purchasing on-line utilize secure sites
- Procedures for handling disputes and unauthorized purchases
- Records and Retention

Red Flags

- Monthly reconciliations always late or not performed.
- The employee submitted receipts with a long list of purchase items. Personal items can be hidden within lengthy lists.
- Purchases were made after business hours. The person can use the excuse that it was a mistake and used the wrong card.
- Impossible to read receipts
- Missing receipts
- Split transactions to circumvent dollar thresholds

Pcard Administration Best Practices

- Background checks: Giving an employee a p-card is providing the cardholder access to one of the organization's most liquid assets: cash
- Ongoing Mandatory Education: Educate all p-card holders, administrators and supervisors on their card-related roles and responsibilities.
- Written policies and procedures for PCard Program
- Anonymous tip line: Most frauds are discovered as the result of a tip. A tip line allows employees to report suspected p-card misuse
- Submit reviewed and signed statement, even if card was not used
- Perform 100% audit
- Use metrics to evaluate program

Questions??

