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Purchasing Cards: Controls Review & Optimization

Terry Follmer, VP of Internal Audit

Nadia Nahvi, Controller

Danny Solano, Procurement, Mgr of Small Purchases & Recovery

Genesis of P-Card Project & Partnership

- In January 2023 the Controller reached out to CAE asking for special project looking at opportunities to improve controls and visibility of P-Card transactions, and any potential for savings (e.g. formal PO's, sales taxes, etc.).

- Partnership between Finance, Procurement and Internal Audit.
  - ➢ Marshalled resources and data to perform project.
  - ➢ One UT Austin and one Texas A&M Intern worked on this and other projects this Summer.
 - ➢ Weekly meetings to review project status and next steps.

P-Card Project – Scope & Objectives

Scope: Review controls/improvements under the new Oracle ERP system which went live on 10/1/2022. Perform data analytics on P-Card usage over the last 5 years.

Objectives: 1) Opportunities to improve controls and efficiencies for both users and management; 2) Create custom monthly reporting to executive management to help improve visibility and transparency on P-Card transactions; 3) Evaluate policies and training for opportunities for improvement; 4) Automate controls related to compliance reviews including identifying unusual MCC Codes, miscoding of transactions and unreasonable transactions for transparency down to the detailed items purchased.

P-Card Spending and Changes by CY

Year	Spending	Number of Users	Annual Spending Per User
2018	$ 1,070,204	56	$19,111
2019	$ 1,465,587	57	$25,712
2020	$ 1,517,296	74	$20,504
2021	$ 2,444,097	73	$33,481
2022	$ 4,423,132	120	$36,859
2023 (through July)	$ 2,154,608	155	
2023 (extrapolated)	$ 3,693,614	155	$23,830

Yearly Spending
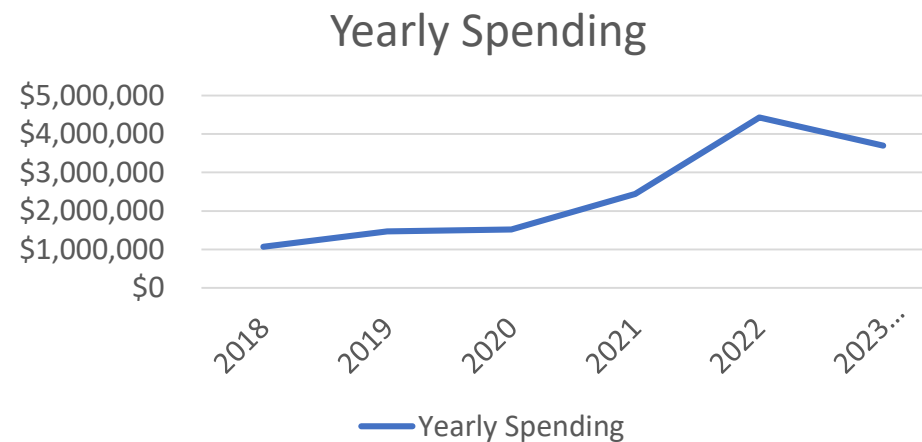
Top Spending Departments

Department	FY23 Spending Oct-July	Number of Users with Transactions	Average Spending per User (10 months)	Avg. Spending Per User - Annualized
OPERATIONS & MAINTENANCE OVERSIGHT	$ 1,091,751	40	$27,294	$32,753
PUBLIC FACILITIES	$ 627,189	4	$156,797	$188,157
MARKETING AND COMMUNICATIONS	$ 549,135	12	$45,761	$54,914
PROPERTY AND ASSET MANAGEMENT	$ 203,459	3	$67,820	$81,384
INFORMATION TECHNOLOGY	$ 201,054	7	$28,722	$34,466
PEOPLE AND CULTURE	$ 194,637	9	$21,626	$25,952

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Decreased P-Card Monthly Spending in FY23

Month	Amount:
01-Oct22	$ 480,171.15
02-Nov22	$ 423,727.22
03-Dec22	$ 349,533.95
04-Jan23	$ 398,529.88
05-Feb23	$ 372,006.19
06-Mar23	$ 445,265.21
07-Apr23	$ 331,262.41
08-May23	$ 267,050.54
09-Jun23	$ 220,199.04
10-Jul23	$ 179,800.22
Grand Total	**$ 3,467,545.81**

*The spending for July 2023 has dropped by 63% as compared to October 2022

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Improvements Since Oracle Implementation

1) Transitioned from paper to electronic for P-Card submission and review. The automation gave the P-Card team an opportunity to revisit the processes.

2) Oracle notifies P-Card users when JP Morgan Smart Data transactions are available for expense submission that helps with efficiency.

3) Pre-authorization for travel occurs within Oracle and is easier to track instead of being submitted in the SharePoint.

4) Improved system process changes that are auto populating some financial dimensions that has helped with improved efficiencies.

5) Oracle has improved audit reports to help identify any policy non-compliance issues.

6) Oracle provides detailed p-card analysis reports that shows expenses by type, Merchant Category Codes (MCC), P-Card users, department and vendors.

Improvements Since Oracle Implementation

7) Although the number of P-Card users had to be increased but it has helped with accountability and visibility that helps with the audit.

8) Improved reporting in Oracle has helped with the following:

      Improved departmental spending analysis by users and vendors

      Improved POETA (Project Number, Organization, Expenditure Type, Task, Award)

      Identifying recurring vendors which are now being followed up with the Procurement team for possible POs/Contracts

      Sales Tax paid

      Missing itemized support

      Prohibited MCC code identification

9) Oracle allows stakeholders to obtain read-only expense module access.

Recommended Administrative Policy Changes

1. Continued improved reporting of P-Card activity w/ flagged exceptions has already improved compliance and is reducing the # of transactions rejected that must be reworked.

2. P-Card team is in the process to roll out in-person trainings with step-by-step training guides for P-Card travel and non-travel. This will further assist P-Card users with their expense submissions.

3. Creating a custom reports for pre-authorization amounts as it compares to the actual spendings.

4. Improved business meal and missing receipt forms by eliminating redundancies.

5. Design sampling methodology for audit review, instead of a full population audit.

6. Require completion of a Credit Limit form if P-Card spending limit increase is requested justifying the Why and ensure proper approval and tracking.