



ADMINISTERING PAYMENT CARD PROGRAMS

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Learning Objectives



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- Program Basics
- Risk Appetite
- Transaction Limits
- System Monitoring
- Card Auditing
- Fraud



Program Basics



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- Flexible Payment Method
 - Designed for Delegated Purchases
 - In-store, online, telephone, etc.
 - How to monitor restricted vendors?
 - Card Application & Approval Process
 - Cardholder Responsibilities
 - Works with the procurement process
 - Training!
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Risk Appetite



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- What can be purchased with a payment card?
- Things to consider:
 - Dollar Value
 - Asset Tracking
 - Tangible Deliverable
 - IRS 1099 Reporting
 - Personal Purchases



Transaction Limits



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- Apply limits to personnel groups
 - Will the University apply the same dollar limit to all cards?
 - Will different levels of the organization receive different limits?
 - Administrative – Frequent, small purchases (Ex: \$500/\$5,000)
 - Facilities – Supplies, potential repair items (Ex: \$2,500/\$10,000)
 - Department Head – Subscriptions, events (Ex: \$10,000/\$25,000)
 - Procurement – Emergency, Exempt (Ex: \$100,000/\$500,000)
 - Limit the number of cards in use
 - Merchant Category Codes
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What needs monitoring?

- Shipping Addresses
 - Timely Submission of Expenses and Reports
 - Timely Approval of Expenses and Reports
 - Trends
 - Spending
 - Violations
 - Documentation Requirements
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Card Auditing



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- Transaction reviews based on risk appetite
 - Subject to review by external entities
 - Reviewers are checking for:
 - Unauthorized/Questionable Purchases
 - Capital or controlled equipment
 - Purchases without prior authorization
 - Personal Items
 - Restricted/Food/Gift Purchases
 - Proper documentation to support the purchase
 - Approval (if necessary)
 - Sales Tax
 - Business Purpose
 - ~~Warrant Hold~~
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Suspension/Escalation



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- Need Guidelines and Standards for Suspension
 - Prohibited & Restricted Items Purchased Without Prior Approval
 - Split Transactions/Card Sharing/Unsecure Sharing
 - Missing Receipts
 - Need Guidelines and Standards for Escalation
 - Expenses Submitted
 - Monitoring of Late Reports
 - Automated Notifications
 - When do different levels of the organization need to be notified?
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Fraud Indicators



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- Unusual Vendor Names
 - Same Vendor Address and Employee Address
 - Only One Employee Ever Uses a Specific Vendor
 - Unusual Activity for a Given Cardholder
 - Repeated Misuse by Cardholder
 - Round Number Purchases
 - Transactions with Missing Receipts or Altered Documentation
 - Sequential or Unnumbered Receipts
 - Duplicate Charges
 - Purchases Made Outside of Regular Business Hours
 - Activity by Non-Cardholders and Terminated Employees
 - Cardholder Approving His or Her Own Transactions
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Questions?



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