

Auditing for Agencies

March 1, 2018

I Know What You're Thinking...



Expectations

- Establish a credit card usage policy that explains the responsibility of the cardholders, the expenses they can incur and the necessary supporting documentation.
- Ensure that expected rules are understood
 - Each employee who is issued a credit card should understand the policy and should acknowledge receipt of policy and procedure (Employee Agreement).



Monitor Spending

➤ WORKS

➤ Accounts Reports

- Card Declines
- Card Status



➤ Transaction Reports

- 13 Month Card Spend Analysis
- Level 3 Data

➤ Dashboard

- Audit



VISA IntelliLink Compliance

A web-based, modular application designed to provide analytics and investigative reporting; enable detection of potential misuse, abuse and potential fraudulent transactions; as well as ensure effective program compliance and management.

➤ **Rules**

➤ **Sampling**

➤ **Predictor**



Real life scenarios to look for:

- Receipts- Statement manipulation
- Transactions that occur on the weekend
- PayPal- Payment to vendor with a personal name instead of business name
- Square- Payment to vendor with a personal name instead of business name
- Large amount of credits
- Level 3 data- Look at payment details
 - Amazon
 - Best Buy
 - Target



Spend Reports with Detail Description

- Provides transaction details
- Add Detail Description (this can be found under the Transaction Detail category)
- Add Detail Amount

The screenshot shows the 'Works - Create Report' interface. At the top, the browser address bar displays 'https://payment2.works.com/works/reports/create/mc'. Below the browser, the 'Report Options' section is visible, with 'Basic' selected and 'Advanced' also present. The 'Columns' section is expanded, showing two columns: 'Available' and 'Selected'. The 'Available' column lists various fields, including 'Detail Description' and 'Detail Amount'. The 'Selected' column lists fields already added to the report, including 'Detail Description' and 'Detail Amount'. A blue arrow points from the 'Detail Description' item in the 'Available' list to the 'Detail Description' item in the 'Selected' list. The 'Column Sort' section on the right shows the current sort order: 'A→Z CH Full Name', 'A→Z Card Last 4 Digits', and 'A→Z Txn Number'. The 'Filters' section is also visible at the bottom.

Spend Reports with Detail Description

- Provides Level 3 Data provided by the Vendor
- Provides transaction details
- Detail Amount will provide the individual item price

Vendor Name	Purchase Date	Post Date	Vendor City	State	Amount	Detail Description	Detail Amount
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	HP V1H09UT/14"/INTE EACH	\$999.99
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	MY BEST BUY EACH	\$0.00
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	16" DRIFTER II BACKP EACH	\$69.99
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	M325 WIRELESS DARK S EACH	\$14.99
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	3YR ADH 900-999.99 L EACH	\$299.99
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	WEBROOT S2 INTERNET EACH	\$0.00
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	WEBROOT IS 3 USER 6 EACH	\$0.00
BEST BUY 00004234	1/8/2018	1/9/2018	GLEN ALLEN	VA	\$1,384.96	Card Transaction	
BEST BUY 00008607	1/18/2018	1/19/2018	CHARLOTTESVIL	VA	\$99.98	LINKSYS WUSB6300 AC1 EACH	\$49.99
BEST BUY 00008607	1/18/2018	1/19/2018	CHARLOTTESVIL	VA	\$99.98	NETGEAR A6210 AC1200 EACH	\$49.99
BEST BUY 00008607	1/18/2018	1/19/2018	CHARLOTTESVIL	VA	\$99.98	MY BEST BUY EACH	\$0.00
BEST BUY 00008607	1/18/2018	1/19/2018	CHARLOTTESVIL	VA	\$99.98	Card Transaction	
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	IP8+/7+ OBX DEFENDER EACH	\$44.99
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	APPLE 6.6FT LIGHTNIN EACH	\$23.99
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	APPLE 5W WALL USB EACH	\$14.99
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	IP8+/7+ ZAGG GLASS EACH	\$26.99
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	LIGHTNING DUAL USB C EACH	\$26.24
BEST BUY 00004226	1/29/2018	1/30/2018	RICHMOND	VA	\$137.20	Card Transaction	

Suspicious Trends



- What are some suspicious trends you see???
- Multiple Transactions to the same vendor
- Multiple Credits received from the same vendor
- Increased number of Over-the-Counter purchases
- Frequent card replacements
- Diverting business funds
- Embezzlement of raw materials or inventory



Third Party Payments...What's the Risk?

- Examples – PayPal, Square, & Stripe
- Allowable, but not the preferred method of payment
- Can pay through a third party system as long as card information is NOT stored

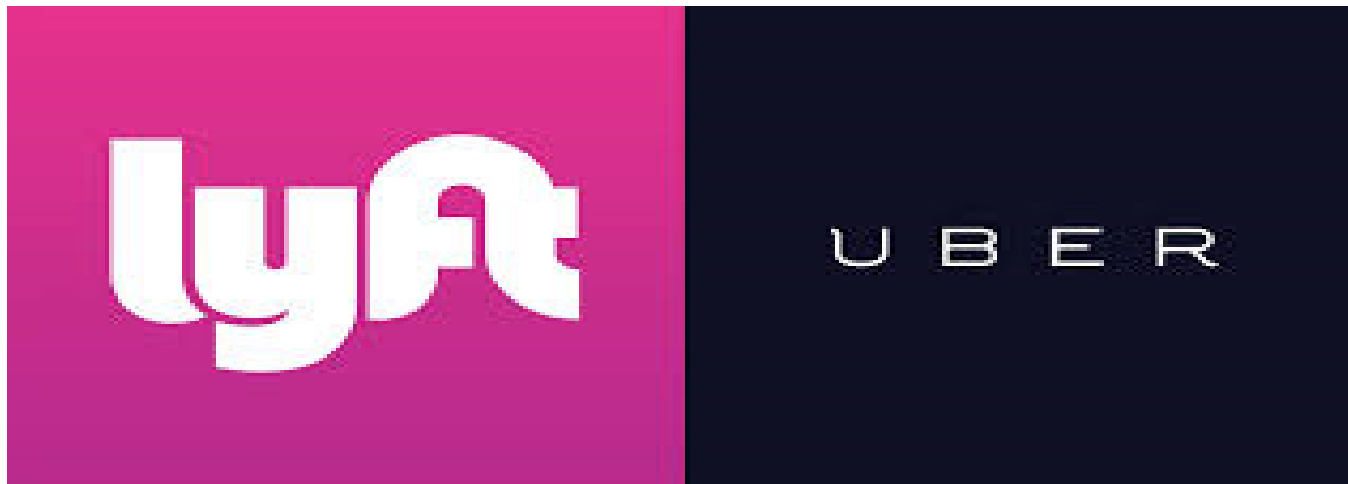
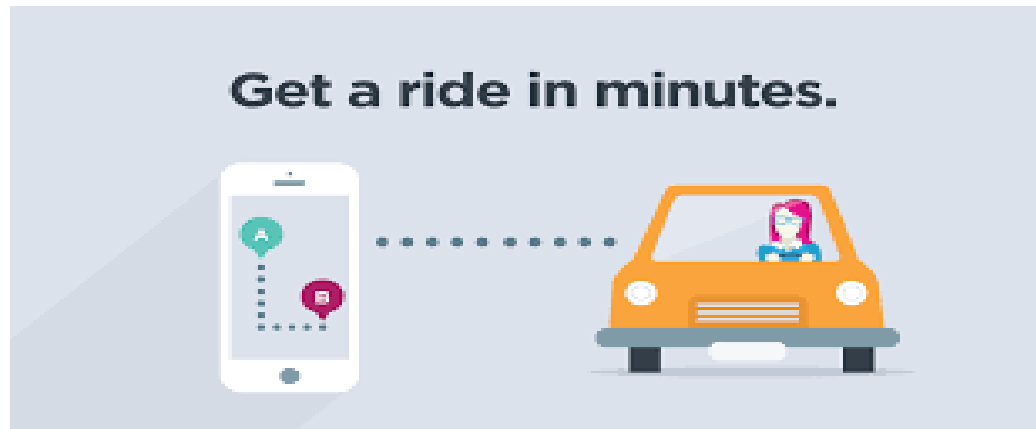
PayPalTM




Square

Bank of America
Merrill Lynch 

Questionable Vendors



Types of Fraud

- Fraud trends
 - external
 - internal





If it is MISUSE....

ALERT

What's Next???????

- Immediately Contact Cardholder's Supervisor
- Alert DOA
- Suspend Card Immediately



Account Check Ups

- Set appropriate monthly and single transaction limits
- Restrict by Merchant Classification Codes (MCC)
- Quarterly review of transactions.
- Frequent reviews and approval of purchases by immediate supervisor
- Purchase reviews by a second person, the p-card coordinator
- Software monitoring to identify potential questionable transactions
- Monitor the usage of credit cards for items that may be of a personal nature.
 - Don't discount routine transactions.



Implementing industry best practices has a positive impact on fraud deterrence

- ✓ Set company policies
- ✓ Review transactions and report suspicious transaction activity to bank immediately
- ✓ Segregate duties
- ✓ Differentiate user names and passwords across platforms
- ✓ Phishing & Masquerading – provide fraud education & training
- ✓ Client level fraud review – stats/trends/specific client experiences related to fraud

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