

Procurement Card Auditing for Fraud *Procurement and Payment Services*

August 2020



The University of Texas at Austin
Office of Internal Audits
UTA 2.302
(512) 471-7117



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe St. Suite 2.302 · Austin, Texas 78701 · (512) 471-7117 · FAX (512) 471-8099
audit.utexas.edu · internal.audits@austin.utexas.edu

August 19, 2020

Interim President Jay C. Hartzell
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear Interim President Hartzell,

We have completed our Procurement Card Auditing for Fraud project, as part of our Fiscal Year 2020 Audit Plan. The objective of the audit was to identify fraudulent use of procurement cards. Specific areas reviewed included:

- Transactions completed only on weekends
- Split transactions to the same vendor on the same day
- Purchases from prohibited vendors
- Payments to third party payment processors

The report is attached for your review.

There were no fraudulent transactions observed; however, we forwarded 27 transactions to the procurement card program manager for additional review for policy violations. Procurement and Payment Services has implemented updated policies, procedures, and controls to manage the procurement card program. Management should continue to enforce updated guidance and hold card holders accountable.

Please let me know if you have questions or comments regarding this audit.

Sincerely,

A handwritten signature in blue ink that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive

cc: Mr. Rogelio Anasagasti, Assistant VP of Procurement and Payment Services
Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer
Mr. Carlos Martinez, Chief of Staff, Office of the President
Ms. Sara Palacios, Procurement Program Manager
Ms. Amy Reyna, Assistant to Senior Vice President and Chief Financial Officer
Ms. Tara Trower, Chief of Staff, Financial and Administrative Services



Procurement Card Auditing for Fraud
Procurement and Payment Services
Project Number: 20.009

Audit Objective

The objective of this audit was to identify fraudulent use of procurement cards. Specific areas reviewed included:

- Transactions completed only on weekends
- Split transactions to the same vendor on the same day
- Purchases from prohibited vendors
- Payments to third-party payment processors

Conclusion

There were no fraudulent transactions observed; however, the Office of Internal Audits (Internal Audits) forwarded 27 transactions to the procurement card program manager for additional review for policy violations. The policy violations included split transactions, non-UT shipping addresses, and incomplete or missing documentation.

In January 2020, Procurement and Payment Services implemented updated policies, procedures, and controls to address policy violations and manage the procurement card program. Management should continue to enforce updated guidance and hold card holders accountable.

Scope and Methodology

The scope of this review included fiscal year 2019 procurement card transactions. To achieve the audit objectives, Internal Audits reviewed Global Card Management System (GCMS) data and COGNOS detailed transaction reports for weekend and split transactions. In addition, Internal Audits selected a sample of the top 51 card holders to review transactions with suspicious vendors and third-party payment processors (e.g., Paypal and Square).

Audit Observations

No recommendations were provided.

Engagement Team

Autumn Gray, CIA, Auditor III
Brandon Morales, CISA, CGAP, Audit Manager
Ramiro Muñoz, Auditor I
McCombs School of Business students from the Management Audit and Control class



Report Distribution

The University of Texas at Austin Institutional Audit Committee

Mr. Darrell Bazzell, Senior Vice President and Chief Financial Officer

Mr. Cameron Beasley, Chief Information Security Officer

Mr. James Davis, Vice President for Legal Affairs

Mr. Jeffery Graves, Interim Chief Compliance Officer, University Compliance Services

Dr. Jay C. Hartzell, Interim President

Dr. Daniel Jaffe, Interim Executive Vice President and Provost

Dr. John Medellin, External Member

Mr. J. Michael Peppers, CAE, The University of Texas System Audit Office

Dr. Alison Preston, Interim Vice President for Research

Ms. Christine Plonsky, Chief of Staff/Executive Sr. Associate Athletics Director

Dr. Soncia Reagins-Lilly, Vice President for Student Affairs and Dean of Students

Ms. Susan Whittaker, External Member

Ms. Elizabeth Yant, External Member, Chair

The University of Texas System Audit Office

Legislative Budget Board

Governor's Office

State Auditor's Office