



One Card Program

Internal Audit Report No. R2102
October 20, 2020



Executive Summary

Audit Objective: To evaluate financial and accounting processes, internal control systems, and the effectiveness and efficiency of related operations and controls within the One Card Program.

Conclusion: Internal controls are in place to ensure the effectiveness and efficiency of One Card controls. Opportunities exist to enhance training and guidance over the processes; however, since the last audit the One Card team has made many improvements to the program.

Observations by Risk Level: Management has reviewed the observations and has provided responses and anticipated implementation dates.

Recommendations	Risk Level	Management's Implementation Date
1. Ensure Supervisors and Cardholders Receive Training	Medium	March 2021
2. Expand One Card Guidance	Medium	June 2021
3. Enhance Current Internal Processes	Low	January 2021
4. Evaluate Current Monitoring Services	Low	October 2020

For details, engagement methodology, and explanation of risk levels, please see the attached report.



Recommendation #1: *Ensure Supervisors and Cardholders Receive Training*

Medium Risk: When cardholders and approvers are not adequately trained, the risk of fraud, error, and noncompliance with policies and procedures occurring and not being detected in a timely manner is increased.

Opportunities to strengthen training exist based on a review of the current One Card program training modules and a survey of One Card approvers.

Although UT Dallas One Card holders were required to take compliance training for FY20, the training did not occur due to changes in the delivery method by the Office of Institutional Compliance, Equity, and Title IX Initiatives. Currently, the One

Card training modules are not geared directly towards the supervisor's role within the One Card Program and their review/approval process. In addition:

- 21% of the 82 survey respondents stated that they did not receive adequate supervisory training to be able to review and identify questionable or non-compliant expenses.
- Survey respondents stated that opportunities for improvements within the One Card training provided to supervisors include: more periodic and annual trainings, more frequent communication on policy updates, streamlining the current double approval process, and more quick reference guides.
- Survey respondents stated that opportunities for improvements within the overall One Card Program include: documentation automation at the point-of-purchase, lessening the documentation burden, and stricter enforcement.

Recommendation: The One Card Team (OCT) should develop a training program for supervisors responsible for reviewing and approving One Card transactions. Supervisors and cardholders should receive periodic training to ensure they are aware and reminded of the policies, procedures, and risks related to purchasing cards.

Management's Action Plan: The One Card Team will develop a One Card Supervisor training program and make it available to supervisors. The One Card Team will also develop a process to ensure all cardholders and supervisors complete routine One Card compliance training.

Person Responsible for Implementation: Jene Janich, Director of Travel and One Card

Estimated Date of Implementation: March 2021



Recommendation #2: *Expand One Card Guidance*

Medium Risk: Non-compliance with UTD purchasing card policies expose the University to the risks of unauthorized travel, misuse of funds, and ability to lose research grants/funding, resulting in financial losses and potential reputational harm.

Generally, One Card holders are compliant with the UT Dallas One Card Guide and UTD Handbook of Operating Procedures (HOP). In testing One Card transactions, some instances of noncompliance with university policies and procedures¹ were noted. The details were shared with the One Card Office and included opportunities to improve the following:

- Complying with travel procedures over hotel per diem restrictions and including international, domestic, and/or student/group travel authorization in the documentation for One Card expenses.
- Ensuring supervisors approve the monthly cardholder reports.
- Including expense receipts in the documentation.
- Ensuring compliance with research participant policies that restrict the purchase of goods or gift cards as compensation for research subjects.

The identified instances of noncompliance can be attributed to the decentralized nature of the One Card Program and variances in One Card knowledge at the departmental level. The One Card Team (OCT) has strong internal monitoring functions that identify and resolve a majority of the issues of noncompliance; though, the sheer volume of transactions within the One Card Program present a unique challenge towards the OCT's ability to ensure compliance with *all* One Card transactions.

- Ways to Expand One Card Guidance**
1. Developing a Restricted vs. Prohibited List of Do Not Purchase Items
 2. Including any relevant policy language/hyperlinks within the One Card Guide that pertain to those specific, unique uses of the One Card
 3. Determining one formal method of approval for a One Card expense and monthly expense report
 4. Quick reference guide(s) for the most commonly permissible and impermissible purchases seen by the OCT at UTD
 5. Including the OCT's enforcement mechanisms, in order to increase the transparency/accountability to the cardholder on the repercussions, if found to be non-compliant

Recommendation: The One Card Team should consider expanding the current One Card guidance to increase cardholder accountability and general One Card knowledge. Information related to all pertinent policies and procedures that would affect the various types of purchases utilized by Cardholders should be considered.

Management's Action Plan: The One Card Team will expand the guidance available to cardholders to increase their accountability and awareness of all relevant policies and procedures. Management acknowledges that it is impossible to provide policies and specific guidance on all potential one-card transactions. We compensate for these potential deviations

¹ Specifically, UTDBP3104 – *Travel Expenses*, FY19/20 One Card Guides, and UTDBP3036 – *Payment of Research Subjects*



from policy through our comprehensive post-payment review process. Less than 1% of One Card transactions were found non-compliant based on our post-payment review.

Person Responsible for Implementation: Jene Janich, Director of Travel and One Card

Estimated Date of Implementation: June 2021



Recommendation #3: *Enhance Current Internal Processes*

The following opportunities exist to streamline and/or improve the effectiveness of their internal operations:

Low Risk: Process inconsistencies can lead to inefficiencies and expose the University to noncompliance with UTD, UTS, and other applicable laws.

1. In July 2020, the One Card Team implemented a Suspension and Termination enforcement matrix to provide a more consistent method of evaluating and enforcing cardholder's non-compliance after the AVP for Operations observed instances of non-compliance were being evaluated in an inconsistent manner. However, prior to recent implementation, enforcement mechanisms were either not being applied or were inconsistently applied towards issues of non-compliance.
2. Redundancies exist in the One Card Expense approval process. Currently, supervisors have to approve One Card transactions within GCMS-Citibank and also approve the cardholder monthly expense reports.
3. The OCT's routine audit process showed that some of the audits conducted did not identify and request all compliance-related documentation. Such documentation included departmental domestic/international/group/student travel authorization forms for One Card travel transaction audits, an incomplete Special Events Risk Assessment (SERA) form, and incomplete business justification for expenses.

Recommendation: The One Card Team should evaluate their current processes over enforcement, approvals, and documentation.

Management's Action Plan: The One Card Team will enforce the new Suspension and Termination Matrix, continue working with department to ensure an efficient supervisor review process is in place, and follow up with departments to obtain all compliance-related documentation.

Person Responsible for Implementation: Jene Janich, Director of Travel and One Card

Estimated Date of Implementation: January 2021



Recommendation #4: *Evaluate Current Monitoring Services*

The One Card team currently performs three types of One Card routine monitoring functions as part of their oversight. The following routine audit functions are performed by the Travel & One Card Coordinator after each reporting cycle has ended:

Low Risk: A lack of monitoring can lead to inefficiencies and expose the University to noncompliance with UTD, UTS, and other applicable laws.

1. 100% Review – OCT reviews at least one reporting cycle for each cardholder per year.
2. High-Risk Selections – OCT reviews high-dollar, high-volume, unique cardholder and/or vendor transactions.
3. High Bond ACL Script Alerts – OCT utilizes 11 pre-determined scripts to execute against the monthly one card transactional data to identify potential “red flag” transactions that meet the pre-determined scripts threshold.

Two of the processes, High-Risk Selection and High Bond ACL Script Alerts, have the same objective of identifying and reviewing high-risk transactions. One vendor has provided data cleansing and other monitoring services for seven years to UT Dallas, with the last issued Request for Proposal (RFP) for these services being completed in FY16. In January 2019, the vendor increased their invoice pricing by 5%; however, there was no justification provided for the increase.

The observations above present potential duplication of efforts by the OCT during the High-Risk and High Bond ACL Script reviews. Cost savings could be realized by conducting another RFP.

Recommendation: The OCT should continue to evaluate their current monitoring systems to identify what value each system delivers to their operations and continue to explore other services to obtain the best value and cost savings for the University.

Management’s Action Plan: Acknowledged. OBF will continue to look for opportunities to evaluate and improve monitoring systems to identify additional features and improved cost. Monitoring systems will be changed as better value options are made available to UT Dallas.

Person Responsible for Implementation: Brian Bernoussi, AVP for Operations

Estimated Date of Implementation: October 2020



Appendix A: Methodology

Background

The One Card Program is a program “*designed to be used for low dollar, infrequent purchases that cannot be handled in any other way.*” The program is “*authorized by the State of Texas Procurement and Support Services (TPASS) contract with Citibank. It is a MasterCard Credit Card billed centrally to the university. The cardholder is liable and responsible for all charges. The One Card combines the functionality of a traditional purchasing card with the functionality of a travel card, which allows authorized employees to use the One Card for purchasing, travel and entertainment expenses.*”²

The One Card Program is managed by the Travel & One Card Coordinator and the Director of Travel & One Card, and it is overseen by the Assistant Vice President of Operations within the Office of Budget and Finance.

Controls and Strengths

Our audit work indicated the following controls currently exist:

- One Card Application Process: card applicants receive approval from their supervisor to possess a One Card, receive initial training, and do not obtain their card until the application process has been completed.
- Monitoring Functions: The One Card Team currently conduct three separate types of after-the-fact reviews to ensure that cardholders are being compliant with UT Dallas policies, procedures.
- The One Card Team terminates/transfers employees’ access in GCMS in a timely manner.
- University stakeholders stated that the One Card Team were responsive, prompt, and provided great customer service to the University.

One Card Metrics

Total Cardholders

728

Total One Card Expenditures

FY19 - \$10,192,706

FY20 - \$7,727,341

Total Number of Transactions

FY19 - 51,540

FY20 - 34,651

Account Codes Most Used

Travel Meals & Lodging

Domestic Conference Fees

Business Meals & Events

Cumulative Total FY19 - ~\$3.3M

Cumulative Total FY20 - ~\$1.3M

Area With Most Cardholders

Student Affairs - 137 Cardholders

Top Spenders

Accounted for 10-15% of all One Card Spending

Callier Hearing Aids

Facilities Management

UTD Procurement Buyers

² [One Card Program Guide](#)



- The monthly RAMP meetings presented by the One Card Coordinator to the AVP for Operations and VP for Budget & Finance, allows management to be aware of the monthly financials of the One Card Program and empowers them to implement continuous improvement efforts.

Scope and Procedures

The scope of this audit was FY19 to-date and our fieldwork concluded on September 1, 2020. To satisfy our objectives, we performed the following:

- Reviewed internal policies, procedures, and value statements
- Interviewed the Travel & One Card Coordinator and other University stakeholders
- Reviewed the following processes:
 - One Card Application Process
 - Departmental One Card department-specific procedures
 - Terminated and Transferred One Cardholders
 - One Card Expenditure Testing
 - Routine Audits Processes
 - GCMS Citibank Assigned Roles & MCC Group Codes
- Issued a Supervisor One Card Survey
- Evaluated the High Bond ACL Scripts and Gradient Solutions Agreement

We conducted our examination in conformance with the Texas Internal Auditing Act in conformance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Follow-up Procedures

Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. Requests for extension to the implementation dates may require approval from the UT Dallas Audit Committee. This process will help enhance accountability and ensure that timely action is taken to address the observations.



Thank You

We appreciate the courtesies and considerations extended to us from the One Card Team during our engagement. Please let me know if you have any questions or comments regarding this audit.

A handwritten signature in blue ink that reads "Toni Stephens". The signature is fluid and cursive, written on a light blue background.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Appendix B: Report Distribution

<p style="text-align: center;">Members of the UT Dallas Institutional Audit Committee</p> <p><i>External Members</i></p> <ul style="list-style-type: none"> • Ms. Lisa Choate, Chair • Mr. Gurshaman Baweja • Mr. John Cullins • Mr. Bill Keffler • Ms. Julie Knecht <p><i>UT Dallas Members</i></p> <ul style="list-style-type: none"> • Dr. Richard Benson, President • Mr. Rafael Martin, Vice President and Chief of Staff • Dr. Kyle Edgington, Vice President for Development and Alumni Relations • Mr. Frank Feagans, Vice President and Chief Information Officer • Dr. Gene Fitch, Vice President for Student Affairs • Dr. Calvin Jamison, Vice President for Facilities and Economic Development • Dr. Inga Musselman, Provost and Vice President for Academic Affairs • Ms. Sanaz Okhovat, Chief Compliance Officer • Dr. Joseph Pancrazio, Vice President for Research • Mr. Terry Pankratz, Vice President for Budget and Finance • Mr. Timothy Shaw, University Attorney, ex-officio 	<p style="text-align: center;">UT Dallas Responsible Parties</p> <p><i>Responsible Vice President (VP)</i></p> <ul style="list-style-type: none"> • Mr. Terry Pankratz, VP of Budget & Finance <p><i>Persons Responsible for Implementing Recommendations</i></p> <ul style="list-style-type: none"> • Dr. Brian Bernoussi, AVP for Operations • Jene Janich, Director, Travel & One Card <p><i>Other Relevant Persons</i></p> <ul style="list-style-type: none"> • Callie Speaks, Travel & One Card Coordinator <p style="text-align: center;">External Agencies</p> <p><i>The University of Texas System</i></p> <ul style="list-style-type: none"> • System Audit Office <p><i>State of Texas Agencies³</i></p> <ul style="list-style-type: none"> • Legislative Budget Board • Governor’s Office • State Auditor’s Office
<p>Engagement Team Project Leader: Jesson Gil, Internal Auditor II</p>	

³ Per Texas Internal Auditing Act Requirements



Appendix C: Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Risk Management Committee (ACRMC). Priority findings reported to the ACRMC are defined as <i>“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”</i>
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.