



## Solution Overview

# Purchasing Cards Monitoring

## Purchasing Cards

As organizations continue to strive for more cost-effective operations, the move from traditional purchasing processes to the widespread adoption of Purchasing Cards (P-Cards) continues to grow. "Annual purchasing card spending is expected to increase to \$255 billion by 2014."<sup>1</sup> P-Cards can lower operational costs by automating supplier payments and streamlining the overall procurement process. However, the newfound benefits and cost synergies created by empowering employees to make direct purchases can pose new risks. Increasing P-Card transaction volumes, coupled with fraud and misuse, can pose major challenges for senior management and other stakeholders who want to realize the complete benefits of the card program or achieve program expansion.

When the average time taken to detect procurement fraud is 24 months, at which point 89% of all proceeds are unrecoverable, organizations must be able to immediately identify and resolve control breakdowns before they have a negative impact.

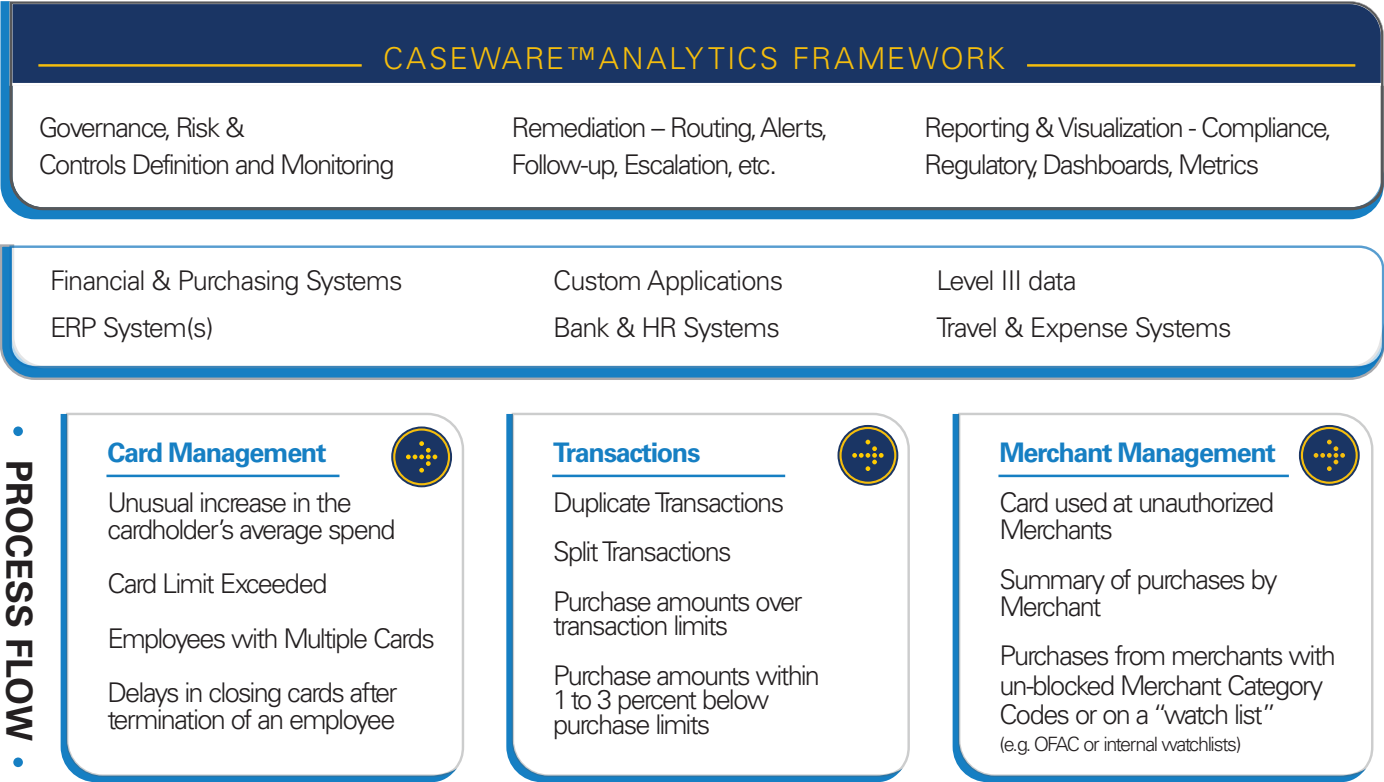
## CaseWare™ Analytics for Purchasing Cards

The solution provides organizations with the immediate identification of control breaches, fraud and money leakage, while ensuring data quality, and providing feedback on key performance metrics across the entire P-Card process.

Now organizations can have an independent point of observation over P-Card processes, transactions and associated controls. Key components of the solution are automated notifications and workflow that can track all deficiencies as they occur, as well as give assurance they are being addressed in a timely manner.

<sup>1</sup> FBI, Insurance Fraud: Program Overview and Consumer Information: <http://www.fbi.gov/>

**Figure 1 - CaseWare™ Analytics Purchasing Card Platform**



**Solution Benefits**

**Accountability and Accuracy**

Ensure that cards are with the right personnel and that all payments are 100% accurate by identifying duplicate and erroneous payments as they occur, thereby improving recovery rates and eliminating the need for post-recovery audits.

**Proactive Management of Errors**

Immediately recognize P-Card abuses and errors and be in a better position to solidify merchant relationships. As a result, gain favorable pricing and reduce costs to help firmly establish the P-Card program.

To mitigate improper card use, best-in-class organizations perform ongoing reviews of purchasing practices.

**JP Morgan**  
*Auditing and Compliance Strategies for a Solid Purchasing Card Program*

# CaseWare Analytics Capabilities

## 24/7 Automated Analysis

Ongoing and automated analysis of all transactions within financial and purchasing systems allows you to discover anomalies immediately.

## Supports Existing Systems

Support any business process on any system and data from any source, without additional infrastructure and integrate easily with any system:

- ERPs such as SAP®, Oracle®, Microsoft Dynamics, SunGuard, etc.
- Travel and Expense management systems such as Concur®, etc.
- Card Provider data such Bank Of America Works, JP Morgan, US Bank, Wells Fargo, Citi, etc.
- Level III data such as Visa®, Mastercard®, AMEX
- Data analysis scripting tools such as IDEA®, ACL™ and Arbutus™

## Workflow for Managing Issues/Anomalies

Once an anomaly is identified, alerts (equipped with resolution guidelines) are automatically sent to the business stakeholder who can remediate. The workflow engine is completely configurable and will result in a streamlined process including multiple levels of escalation, setting deadlines, adding supporting documentation, etc.

## Purchasing Card Analytics

<b>Card Management</b>	<ul style="list-style-type: none"><li>○ Employees with multiple cards</li><li>○ Delays in closing cards after termination of an employee</li><li>○ Open cards for non-active employees</li><li>○ Invalid employees (i.e. identify cards used by persons not found in HR data)</li><li>○ Elevated liability – profile employees to determine if they have excessive or insufficient credit limits</li><li>○ Unusual increase in the cardholder’s average spend and/or highest spend amount</li><li>○ Card limit exceeded</li><li>○ Cardholders with zero activity within a specific time period</li><li>○ Validate changes to card limits</li></ul>
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## Purchasing Card Analytics (continued)

<b>Transactions</b>	<ul style="list-style-type: none"><li>○ Duplicate payments through Accounts Payable and/or T&amp;E</li><li>○ Duplicate transactions (same merchant, same amount, same day)</li><li>○ Multiple cards with duplicate transactions (i.e. identify multiple transactions with same merchant and same amount on multiple cards)</li><li>○ Split transactions (i.e. two or more transactions which show the following similarities: same date, same supplier, same cardholder and same amounts)</li><li>○ Purchase amounts over transaction limits</li><li>○ Purchase amounts one to three percent below purchase limits</li><li>○ Even dollar net amounts</li><li>○ Extract transactions that took place during public holiday or vacation periods</li><li>○ Declined Transactions - analyze declined transactions to assess potential misuse or employee(s) with insufficient credit card limits</li><li>○ Keyword Search – detect non-compliant purchases such as jewelry, groceries, tobacco, electronics, Apple store, etc.</li><li>○ Cash Advance/Financial Services – detect non-compliant cash advances or financial services (mortgage, loan, line of credit, etc.).</li></ul>
<b>Merchant Management</b>	<ul style="list-style-type: none"><li>○ Non-Preferred Vendor Spend (Vendor Rebates not maximized)</li><li>○ Purchases from merchants with blocked Merchant Category Codes (MCC)</li><li>○ Purchases from merchants with un-blocked MCC</li><li>○ Purchases from merchants on a “watch list” (i.e. OFAC or internal watch lists)</li><li>○ Cardholder – Merchant Match</li><li>○ Cards used at unauthorized merchants</li><li>○ Summary of purchases by merchant</li></ul>



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