



Payment Card Review and Performance Indicators

Tony Grayson, Payment Solutions Consultant

August 12, 2020

Session Agenda

- Preparing your program for review
 - Introduction of 8 key considerations
- Key Performance Indicators
 - Program dashboard review
- Questions





Session framework and assumptions

Discussion of framework & assumptions

Key considerations, points and ideas designed to frame today's conversation – our goal is to provide a roadmap of topics to consider when preparing your payment card program for review.

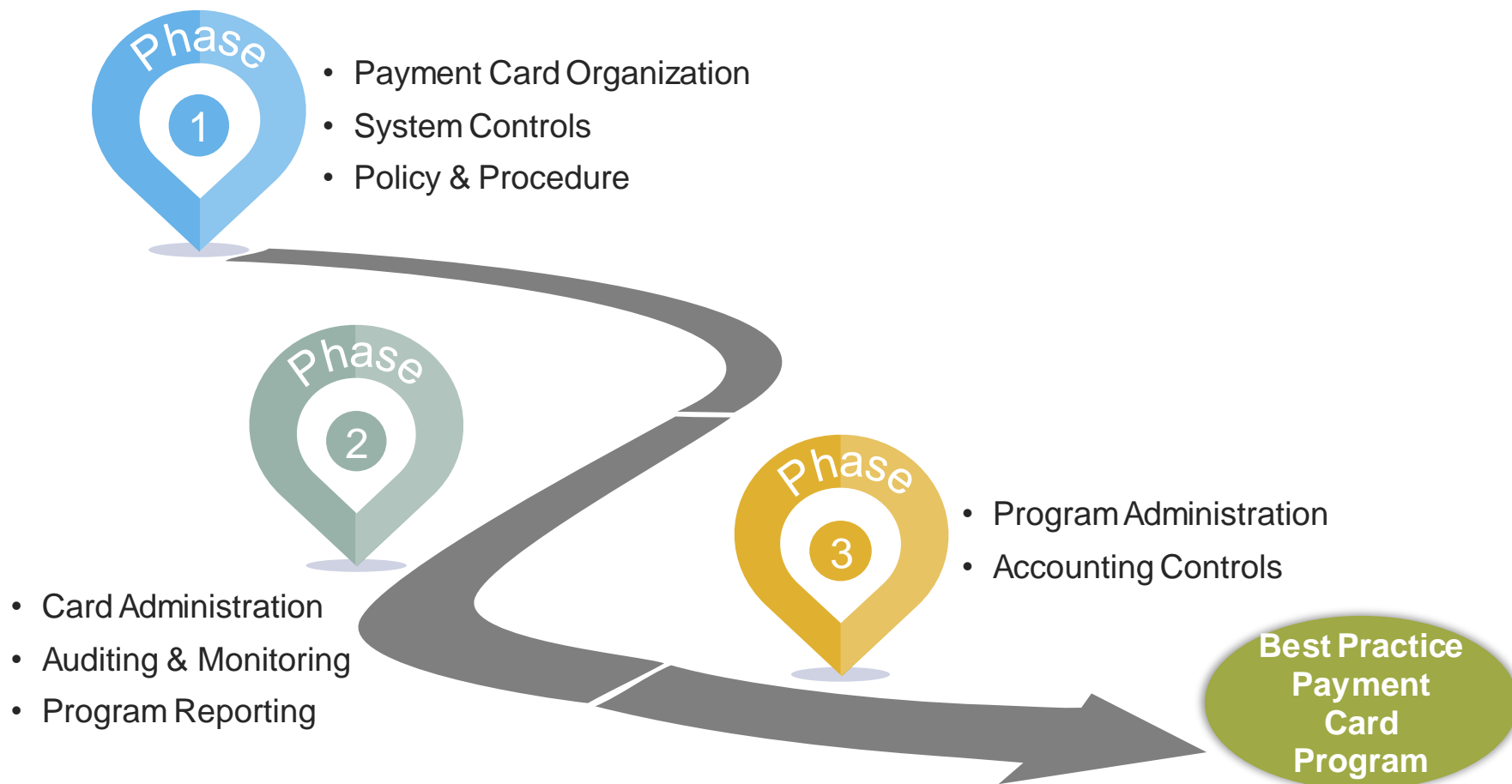
- **Each** program and industry **is unique**.
- **Not** intended to be all **encompassing**.
- Everyone is **not at the same level** of program **maturity**.
- **Reviews** by internal and external parties **have basic similarities**.



Key payment card considerations

Key payment card audit considerations

Foundational building blocks driving towards payment card best practices.



Consideration: Payment card organization

Organizational structure and defined position descriptions are typically the first items requested by an auditor.

Potential Audit Request	Audit Purpose & Rationalization	Deliverable
Organizational chart	<ul style="list-style-type: none">• Basis for employee interviews, controls planning and review of segregation of duties• Serves to define scope of program involvement	<ul style="list-style-type: none">• Current organizational chart with updated list of employees and titles• Clearly defined lines of responsibility, reportability, and control ensuring appropriate segregation of duties
Position descriptions for card program team	<ul style="list-style-type: none">• Are employees performing duties as outlined in job descriptions?• Do employees meet basic skills qualifications and experience levels to perform duties as outlined in position description?	<ul style="list-style-type: none">• Current position descriptions containing:<ul style="list-style-type: none">• summary of the position• key functions• expected performances• education and certification• experience and skills

Consideration: System controls

Establishing who can access the system(s) and the privileges associated with access will identify potential control issues.

Potential Audit Request	Audit Purpose & Rationalization	Deliverable
Employees or contractors with system access (Card or Expense Management)	<ul style="list-style-type: none">• Serves as a basis for employee interviews, controls planning and review of segregation of duties• Assessment of appropriateness of access	<ul style="list-style-type: none">• System User List Detail Report• Employee Roles Report in Expense Management System• Specifically looking for administrator or reporting rights
Roles and privileges associated with each persons access	<ul style="list-style-type: none">• Serves as an indication of potential segregation of duties issues• Identifies roles with the potential to manipulate records or change information	<ul style="list-style-type: none">• Same reports as above
Frequency of access	<ul style="list-style-type: none">• Assessment of appropriateness of and need for continued access	<ul style="list-style-type: none">• System User List Detail Report from Card Administration application

Consideration: Policy & procedure

Establishes foundational comparison for which the review will take place

Goal of payment card policy

Establishes guidelines, boundaries and acceptable uses and behavior for your card program and cardholders

Key payment card policy components

Scope & Overview

1 Serves as an extension of card program philosophy by defining program, cardholder eligibility, and goals

Appropriate Usage

2 Definitions and examples of appropriate usage, card safe-handling recommendations, spend & transaction thresholds

Responsibilities

3 Establishes accountability and expectations of performance of cardholder, reviewers, approvers and Program Office

Administrative

4 Addresses training resources, fraud prevention and reporting, tax implications, and contact information

Consideration: Policy & procedure

Establishes foundational comparison for which the review will take place

Goal of payment card procedures

Establishes defined and repeatable best practices for program management

Key payment card procedures

- 1 Ordering, receiving, distributing and storing new cards
Card termination and suspension
- 2 Identifying employees that have terminated, transferred or are on Leave of Absence (LOA)
- 3 Managing card approvals and spend, transaction limit or velocity increases
- 4 Comprehensive fraud prevention, detection and reporting

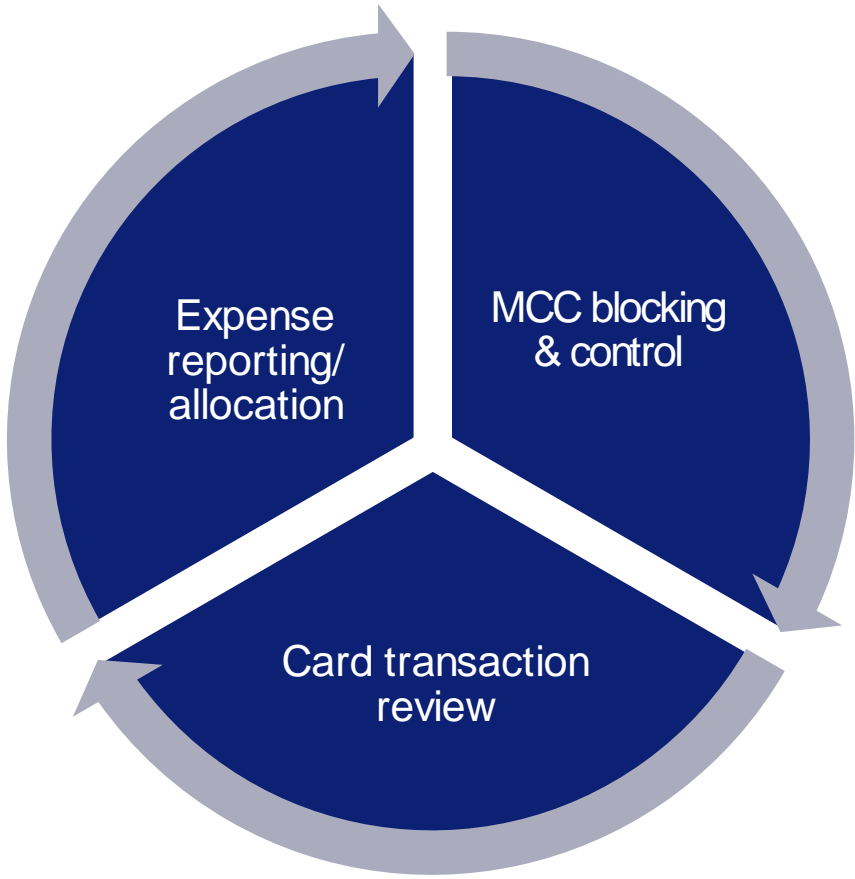
Consideration: Card administration & handling

Establishing card application approvals and how cards are managed

Potential Audit Request	Audit Purpose & Rationalization	Deliverable
Approved payment card applications	<ul style="list-style-type: none">• Serves to determine if cardholders are duly authorized and approved	<ul style="list-style-type: none">• Cardholder applications with appropriate approval signature• Documentation supporting approval authorization
Cardholder agreements	<ul style="list-style-type: none">• Serves as an indication that employee assumes responsibility for card	<ul style="list-style-type: none">• Signed and dated cardholder agreement
Documentation supporting limit changes	<ul style="list-style-type: none">• Are limit increases and MCC changes approved in accordance with organizational policy	<ul style="list-style-type: none">• Documentation supporting the change request
Policy and Procedure for ordering, receiving & distributing cards	<ul style="list-style-type: none">• Ensure appropriate segregation of duties exist• Ensure physical storage of cards prior to distribution	<ul style="list-style-type: none">• Documentation supporting who orders cards in the system versus who physically receives delivery• Documentation of where cards are stored and access

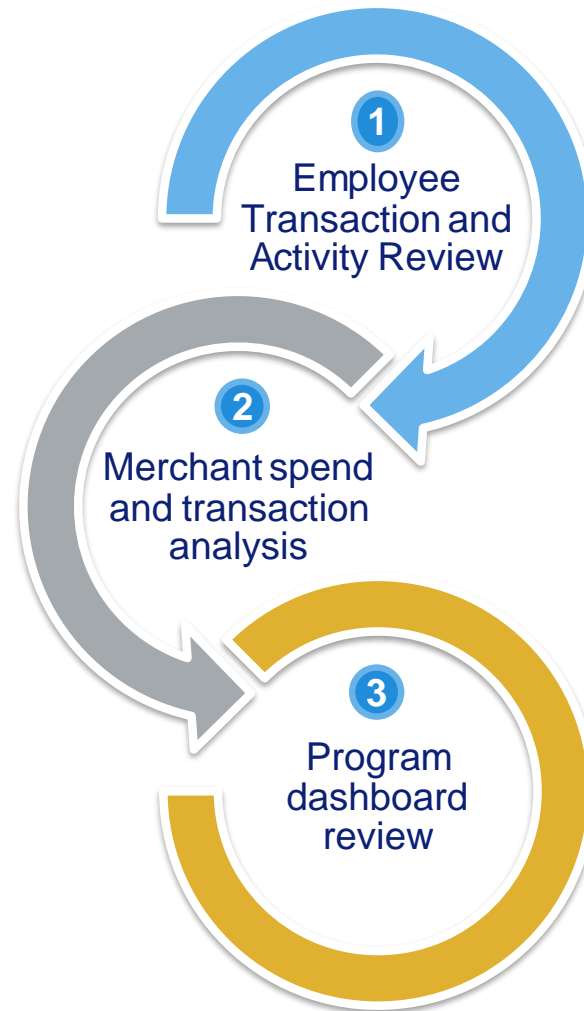
Consideration: Auditing & monitoring

Demonstrates that controls to mitigate organizational risks are in place



Consideration: Program reporting

Establishes management oversight and responsibility of card program.



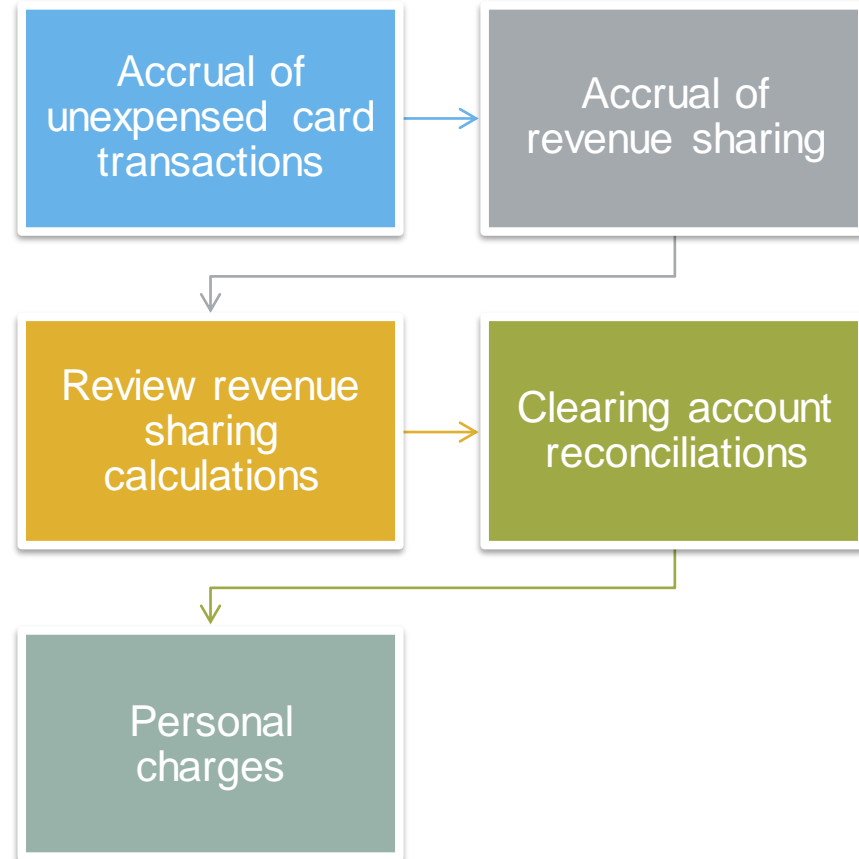
Consideration: Program administration

Establishing general card program management and controls

Potential Audit Request	Audit Purpose & Rationalization	Deliverable
Service Organization Control Report (SOC) 1 & 2	<ul style="list-style-type: none">• Ensure service organization's controls relating to operations and compliance in terms of availability, security, processing integrity, confidentiality and privacy (PII Compliance)	<ul style="list-style-type: none">• Most recent SOC 1 and SOC 2 reports
Review key contract provisions	<ul style="list-style-type: none">• Indication that contracts are prepared in accordance with organizational standards	<ul style="list-style-type: none">• Ensure key contract points are reviewed, accurate and current
Cardholder training (Initial & Recurring)	<ul style="list-style-type: none">• Along with signed cardholder agreement, serves to establish and acknowledge cardholder training and responsibilities	<ul style="list-style-type: none">• Confirmation cardholders are completed initial and ongoing training
Review of bank invoice or statement	<ul style="list-style-type: none">• Serves to confirm accounting reconciliation processes are current and complete	<ul style="list-style-type: none">• Attestation of review and approvals of reconciliations

Consideration: Accounting controls

Auditors will examine non-transactional related accounting activities to ensure card program activity is accurately reflected in financial statements.





Payment card key performance indicators

Tony Grayson, Payment Solutions Consultant

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Session Agenda

- KPI opening thoughts & assumptions
- Review sample KPIs & dashboards

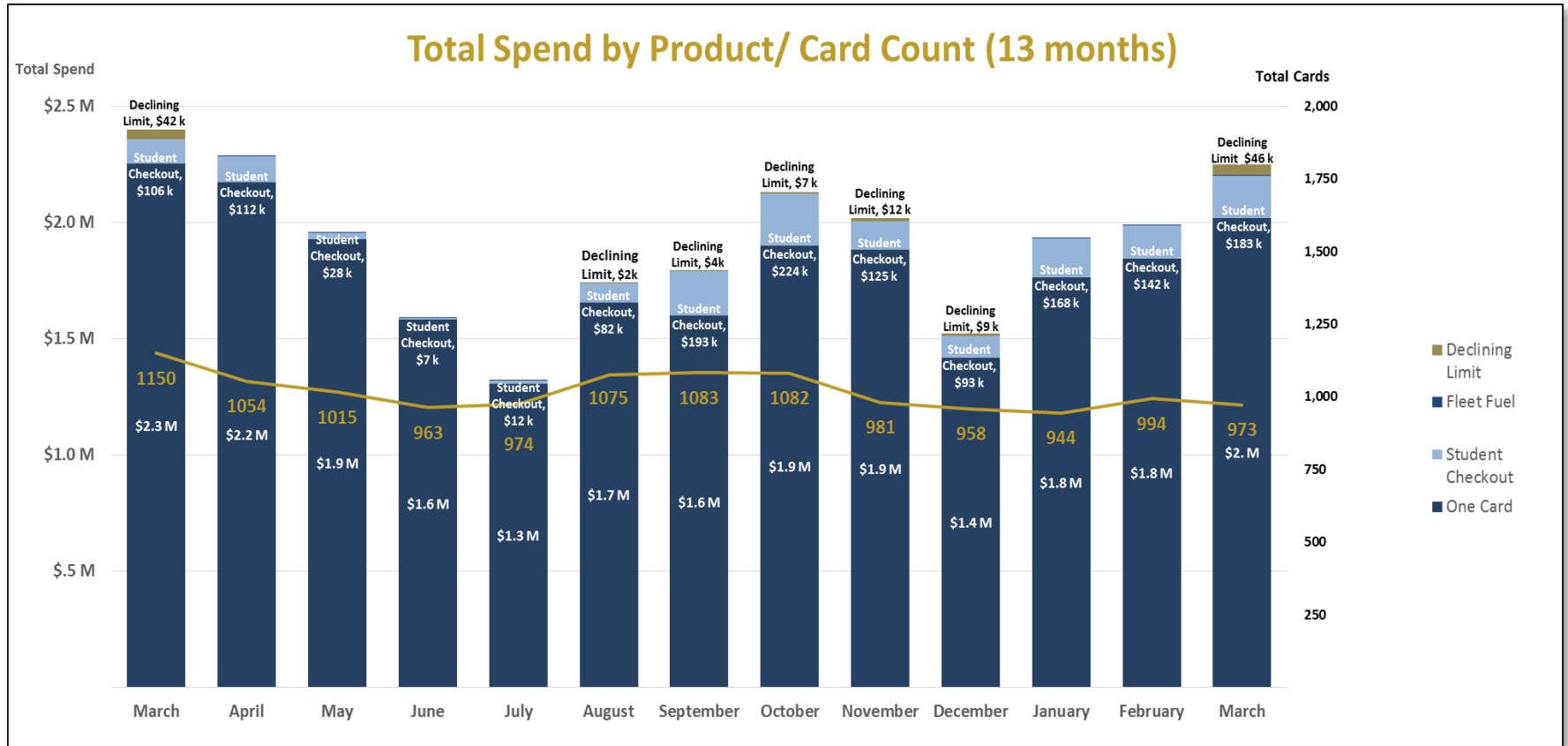


KPI opening thoughts & assumptions

Key considerations, points and ideas designed to frame today's conversation – our goal is to provide a roadmap of topics to consider when preparing your payment card program performance indicators.

- **Everyone** has their **own opinion** of what KPI to measure
- **KPI** not the answer, but the **starting point for asking questions**
- **Enable summarization** of data **and comparison** of points in time
- Performance **indicators** should **reflect** payment **card philosophy**
- KPI **data** should be **readily accessible** and **easy to analyze**

March 2018 Payment Cards Monthly Dashboard



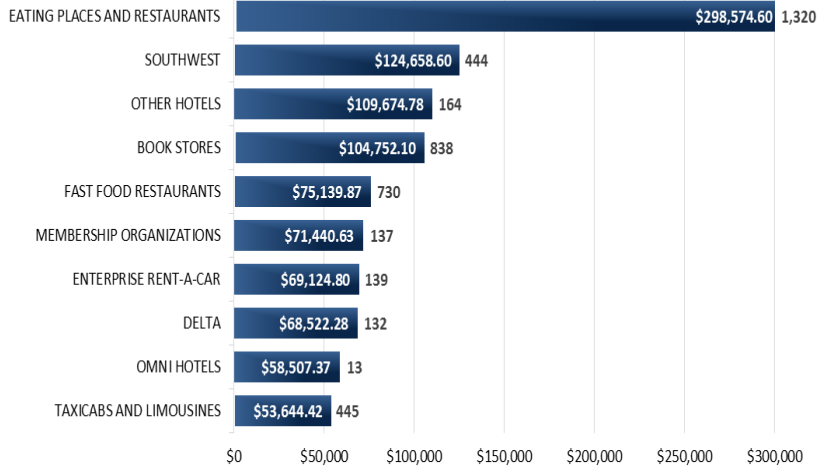
TOTAL SPEND BY PRODUCT/ CARD COUNT

Notes:

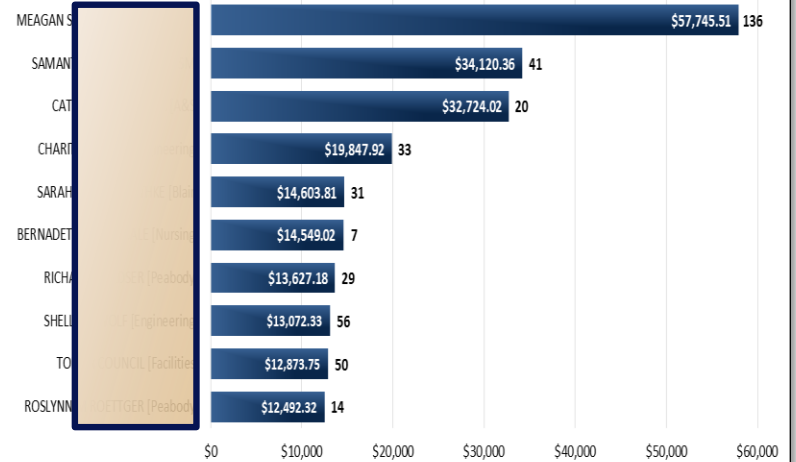
- Card volume number reflects cards open for purchasing

March 2018 Payment Cards Monthly Dashboard

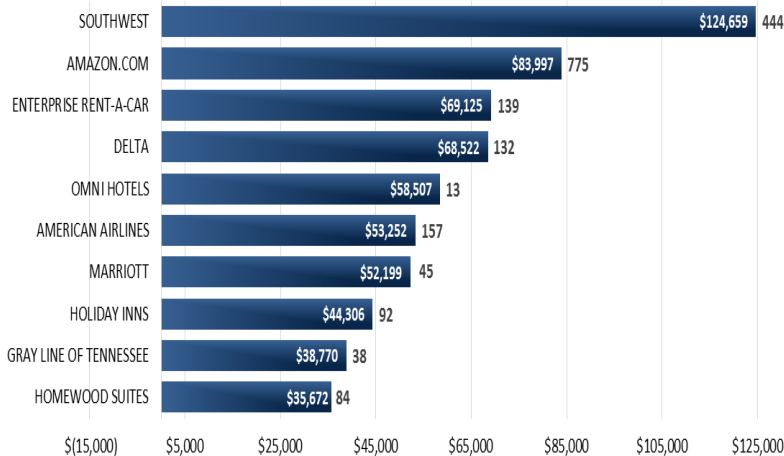
Top MCC's by Spend (w/Trxn Count)



Top Users by Spend (w/Trxn)



Top Merchants (w/Trxn)



Top 10's

MCC BY SPEND (w/TRXN)

- Eating Places and Restaurants encompasses all non-fast food merchants and is typically the top MCC category - top merchants include Panera Bread, Taziki's, Jason's Deli, & Union Common. 15% (\$44k) was in Athletics, followed by 13% (\$39k) in A & S
- 50% (\$63k) of the Southwest spend was in Athletics, followed by 18% (11k) in School of Medicine
- 24% (\$26k) of Other Hotels spend was at Kimpton Aertson

USERS BY SPEND (w/TRXN)

- Five Athletics cards were excluded: J Quarterback \$110k, Our Travel Mgmt \$101k, R Runningback \$62k, S Shortstop \$19k, & J Runner \$17k
- 94% (\$54k) of John Smith's spend was Enterprise Rent-a-Car (Alternative Spring Break)

MERCHANTS (w/TRXN)

- 50% (\$63k) of the Southwest spend was in Athletics, followed by 9% (\$11k) in School of Art
- 18% (\$15k) of the Amazon spend was in A & S, followed by 13% (\$11k) in Facilities

March 2018 Payment Cards Monthly Dashboard

Card Stats

\$2.2 Million / 9,145/973
Total Spend/ Trxns/ Cards

\$2,310 / 9.40/ \$245.85
Avg per card/ Avg Trxn/ Avg Trxn
Size

6% / 2% / 6%
Active cards not used in 30/60/90+ days

March Cards to Employee Ratio:16%
March Card Utilization – 86%

February Cards to Employee Ratio:16%
February Card Utilization – 84%

March Unexpensed trxn - \$2.1M
Aging \$1.3M/\$810k
Aging: 0-30 Days/31+ Days

February Unexpensed trxn - \$2M
Aging \$1.3M/\$698k
Aging: 0-30 Days/31+ days

114 card accounts experienced a decline in March

- 102 Employee cards
- 9 Student Checkout cards
- 3 Declining Balance

Decline Reason Code	Count	Value
Exceeded monthly limit	61	\$160,612.55
Exceeded transaction limit	18	\$187,803.56
MCC blocked	9	\$ 3,376.84
Merchant Error	2	\$ 577.29
US Bank Fraud Risk Filter	100	\$ 33,751.58
Cash not allowed	6	\$ 399.25
	196	\$386,521.07

MCC blocked detail	Count	Value
DIRECT MARKET INSURANCE	1	\$ 16.57
POLITICAL ORGANIZATIONS	1	\$ 600.00
TRAVEL AGENCY (NOT AIR)	7 cardholders	
AIRBNB	2	\$ 1,482.49
EASY CONFERENCES	1	\$ 683.34
EXPEDIA	1	\$ 123.17
Mondial EGU2018	1	\$ 411.74
NOVOAIR LIMITED	1	\$ 38.53
TRAVEL INC.	1	\$ 21.00

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Questions?

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