



School District Purchase Cards

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Why Is This Important?

- School districts spend around \$20 million per year using purchase cards and account for about two thirds of all cardholders and spending.
- Control weaknesses increase the risk of fraud and errors.
- 14 years after purchase cards were introduced, government approved a policy for their use in 2017.

What We Found

Overall Conclusions

- School districts did not monitor purchase card use and take corrective action in a consistent manner.
- School district purchase card procedures did not always comply with legislative and policy requirements.
- School districts did not have clear documented guidelines for the use and administration of purchase cards.

Cardholder Agreement & Government Policies Often Not Followed

- Instances of cardholders approving own purchases
- Split transactions used to circumvent *Procurement Act* and cardholder agreement
- Instances where purchases could not be explained
- Supporting documentation often not provided in timely manner for transaction processing

Inadequate Monitoring & Enforcement

- No regular review of active cards
- Cardholders allowed credit limit higher than purchasing needs (example: \$600,000 yearly limit for employee purchasing under \$50,000 per year)
- Repeated violations by same cardholders
- No documented process to ensure departing employees return their purchase card

Unclear Guidelines

- No online purchase guidance despite increasing spending in this area
- Different interpretations of government policy (example: business meeting expenses)
- Procedures for issuing and canceling cards inconsistent between school districts

Lack of Training

- School districts did not provide sufficient education to cardholders on appropriate use of cards
- School districts did not provide formal training to purchase card administrators and transaction approvers