

Final
Report

Purchase Card Policies and Procedures

of the

*Montgomery County Government
and Independent County Agencies*

Capstone Report

Report # OIG-16-008

March 16, 2016

Montgomery County Maryland
Office of the Inspector General



This Page Intentionally Blank

Report in Brief

Purchase Card Policies and Procedures

*of the Montgomery County Government and
Independent County Agencies-Capstone Report*

March 16, 2016

Background

We developed and issued reports addressing the purchase card policies and procedures of the Montgomery County government and six independent County agencies for which the Montgomery County Code assigns the Office of the Inspector General certain responsibilities. Drawing from authoritative sources, we identified 28 recommended significant controls over purchase cards.

We developed tables showing the significant controls we identified, and indicated which ones were specified in the County government's and each independent agency's individual policies and procedures. Early versions of the tables were provided to each agency for review and discussion. In most cases management took the initiative to recognize and begin filling any gaps in documentation and practices that existed between their documented controls and the list of significant controls we provided.

Why We Did This Audit Capstone Report

Purchase cards billed centrally at the Montgomery County government and each of the Independent County agencies are used for many purchases supporting their functions and totaled over \$50 million in fiscal year 2014. Each entity adheres to policies and procedures unique to that entity. This report summarizes and develops information from each of the entity reports.

What We Found and Recommended

We made findings and recommendations and noted other matters for consideration for some of the entities. These appear in the individual reports. As of the time we completed our review, most of the entities are now addressing the significant controls to some extent. However, the three areas that need continuing attention are the annual certification, the review of approver workload, and monitoring of purchase transactions.

This Page Intentionally Blank

Table of Contents

Report in Brief.....	1
Introduction.....	5
Objectives, Scope, and Methodology.....	5
Background	7
Controls.....	10
Controls over Assignment of Cards	10
Cardholder Responsibilities	12
Purchase and Payment Controls	13
Approver Workload	15
Monitoring and Level 3 Data	18
Controls Summary and Conclusions	19
Chief Operating Officers' Responses.....	20
Appendix A: Level 3 Data.....	21

This Page Intentionally Blank

Introduction

Purchase cards billed centrally are used for many purchases in the Montgomery County government (County government) and independent County agencies. The County government and the six independent County agencies we reviewed charged approximately \$50 million total¹ on purchase cards in fiscal year 2014. Each entity adheres to policies and procedures unique to that entity.

This report summarizes and develops information from each of the entity reports. It presents comparative information across entities, and it provides more background information on certain points.

In a purchase card transaction, even in a very large one, it is possible for the requisition, selection, purchase, receipt, and payment steps of a purchase to be performed by a single individual. Policies and procedures are necessary to ensure that such purchases are appropriate. Our audit was intended to determine the extent to which such policies exist and procedures are required at the entities for which the Montgomery County Code assigns us certain responsibilities.

Our audit was conducted in accordance with *Government Auditing Standards* issued by the U.S. Government Accountability Office and *Principles and Standards for Offices of Inspector General* issued by the Association of Inspectors General.

Objectives, Scope, and Methodology

The objectives of the Office of the Inspector General (OIG) audit were to:

- Determine the policies and procedures and related internal controls over purchases using purchase cards, including those that are not formally documented.
- Identify any opportunities for improvement.

¹ The Maryland-National Capital Park & Planning Commission is a bi-county Commission. This figure includes Prince George's County. The remainder of this report focuses on the Montgomery County and Central Administrative Services parts of M-NCPPC and does not address the Prince George's County part, unless noted.

The scope of our audit included examination of the purchase card policies and procedures of the following entities:

- Housing Opportunities Commission (HOC) [View Report](#)
- Maryland-National Capital Park & Planning Commission (M-NCPPC) [View Report](#)
- Montgomery College (College)² [View Report](#)
- Montgomery County government (County government) [View Report](#)
- Montgomery County Public Schools (MCPS)³ [View Report](#)
- Montgomery County Revenue Authority (Revenue Authority)⁴ [View Report](#)
- Washington Suburban Sanitary Commission (WSSC) [View Report](#)

We requested purchase card policies and procedures, laws and regulations from the County government and the independent County agencies. In addition, we looked at examples of recommended practices in the Federal Government and in the State of Maryland.⁵

² Montgomery College has two types of cards that are centrally charged: purchase cards for travel, and purchase cards for other types of purchases.

³ MCPS used American Express cards when we began this review, and finished replacing them with MasterCards in November of 2014.

⁴ Montgomery County Revenue Authority employees are issued three types of cards: MasterCard, Sam's Club, and Home Depot. This analysis only considers MasterCard cards, as the others have a more limited use.

⁵ We considered the following guidelines, laws, and reports:

- The Maryland Comptroller's purchase card policies and procedures
- U.S. Government Charge Card Abuse Prevention Act of 2012, applicable to the federal government
- U.S. Office of Management and Budget, "Improving the Management of Government Charge Card Programs," Circular No. A-123, Appendix B (2009)
- U.S. Government Accountability Office, "Auditing and Investigating the Internal Control of Government Purchase Card Program" (2003) and "Governmentwide Purchase Cards" (2008)
- U.S. General Services Administration, "Guide for Purchase Card Oversight" (2004) and "Guide to Best Practices for Purchase and Travel Charge Card Program Management" (2003)
- Federal Deposit Insurance Corporation, Office of the Inspector General Report No. AUD-14-007
- The U.S. Department of Agriculture Cardholder's Guide
- The Council of the Inspectors General on Integrity and Efficiency's audit framework

From these materials, we identified 28 significant controls over purchase cards. We grouped these controls into four categories for the purposes of our analysis:

- Controls over Assignment of Cards (7 controls)
- Cardholder Responsibilities (6 controls)
- Purchase and Payment Controls (13 controls)
- Monitoring (2 controls)

We prepared a table showing the controls we identified, and indicated which ones the County government and the agencies identified in their policies and procedures. We provided the table to them for review. We considered the responses and edited our table accordingly.

We made findings and recommendations and noted other matters for consideration for some of the entities.

Background

Many organizations have implemented and continue to use purchase cards to save time and money in procurement, by reducing paperwork requirements and simplifying the purchasing process. The use of purchase cards can result in a significant reduction in the volume of purchase orders, invoices, and checks processed.

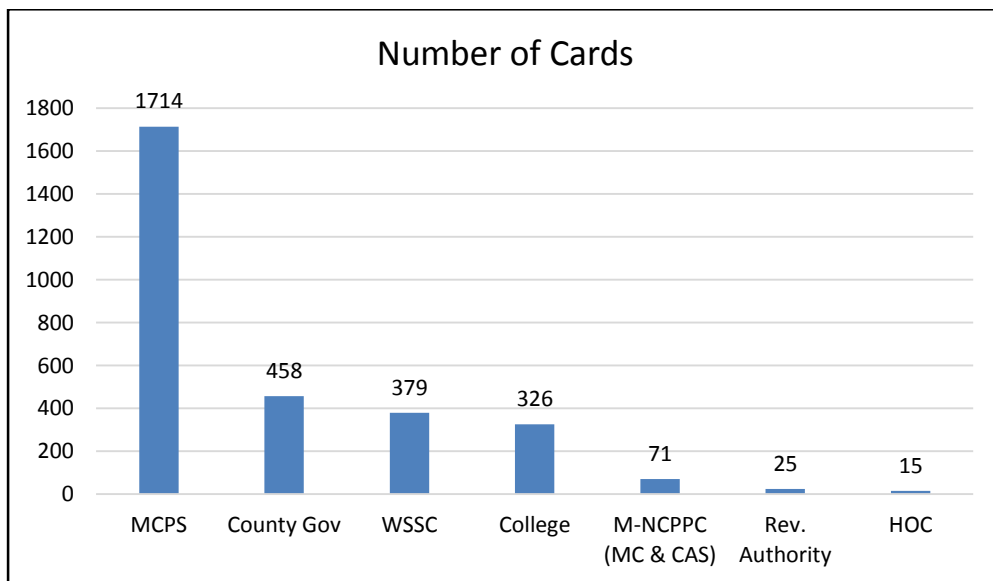
An additional benefit to the use of purchase cards is the receipt of rebates. For example, information provided by the County is that its 2014 calendar year rebate was \$209,480, a rate of 1.516%. M-NCPPC, the County Government, and MCPS belong to a consortium of local government entities using JP Morgan MasterCards. The percentage of purchases rebated to these entities is based on total consortium purchases, and how quickly payments are made to JP Morgan, per individual contract.

The seven entities each employ purchase cards in different ways. There is variation in the types of goods and services purchased, the types of people who are issued cards, and the amounts expected to be charged. For example:

- Some cards are used as a method of payment for purchases that flow through the purchase order system (in addition to Single Use Accounts,⁶ which are not strictly “purchase cards” as included in this review).
- One entity’s cards are normally limited to \$500 per transaction while others have initial limits that are much higher: \$10,000 and \$5,000.
- Some recurring monthly expenses and some purchases under contract are charged to purchase cards.
- One entity dedicates purchase cards for particular types of purchases and purposes, so individual cardholders have multiple cards.
- At one entity, certain types of cards are used by senior staff only, while at another, senior staff members are not assigned cards, but cards are assigned to their staff.

We began this audit in 2014 and collected data from the entities for fiscal year 2014. The following charts display this data, with the entities ordered according to the number of their purchase cards, in descending order.

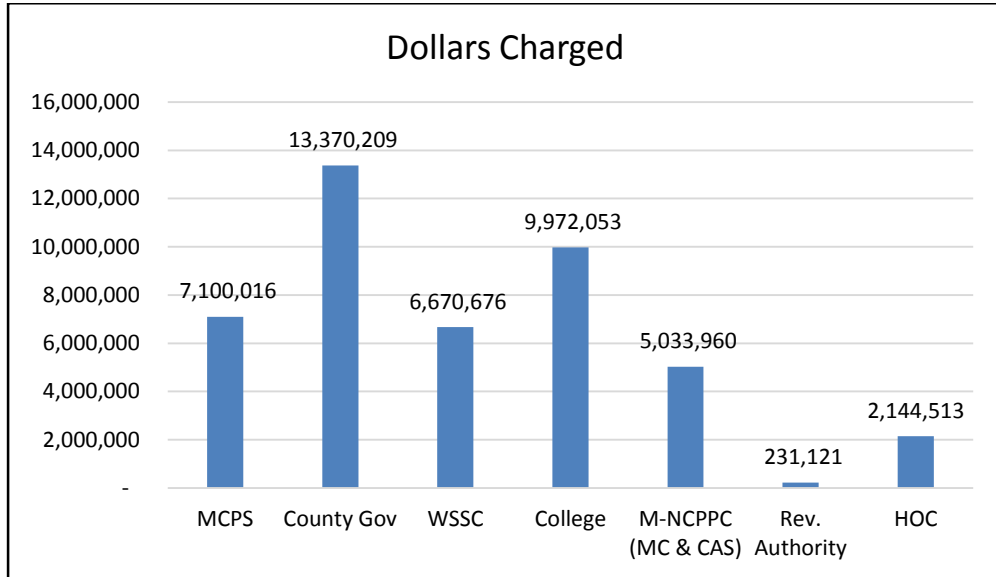
The following chart shows the number of purchase cards used by each entity we reviewed.



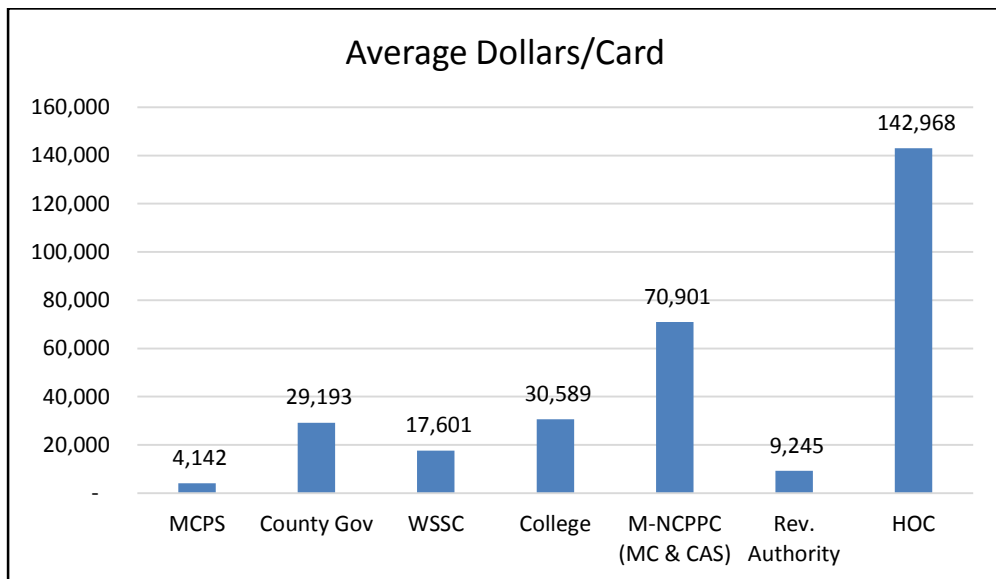
Source: OIG analysis of data provided by the entities.

⁶ The County government uses the purchase card system for Single Use Accounts, which are electronic, credit-card based payments that act like checks. In 2014, the County government had \$19,775,813 in charges for SUAs, and it earned a rebate of \$278,154 on these.

The following charts show the total dollars charged on purchase cards and the average dollars charged per card at the entities we reviewed.⁷



Source: OIG analysis of data provided by the entities.



Source: OIG analysis of data provided by the entities.

⁷ The figures for HOC include vendor payments made through the purchase card system after purchase orders were approved.

As previously stated, we developed tables showing the significant controls we identified, and indicated which ones were specified in the County government's and each independent agency's individual policies and procedures. Early versions of the tables were provided to each agency for review and discussion. We considered the responses and edited our tables accordingly. In most cases management took the initiative to recognize and begin filling any gaps in documentation and practices that existed between their documented controls and the list of significant controls we provided.

Controls over Assignment of Cards

The Card Controls category addresses who is issued and holds purchase cards. The following table shows the Card Controls (7) we considered and whether each entity had them.

Card Controls	County Gov't	MCPS	M-NCPPC	HOC	College Purchasing	College Travel	WSSC	Rev. Auth.
Dept. Head or Supervisor approval required for issuance	X	X	X	X	X	X	X	X ₁
Criteria for card issuance: employee does purchasing	X	X	X	X	X	X	X ₁	X ₁
Cards reissued/expire at least every 36 months	X	X ₁	X	X ₁	X	X ₁	X ₁	X ₁
Card cancelled/collected w/in 1 pay period of Cardholder (CH) departure	X	X	X	X	X	X	X	X ₁
Purchase Card Administrator ⁸ notified of terminated CHs	X	X	X	X	X	-	X	X ₁
Department certifies list of CHs annually	X	X	-	-	-	-	X ₁	X ₁
Inactive cards noted for possible cancellation	X	X	X	-	X	X	X	-

Source: Entity responses to OIG.

X = drawn from written documentation

X₁ = determined by discussions with or emails from upper management; no additional documentation

All of the entities had most of the above Card Controls. The control that was most often lacking was a cardholder certification process which involves having someone in each

⁸ A Purchase Card Administrator is the person in the organization who serves as the central administrator for the purchase card program and serves as the agency's intermediary with the card provider.

department annually review a list of cardholders in that department and certify that the people on that list should continue to have purchase cards.

All the entities have basic criteria for issuance: that the cardholder (1) be an employee and (2) make purchases. As more employees possess and use purchase cards, the risks increase, as does the administrative burden. Thus, it is important that purchase card issuance be focused on the employees who can most productively and responsibly make use of the cards. We found discussions of and examples of extensive criteria in the Federal and State government purchase card programs.⁹ This issue should be given further consideration within each entity to focus on the employees for whom the benefits of the cards outweigh the risks and costs.

During the course of our audit, three entities informed us that they were implementing certification processes. The M-NCPPC Chief Internal Auditor advised us that M-NCPPC will incorporate a certification process into its procedures. The Procurement Director of Montgomery College informed us that the College would implement annual certifications of cardholders at the beginning of calendar year 2016. The WSSC General Manager/CEO informed us that WSSC is instituting a new requirement that all WSSC executives annually review and certify the list of cardholders within their respective Teams/Offices that should continue to have purchase cards.

WSSC also informed the OIG of policies that would be added to WSSC's next purchase card manual, requiring that cardholders be fulltime employees who do purchasing for WSSC, and that cards expire and be reissued every 36 months.

⁹ For example, the Maryland Comptroller's purchase card policies and procedures state that cards are limited to "employees who have not had personnel incidents which impact the use of the card." The U.S. Department of Agriculture's program guide states that only individuals who "have demonstrated that they are responsible and possess the required business acumen to be entrusted with a government purchase card" should be nominated to be cardholders.

Cardholder Responsibilities

The Cardholder Responsibility category addresses the requirements of cardholders. The following table shows the Cardholder Responsibility Controls (6) we considered and whether each entity had them.

Cardholder Responsibility	County Gov't	MCPS	M-NCPPC	HOC	College Purchasing	College Travel	WSSC	Rev. Auth.
CH trained before receiving card	X	X	X	X	X	X	X	X1
CH signs Agreement	X	X	X	X	X	X	X	X
Repeated missing receipts may result in card loss	X	X	X	X	-	X	X	X1
Monthly reports required from CH	X	X	X	X	X	X	X	X
If failure to reconcile, card may be suspended	X	X	X	X	X	X	X	X
Late submission of reports has consequences	X	X	X	X	X	X	X	X

Source: Entity responses to OIG.

X = drawn from written documentation

X1 = determined by discussions with or emails from upper management; no additional documentation

Most of the entities had all of the above Cardholder Responsibility Controls.

Purchase and Payment Controls

The Purchase and Payment control category addresses restrictions on and reviews of purchases. The following table shows the 13 Purchase and Payment Controls we considered and whether each entity had them.¹⁰

Purchase and Payment Controls	County Gov't	MCPS	M-NCPPC	HOC	College Purchasing	College Travel	WSSC	Rev. Auth.
Dept. Liaison or approver trained before CH gets card	X	X ₁	X	-	X	X	X	-
List of example disallowed items provided to CHs	X	X	X	X	X	X	X	X ₁
List of example allowed items provided to CHs	X	X	X	X	X	X	X	-
Limits & restrictions applied at point of sale	X	X	X	X	X	-	X	-
Monthly limit	X	X	X	X	X	X	X	X
Transaction limit	X	X	X	X	X	X	X	X
Merchant Category Code (MCC) restrictions	X	X	X	X	X	-	X	-
Approver required to review monthly	X	X	X	X	X	X	X	X ₁
Approver or CH must retain receipts	X	X	X	X	X	X	X	X ₁
Gift card log/records kept; or no gift cards allowed	X	X	X	X	X	X ₁	X	-
Approver/Supervisor reconciles receipts to transactions	X	X	X	X	X	X	X	X ₁
Approver/Supervisor reviews for legitimate charges	X	X ₁	X	X	X	X	X	X ₁
P-Card Admin/Finance reviews usage for appropriateness	X	X	X	X ₁	X	X ₁	X ₁	X ₁

Source: Entity responses to OIG.

X = drawn from written documentation

X₁ = determined by discussions with or emails from upper management; no additional documentation

Most of the entities had all of the above Purchase and Payment Controls.

¹⁰ For the purposes of this chart, we coded three entries as X₁ that had text explanations in the individual reports: two activities that were performed by the Payables Department at the Revenue Authority (the reconciliation and retention of receipts), and one control (over gift cards) that was not applicable to the Montgomery College Travel Card.

Automated Controls

Automated controls include dollar limits on individual transactions, monthly dollar limits, and blocked Merchant Category Codes. These limits and blocks can vary by cardholder and by Department. A Merchant Category Code (MCC) is a categorization of the type of business the merchant is engaged in and the kinds of goods or services provided. For example, alcoholic beverages and boat rentals can be blocked.

Limits on individual transaction amounts and monthly spending limits can be undermined by cardholders splitting a large purchase into multiple smaller purchases.

Central Reviews

Purchase card administrators or others in finance departments review charges for appropriateness, but these reviews tend to be reviews of samples. They are helpful, especially if approvers are not doing what they are required to do, but they do not replace the reviews required of approvers.

During the course of our audit, the WSSC General Manager/CEO advised the OIG that a centralized review for appropriateness of purchases was newly implemented with the creation of a P-Card Specialist position.

Personal Purchases

All the entities' manuals state that purchase cards are for business use, and that the cards are not to be used for "personal purchases," which is typically the term used for purchases for the personal benefit of the employee or a third party. If guidance regarding these types of purchases is unclear, cardholders can make inconsistent and incorrect decisions about whether to use a purchase card for these.

The entities addressed this issue to varying degrees. One entity had very little guidance on this point. Some had detailed guidance in their administrative procedures governing travel reimbursements, but not in their purchase card guidance.

Approvers

Approvers are key for reducing the risk of fraudulent and improper purchases. Commonly at organizations with purchase cards, an approver is an employee who reviews and approves a cardholder's purchase card charges. An approver is typically a person from the cardholder's department who is at a higher rank¹¹ than the cardholder. This makes it likely that the approver

¹¹ However, when the cardholder is a Department Director or another high-ranking employee, a lower-ranked employee might be the approver, which can raise independence issues: if the cardholder is in a

would be familiar with the cardholder's business activities and would understand whether specific purchases were in furtherance of those activities. Approver responsibilities are typically in addition to the approvers' regular job responsibilities.

After cardholders review their monthly transactions and provide their receipts, approvers are typically required to indicate whether the cardholder's receipts and the transactions reconcile, and whether the purchases were for business reasons and otherwise appropriate. These cardholder and approver reviews are important for detecting errors made by vendors, errors made by cardholders, and unauthorized charges.

Approver Workload

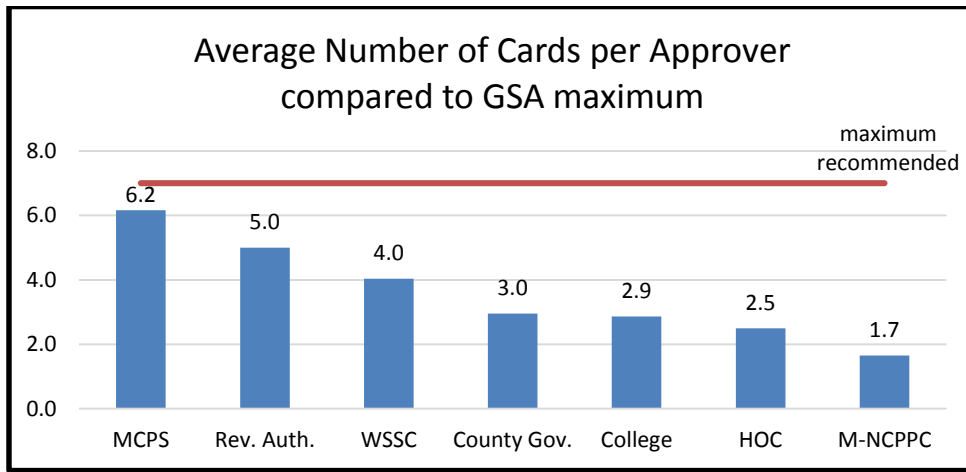
Even with well-designed review controls, the implementation of the controls will be poor if the approvers are overburdened and do not perform the tasks required of them. If approvers do less thorough reviews, do not do them as often as required, or do not do them at all, a purchase card program will be more vulnerable to fraud and improper purchases. Charges for various personal purchases could be erroneously paid, or a vendor could be paid an incorrect amount.

Cards per Approver

The 2004 *Guide for Purchase Card Oversight* from the GSA states that the most common ratios of cards to approvers are between 4 and 10. Whether or not a particular ratio is appropriate depends on the volume of card activity and the organizational structure. In 2003, the GSA recommended that approvers not be responsible for more than 7 cards per month.

superior position to the approver, the approver may be hesitant to question that cardholder's purchases.

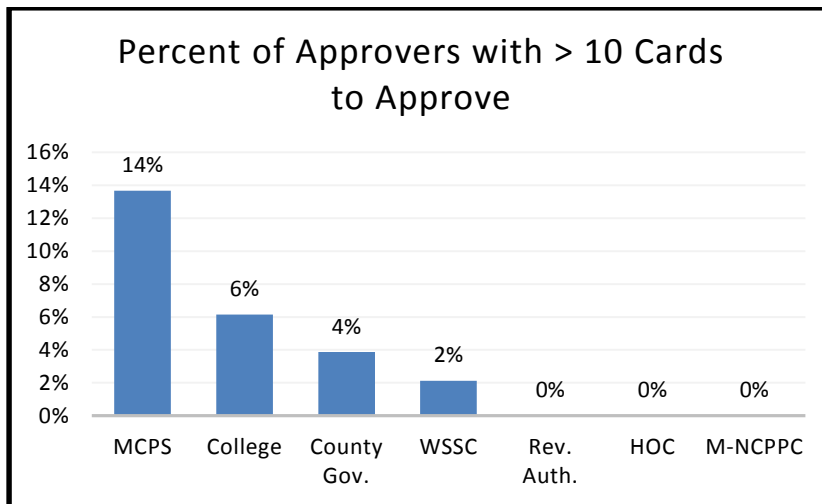
The following chart shows the average number of cards per approver at each entity.



Source: OIG analysis of data from the entities.¹²

The average number of cards per approver at all the entities was below the 2003 GSA recommendation of a limit of 7. However, there were individual approvers with high numbers of cards to review.

The following chart shows, for each entity, the percent of approvers with more than 10 cards to approve.



Source: OIG analysis of data provided by the entities.

¹² MCPS Division of Maintenance approvers are not included, because they have assistance from staff dedicated to this function.

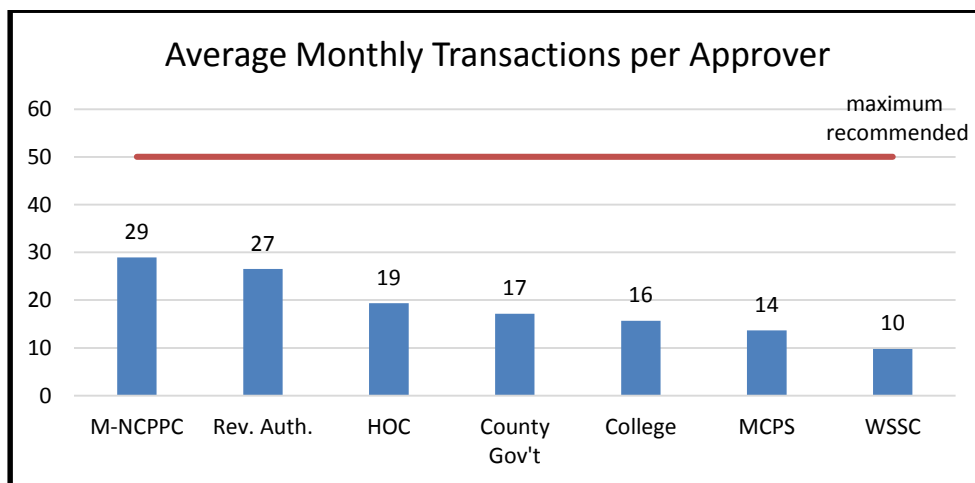
Individual cases would need to be reviewed to determine whether the particular approvers with high numbers of cards to review were reviewing cards with few charges, thus reducing the burden.

WSSC already had a policy in its manual addressing approver workload before we began this audit. During the course of our audit, the College’s Procurement Director informed us that in 2016, the College would implement a process to delegate back-up approvers for those approvers identified as having high numbers of cards to review.

Several of our Findings, Recommendations, and other matters for consideration were about approver workloads. Approver workloads can be managed by applying the principle that the number of cards an approver is responsible for reviewing should be reasonable, so the approver can review card charges in a timely manner. The assignments of cards to approvers with more than 10 cards to review should be regularly reviewed to determine whether these people are overburdened. (The Federal Audit Executive Council recommends annual evaluations of the number of cardholders and approving officials).

Transactions per Approver

The GSA recommended in 2003 that the number of monthly transactions per approver be no more than 50. The following chart shows that the number of transactions per approver at all the entities is below this number.



Source: OIG analysis of data provided by the entities.

All of the entities are on average well below the limit of 50 recommended by the GSA. This indicates that, on average, their approvers are not overburdened. However, there may still be individual approvers who have higher than the recommended number of transactions to review each month.

Monitoring and Level 3 Data

Monitoring

In addition to the above types of controls, central administrators can audit and review purchases. The following table shows the two Monitoring Controls we examined.

Monitoring	County Gov't	MCPS	M-NCPPC	HOC	College Purchasing	College Travel	WSSC	Rev. Auth.
Performs regularly scheduled audits/reviews of purchase card use	-	X ¹³	X	X	-	-	X	X ₁
Performs regularly scheduled data analysis using Level 3 data to detect inappropriate card use	-	X	-	-	X	X	X ₁	-

Source: Entity responses to OIG.

X = drawn from written documentation

X₁ = determined by discussions with or emails from upper management; no additional documentation

We requested information from the entities evidencing their continuous monitoring of purchase card use. Each entity provided documentation that its internal auditor or another in the organization has the authority to audit purchase card use regularly.

However, most of the entities could be making more extensive use of their authority to audit card use regularly, and most could benefit from using Level 3 transaction data¹⁴ more extensively in conducting analyses to detect possible inappropriate card use.

Data Analysis

Data analysis, in particular with the use of Level 3 data, is valuable for detecting purchases that should not have been made or billed. Level 3 data indicates which users may have mischarged particular items to their purchase cards, as it lists individual items purchased, not only the vendor who sold the items. Data analysis should employ computer assisted audit techniques.

¹³ At MCPS, the Internal Audit unit audits only those cards associated with Independent Activity Funds, which are 45% of MCPS' cards. The Office of Controller also reviews documentation for small samples of monthly charges.

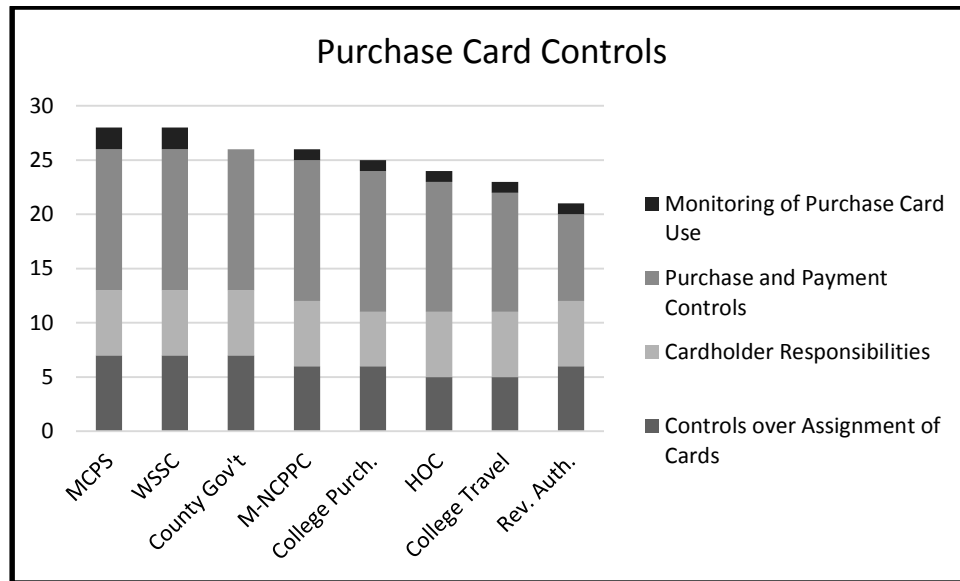
¹⁴ Level 3 data is detailed transaction data. It includes data such as item descriptions, item quantities, and zip codes shipped to. See Appendix A for more information on Level 3 Data.

In their oversight of purchase card use, the State of Maryland and some Federal government agencies have implemented the analysis of detailed transaction data, known as “Level 3” data. The customer can obtain this data for purchases made through the major credit card providers, such as MasterCard, at no additional charge. These credit card providers obtain Level 3 data electronically from many, but not all, merchants. The Maryland Comptroller’s Office reports that Level 3 data is provided by approximately 40% of U.S. merchants.

During the course of our audit, three entities informed us that they were increasing their use of Level 3 data. The M-NCPPC Chief Internal Auditor wrote that M-NCPPC Internal Audit is implementing a pilot program that involves the continuous review of Level 3 data. The WSSC General Manager/CEO advised us that WSSC employed some aspects of Level 3 data analysis, and that effective with its Fiscal Year 2016 First Quarter P-Card Report, the WSSC Internal Audit Office will incorporate all aspects of Level 3 detailed transaction data into its data analysis. MCPS informed us in December 2015 that its transition from another credit card to the JPMorgan Chase card was fully implemented, and the MCPS Division of Controller gathers Level 3 data using an online tool and reviews it.

Controls Summary and Conclusions

The following chart shows the entities’ total controls.



Source: OIG Analysis of information provided by the entities.

As of the time we completed our review, most of the entities are now addressing the significant controls to some extent. However, the three areas that need continuing attention are the annual certification, the review of approver workload, and monitoring of purchase transactions.

Chief Operating Officers' Responses

We developed and issued reports addressing the purchase card policies and procedures of the Montgomery County government and six independent County agencies for which the Montgomery County Code assigns the Office of the Inspector General certain responsibilities.

The chief operating officer of each entity provided a response to the individual entity report, which is contained in its entirety in Appendix A of each report.

[View the HOC Report Response](#)

[View the M-NCPPC Report Response](#)

[View the College Report Response](#)

[View the County government Report Response](#)

[View the MCPS Report Response](#)

[View the Revenue Authority Report Response](#)

[View the WSSC Report Response](#)

Appendix A: Level 3 Data

In their oversight of purchase card use, the State of Maryland and some Federal government agencies have implemented the analysis of detailed transaction data, referred to as “Level 3” data. The customer can obtain this data for purchases made through the major credit card providers, such as MasterCard, at no additional charge. The credit card providers obtain Level 3 data electronically from many, but not all, merchants. The Maryland Comptroller’s Office, which administers the State government’s purchasing card program and coordinates monitoring for fraud, waste, and abuse, reports that Level 3 data is provided by approximately 40% of U.S. merchants.

The following *Selected Types of Data Available* table shows many, but not all, of the types of data available to purchase card administrators/monitors. Level 1 data is standard data provided on all purchase card transactions. Level 2 adds sales tax and other data. Level 3 adds item description, item quantity, and other information.

Selected Types of Data Available		
Level 1	Level 2	Level 3
Supplier name	Sales tax amounts	Ship to/from zip codes
Total purchase amount	Customer Accounting Codes	Discount amount
Transaction date		Freight/shipping amount
Merchant Category Code		Order date
Store location		Item description
		Item quantity
	Item total	
		Item codes
		Item unit cost

Source: OIG review of information from credit card providers.

Maryland’s Office of Legislative Audits (OLA) stated in a March 2014 report that the majority of merchants do not yet provide Level 3 data, but still concluded that the data was readily available, easy to use, and provided significant information about purchases. The OLA recommended that the Maryland Comptroller require State agencies to regularly obtain and use Level 3 data and provide guidance to the agencies as to how the data can be used in their purchase card verification procedures.

Level 3 data can be useful for detecting purchases that may not be for legitimate business activities. Level 3 data might be used by an immediate supervisor, but it can also be used centrally, to examine all of an agency’s transactions.

The Maryland Comptroller’s Office states that detailed transaction reports with Level 3 data should be run monthly and compared to information provided by cardholders. The

Comptroller's Office's Policy and Procedures Manual requires agencies to produce detailed transaction reports, conduct detailed reviews, and document the results.

The Comptroller's Office provides instructions for Maryland State agencies to conduct the following analyses using Level 3 transaction data. These analyses are in addition to regular monthly reviews:

- Level 3 Data, Merchant Spend Analysis by Line Item – Review item descriptions. Non-level 3 transactions should also be reviewed. Remind the cardholders that detailed line item descriptions are available.
- Declined Transaction Report – Review reasons transactions were declined. Any attempts in excess of purchase or monthly limits or a blocked vendor could indicate a training issue or an attempt at misuse. Use this to determine patterns of potential abuse.
- Multiple Vendors at One Address – Determine (1) if more than one merchant is using the same address; (2) if the business is legitimate; (3) if the business is registered with the Secretary of State; (4) if the vendor is on a Statewide contract, and (5) if the location is consistent with the type of vendor.
- Employee Address and Vendor Address are the Same – Find any matches between employee addresses and vendor addresses, using employee address data from Human Resources.
- High Dollar Value of Purchase by One Cardholder from an Obscure Vendor – Sort data by largest charge to smallest, sort by cardholder, then look for obscure merchants. Research the merchant by asking the cardholder for more information, researching if the merchant is registered to do business in Maryland, and using an internet search engine.
- Purchases Structured to Avoid Transaction Limits (Split Purchases) Look for the same vendor with transaction amounts near the cardholder's limit. Also check if multiple cardholders are involved. Look for when a large ticket item is split.



Edward L. Blansitt III
Inspector General

51 Monroe Street, Suite 802
Rockville, Maryland 20850
240-777-8240

ig@montgomerycountymd.gov
OIG Fraud Hotline: 240-777-7644
www.montgomerycountymd.gov/oig