



Purchase Card Program Audit

25-03

August 26, 2025

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Rating Matrix

Descriptor	Guide
High	Matters considered being fundamental to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within three months.
Medium	Matters considered being important to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within six months.
Low	Matters considered being of minor importance to the maintenance of internal control or good corporate governance or that represents an opportunity for improving the efficiency of existing processes. These matters should be subject to agreed remedial action and further evaluation within twelve months.

Distribution List

Title	For Action ¹	For Information	Reviewed prior to release
Audit Committee		*	
Executive Director		*	*
Chief Financial Officer	*		*
Director of Supply Chain	*		*

¹For Action indicates that a person is responsible, either directly or indirectly depending on their role in the process, for addressing an audit finding.

Executive Summary

Introduction

The Utah Transit Authority (“UTA”) Audit Committee directed the Internal Audit department (“IA”) to conduct a performance audit over UTA’s Purchase Card (P-Card) Program. The Audit Committee approved the Audit Plan that included this engagement on March 10, 2025.

Background and Overview

UTA established Policy 02.01 Spending Authority to regulate purchasing practices and ensure cost-effective spending. Under this policy, department staff must use a UTA-issued Purchasing Card (P-Card) for transactions under \$5,000 when vendors accept credit card payments without added fees. The policy identifies the P-Card as the preferred payment method for these low-dollar purchases to promote efficiency and reduce administrative burden.

To support this program, UTA developed and implemented UTA Agency SOP No. AGCY.02.01 Purchase Card (“P-CARD”) Standard Operating Procedure (SOP), which defines responsibilities, procedures, and limitations for P-Card use. The SOP designates each cardholder as a purchasing agent and requires full adherence to all applicable UTA, State, and Federal procurement regulations. It reinforces accountability by requiring cardholders to understand and comply with related policies. Violations may result in card revocation, disciplinary action up to termination, and possible legal consequences.

Through the P-Card program, the UTA seeks to streamline low-dollar procurement, reduce administrative overhead, and ensure appropriate oversight. The program manages an annual spend in excess of \$13,500,000, with an average monthly spend of approximately \$1,125,000. Proper oversight requires cardholder diligence as well as thorough review by both transaction approvers and budget approvers. This internal audit evaluated the program’s effectiveness and its compliance with Policy 02.01 and the Purchasing Card Standard Operating Procedures.

Objectives and Scope

IA developed the audit objectives and scope based on planning procedures that included discussions with management and evaluations of risk and fraud exposure. IA set the audit period as September 1, 2021, through February 28, 2025. The audit focused on the following areas:

1. Governance

IA reviewed policy and SOP documentation and interviewed management and staff responsible for the program. The objective was to assess whether governance structures support proper administration of the P-Card program.

2. Program Compliance

IA reviewed training documents to determine if training aligns with policy and the SOP. Testing included interviews and verification of training completion for P-Card holders and program managers. We also reviewed transaction documents and records to ensure that SOP and general accounting practices were followed.

3. Transaction Testing

IA performed data analysis on the purchase transactions made throughout the audit period, and the results of these analytics are shared in the summary below. IA tested specific transactions to evaluate compliance with UTA policy and the SOP. Testing included:

- Shipment of goods to non-UTA addresses (specifically eBay, Amazon)
- Meals and travel expenses
- Accuracy of transaction descriptions, receipt uploads to US Bank, and manager approvals
- Accuracy of data transfers from US Bank to UTA's accounting system (JDE)

Summary

1. Governance

IA reviewed relevant policy and SOP documents and verified that all documents pertaining to the governance of the program have been updated and maintained as required by UTA policy. We also conducted interviews with management and staff responsible for administering the program and found that they have adequate authority to conduct and oversee the p-card program. Staff also demonstrated a clear understanding of their roles, and the documentation we reviewed aligned with the program goals and internal controls. We found that governance practices supported accountability and oversight of p-card activities.

2. Program Compliance

IA reviewed training materials and confirmed that required training was in alignment with UTA policy and the SOP which guides program objectives. We also tested whether training was completed by P-Card holders and relevant managers and found that there are some opportunities for improvement in the training processes, these concerns are addressed in the recommendations below. Additional compliance insights were obtained through transaction testing described below.

3. Transaction Testing

IA conducted an extensive review of P-Card transactions to identify trends and test for compliance:

IA ran analysis focused on the types of expenses paid on p-cards during the audit period. To accomplish this, we analyzed all spending transactions during the audit period and based the analysis on the Merchant Category Code (MCC). Some judgement was used to determine if certain MCC's were similar enough to combine into one common MCC Description. Our purpose was to set context to what types of spending p-cards are used for at UTA. We do not draw any conclusions or recommendations based on this analysis. Results of the ten largest expense types are shown below in Table 1.

Table 1. The top ten expense types paid for with a P-card

	MCC Descriptions	Total Spending by MCC Group	Percentage of Total Spend
1	AUTO SERVICING	\$ 7,424,735.93	16.47%
2	WHOLESALE INDUST SUPP	\$ 6,249,087.17	13.86%
3	RESTAURANTS & FOOD	\$ 3,219,133.35	7.14%
4	BOOK STORES (AMAZON WEBSITE)	\$ 2,020,171.33	4.48%
5	CLOTHING & UNIFORM	\$ 1,967,041.52	4.36%
6	UTILITIES-ELECTRIC, GAS, WA	\$ 1,880,039.88	4.17%

7	BUSINESS SERVICES -OTHER	\$ 1,528,278.11	3.39%
8	AUTO & TRUCK DEALERS, NEW	\$ 1,061,148.47	2.35%
9	WHOLESALE COMMERCIAL EQUIPMENT	\$ 1,036,765.18	2.30%
10	HOTELS	\$ 963,370.89	2.14%

Division-Level Spending: IA analyzed spending by division, highlighting the ten highest-spending divisions. The top five divisions aligned with those primarily responsible for maintaining infrastructure and vehicle fleets—an expected result given UTA’s large operational footprint. Results of the ten highest division spending is shown below in Table 2.

Table 2. Ten highest division spending utilizing a p-card

	Division Number	Division Name	Total Spend during the audit period	Percentage of Total Spend
1	3800	FACILITIES	\$ 8,227,669.59	18.26%
2	3100	BUS MAINTENANCE	\$ 5,884,165.69	13.06%
3	7900	VAN POOLS	\$ 3,784,403.34	8.40%
4	4300	LIGHT RAIL VEH MAINT	\$ 1,675,169.41	3.72%
5	4400	MOW - SYSTEMS	\$ 1,631,845.43	3.62%
6	4600	COMMUTER RAIL VEHICLE MAINT	\$ 1,382,408.20	3.07%
7	6000	PUBLIC SAFETY	\$ 1,379,868.50	3.06%
8	2100	BUS OPS	\$ 1,289,856.89	2.86%
9	5500	SUPPLY CHAIN - PURCHASING	\$ 1,118,337.83	2.48%
10	4310	RAIL FLEET SUSTAINABILITY	\$ 1,112,752.56	2.47%

IA tested a purchase transaction made throughout the audit period to verify the following:

- [REDACTED]
- IA also identified approximately 450 instances when meals and travel purchases were made outside the outlined policies in the SOP which are explained in the recommendations below.
- While reviewing purchase transactions for detailed descriptions, receipt uploads, and manager approvals as outlined in policy IA identified the following issues:
 - 85,068 transactions (62%) lacked the required description field
 - 4,412 transactions were missing receipt uploads to US Bank
 - 3,039 transactions lacked documented manager approvals
- IA also confirmed the accuracy of data entry from US Bank data into UTA’s accounting system, JD Edwards and found no concerns.

While IA identified several areas for improvement, the audit also highlighted numerous strengths, best practices, and responsible stewardship of the P-Card program. The program overall is effectively managed. IA appreciates the cooperation and responsiveness of management and staff throughout this audit.

Attachment A: Detail of Recommendations

Finding 25-03-01

Transaction

Risk Level: Medium

Criteria

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Principle 3 states,

Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Further context is provided when the principle also states:

Limitation of Authority – Authority empowers people to act as needed in a given role, but it is also necessary to define limitations of authority so that:

- Delegation occurs only to the extent required to achieve the entity's objectives.*
- Duties are segregated to reduce the risk of inappropriate conduct in the pursuit of objectives, and requisite checks and balances occur from the highest to the lowest level of the organization (e.g. defining roles, responsibilities, and performance measures in a manner to reduce any potential for conflicts of interest)*

Condition

[REDACTED]

Cause

[REDACTED]

Effect

[REDACTED]

Recommendation

[REDACTED]



Management Response and Action Plan:

[Redacted]

[Redacted]

[Redacted]

Responsible:

Director of Supply Chain
Sr Office Specialist – Supply Chain

Target Completion Date:

9/30/2025

Finding 25-03-02	Open P-Card Account for a former employee	Risk Level: Medium
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Criteria

UTA Agency SOP No. AGCY.02.01 Purchase Card (“P-Card”) SOP, 3.D.1. states,

Termination, Retirement, Administrative Leave, or job position change and P-Card is no longer needed. Upon notice of one of these changes, all P-Cards must be turned in to Human Resources or the Cardholder's manager, and notification email sent to the P-Card Administrator to deactivate the Card. The P-Card Administrator will review pending transactions to ensure no personal charges are outstanding to which the Cardholder is responsible for.

Condition

IA found that a former UTA employee still had an active P-Card account in US Bank. We verified that no purchases were made with the open account after the employee left UTA employment.

Cause

A breakdown of communication occurred between management and Procurement resulting in the account not being deactivated in the US Bank system.

Effect

- UTA was exposed to unnecessary financial and reputational risk due to an open P-Card account that could have been misused after the employee's departure.
- This breakdown in the process creates gaps in internal controls and could lead to undetected misuse in the future if not addressed.

Recommendation

1. Management should coordinate with the People Office to ensure the offboarding checklist includes a step to notify the P-Card Administrator upon any employee termination or transfer.
2. Management should consider working with the People Office to automate notifications through the HR system to immediately flag personnel changes that require card deactivation.
3. The P-Card Administrator should periodically reconcile or create a tracking mechanism to ensure all active cardholders are current employees.

Management Response and Action Plan:

Agree

The People Office (HR) has established procedures, including a checklist, to ensure collection of UTA property when an employee separates from the agency. In addition, HR issues an automated email notification to multiple stakeholders upon termination.

In this case, the employee terminated on 7/7/2024, and HR collected the P-Card as part of the exit process, eliminating any risk of misuse. While a termination email was sent, there was a brief gap in coverage as the outgoing P-Card Administrator had just left UTA, and notifications had not yet been redirected to the acting administrator.

To address this, we will immediately reconcile all active employees against existing cardholder accounts. Moving forward, we will also partner with HR to implement a quarterly review process comparing active employees with open U.S. Bank accounts to confirm that all necessary steps are completed and accounts are properly deactivated.

Responsible:

Director of Supply Chain

Sr Office Specialist – Supply Chain

Target Completion Date:

9/1/2025

Finding 25-03-03

Risk Level: High

Criteria

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Principle 10

Selects and Develops Control Activities - The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Further, Principle 10 states:

Transaction controls are the most fundamental control activities in an entity since they directly address risk responses in the business processes in place to meet management's objectives. Transaction controls are selected and developed wherever the business process may reside.

Condition

[REDACTED]

Cause

[REDACTED]

Effect

[REDACTED]

Recommendation

[REDACTED]

Management Response and Action Plan:

[REDACTED]

[REDACTED]

Responsible:

Director of Supply Chain
Sr Office Specialist – Supply Chain

Target Completion Date:

12/31/2025

Finding 25-03-04

Risk Level: Medium

Criteria

[REDACTED]

Condition

[REDACTED]

Cause

[REDACTED]

Effect

[REDACTED]

Recommendation

[REDACTED]

Management Response and Action Plan:

Responsible:

Director of Supply Chain
Sr Office Specialist – Supply Chain

Target Completion Date:

12/31/2025

Finding 25-03-05 Cardholders & Approvers did not complete the required training Risk Level: Low

Criteria

UTA Agency SOP No. AGCY.02.01 Purchase Card (“P-Card”) SOP, 3.B.2. states,

Prior to receiving a P-Card, the Cardholder must complete the P-Card training and test. This will be assigned to your LMS training requirements once your P-Card form has been approved.

Condition

IA performed testing to determine if p-card holders and transaction approvers had completed the basic training as outlined in policy. IA identified 137 individuals involved in the P-Card program who had not completed basic P-Card training in the most recent calendar year, including:

- 39 active cardholders with no training completion in the past year,
- 61 cardholders with no training record during the audit period, (though they may have completed it prior).
- 37 transaction approvers with no training record during the audit period.

Cause

UTA’s policies and SOP do not define how often p-card holders are required to complete the training. Although the Learning Management System (LMS) suggests annual training, employees may believe it is only required at the time of card issuance.

Effect

- Employees may lack current knowledge of P-Card rules, increasing the risk of policy violations, improper use, or weak controls in the transaction approval process.
- Without routine and enforced training, the organization weakens its ability to hold individuals accountable for internal control responsibilities.

- UTA may face reputational or financial risk due to inconsistent application of purchasing policies or errors in transaction oversight.

Recommendation

1. Update policies and SOPs to clearly mandate annual training for all cardholders and approvers.
2. Identify cardholders and approvers who have not completed training in the past year and require completion.

Management Response and Action Plan:

Agree

We have obtained a list of all cardholders who have not completed their annual training from the LMS Technical Coordinator. These individuals will be immediately notified by email and given 30 days to complete the requirement. Cardholders who do not comply within that timeframe will have their P-Cards deactivated.

The annual training requirement is automated in LMS and assigned to every cardholder. Moving forward, the P-Card SOP will be updated to state that failure to complete annual training by the due date will result in deactivation. Additionally, we will implement a monthly review of LMS training records to ensure compliance and promptly deactivate cards for any cardholders who have not met the requirement.

Responsible:

Director of Supply Chain

Sr Office Specialist – Supply Chain

Target Completion Date:

12/31/2025

Finding 25-03-06

Training for transaction approvers does not exist

Risk Level: Low

Criteria

Committee of Sponsoring Organizations of the Treadway Commission (COSO) Principle 4 states,

The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.

Principle 4 further elaborates regarding employee development,

Train – Enable individuals to develop competencies appropriate for assigned roles and responsibilities, reinforce standards of conduct and expected levels of competence for particular assignments, tailor training based on roles and needs, and consider a mix of delivery techniques, including classroom instruction, self-study, and on-the-job training.

Condition

IA found that 135 active employees are P-Card transaction approvers, 55 of whom are not P-Card holders. These individuals access the US Bank system solely to approve transactions yet receive no role-specific training outlining their responsibilities.

Cause

Management has not developed or assigned a role-specific training program for transaction approvers. The current training infrastructure focuses solely on cardholders, assuming overlap between the two roles, and lacks a process to identify and train approvers who are not cardholders themselves.

Effect

- IA identified 37 transaction approvers who have never completed any P-Card Basic training.
- Improper or inconsistent approvals may occur due to misunderstanding of policy requirements, transaction review steps, or documentation expectations.
- Increased risk of policy violations going undetected due to lack of understanding of red flags, exceptions, or compliance thresholds.
- Accountability gaps may form, as approvers may be unaware of the full extent of their responsibilities in the control structure.
- Effectiveness of oversight may be reduced, which can impact the strength of the internal control environment across purchasing processes.

Recommendation

1. Develop and deploy a targeted training module for transaction approvers. This training should cover review responsibilities, documentation requirements, and policy compliance.
2. Integrate training compliance tracking into the learning management system (LMS) and establish triggers to notify Finance or Program Administrators when an approver lacks required training.
3. Require periodic refresher training for all transaction approvers, regardless of P-Card holder status.
4. Review and update internal policies to reflect the need for distinct training requirements for different user roles within the P-Card system.

Management Response and Action Plan:

Agree

We will collaborate with the Corporate Instructional Designer to develop formal training for approvers, ensuring they have a clear and consistent understanding of their responsibilities in the P-Card process. This training will be assigned to all approvers through the LMS, with completion tracked for accountability.

In addition, an annual refresher training requirement will be established, and both the initial and refresher training requirements will be incorporated into the P-Card SOP to reinforce compliance and maintain consistency across the program.

Responsible:

Director of Supply Chain

Sr Office Specialist – Supply Chain

Target Completion Date:

12/31/2025

Criteria

UTA Agency SOP No. AGCY.02.01 Purchase Card (“P-Card”) SOP”, 3.E.4.k. states,

- 1. Business meals must include two or more employees.*
- 2. The purpose of the meeting and names or group of attendees must be included in the transaction’s description line.*

The policy further clarifies in E.5 stating,

Unauthorized Purchases include but are not limited to:

- (a) Individual meals for employees working within the agency’s service area.*
- (c) Personal meals and incidentals while traveling. (per-diem should be used unless there is no other reasonable alternative, but in any event, expenses may not be covered by both per-diem and use of the P-Card).*

Condition

IA identified over 423 meal-related transactions that were less than \$18, a judgmentally selected threshold to identify possible individual meals. These may include:

- Meals likely purchased for a single individual
- Transactions which may lack valid business justification
- Instances where meals were purchased in addition to per diem allowances

Cause.

Cardholders may not fully understand or recall specific policy requirements related to meal purchases.

Effect

- The organization risks misuse of public funds and potential policy violations, which may result in reputational damage or loss of public trust.
- Lack of consistent enforcement undermines internal controls and may encourage non-compliant behavior.
- Fraud, waste and abuse may occur.

Recommendations

1. Reinforce meal policy requirements through targeted refresher training for all P-Card holders and transaction approvers, emphasizing documentation expectations for meals.
2. Strengthen documentation guidance by providing a template for meal purchase descriptions that includes fields for attendees, purpose, and justification.
3. Update the approval process to include a mandatory checklist for business meal purchases that requires confirming the number of attendees, meeting purpose, and exclusion of unauthorized items.

Management Response and Action Plan:

Agree

We will develop a mandatory checklist template to document required information for meal purchases. While the U.S. Bank system has limited customization capabilities and cannot accommodate an embedded template or checklist, we will create an offline template to be attached to transactions in US Bank. Monitoring and verification of compliance will therefore be conducted manually.

Management will adopt Internal Audit's "potential" single meal identification method and incorporate it into the Administrator's monthly close process. We will send a reminder email to all cardholders reinforcing this policy. In addition, cardholder and approver LMS training will be updated to emphasize requirements related to food purchases.

Responsible:

Director of Supply Chain

Sr Office Specialist – Supply Chain

Target Completion Date:

12/31/2025

Finding 25-03-08 Purchase transactions lack detailed information required by policy Risk Level: Low

Criteria

UTA Agency SOP No. AGCY.02.01 Purchase Card ("P-Card") SOP, 3.G. states,

At the end of each month Reconcilers must Reconcile the Card statement and approve each transaction. The online statement reflects the transaction date, merchant name and the total amount of each purchase. The Reconciler has 8 calendar days total to review and submit their statement.

The policy further instructs p-card holders in the same paragraph by stating,

To Reconcile the account:

- 1. Log on to the commercial issuing bank's online website.*
- 2. Verify the billings are for legitimate transactions made by the Cardholder and each of the charges is correct.*
- 3. Add a detailed description for each purchase and verify that the account code charged is correct. Be as detailed as possible in the description and include any associated project names. "Miscellaneous" is not an acceptable description.*
 - a. Meals for meetings or events must include names of the employees or group, and the purpose of the meeting or event.*
- 4. Attach a legible copy of each receipt.*
- 5. Select the correct business unit Approver for each transaction.*

Condition

IA reviewed purchase transactions for compliance with description, receipt, and approval requirements. IA identified the following non-compliance with documentation requirements:

- 85,068 transactions (62% of all reviewed) lacked required transaction descriptions
- 4,412 transactions were missing receipts
- 3,039 transactions had no recorded approvals in US Bank.

Cause

Management has not implemented system-based enforcement of required fields or provided adequate monitoring. Cardholders and approvers may not understand reconciliation requirements, and the system allows submission of incomplete transactions without triggering corrective workflows.

Effect

- The organization's financial records lack sufficient detail to support transaction legitimacy or business purpose.
- Lack of detailed descriptions and receipts impairs the ability of transaction reviewers and approvers in assessing compliance or detecting inappropriate purchases.
- Incomplete or unapproved transactions weaken internal controls and may violate purchasing policy.
- Approvals that do not occur timely—or at all—create gaps in the accountability structure and increase the risk of fraud, waste and abuse.

Recommendation

1. Update training materials and procedures to emphasize the importance of complete descriptions, supporting documentation, and timely approvals.
2. Enforce system validation rules that require detailed descriptions, receipt uploads, and selection of an approver before a transaction can be submitted for review.
3. Develop automated reminders and escalation protocols for reconcilers and approvers who fail to complete tasks within the 8-day reconciliation window.
4. Implement periodic compliance audits to identify users with repeat deficiencies and refer issues to department leadership for follow-up.
5. Restrict P-Card privileges temporarily or permanently for cardholders or approvers who fail to meet policy requirements after notice or retraining.

Management Response and Action Plan:

Agree

We will update the P-Card SOP, training materials, and Approver training to emphasize the importance of entering complete purchase descriptions, attaching supporting documentation, and ensuring timely approvals during the reconciliation process.

To strengthen compliance, we have worked with U.S. Bank to remove the system's auto-population of cost center numbers in the description field, ensuring that users must now enter a proper purchase description.

We will work with U.S. Bank where possible to activate automated reminders and escalation protocols for reconcilers and approvers who do not complete their tasks within the 8-day reconciliation window. These reminders will be applied consistently across all cardholder accounts.

The P-Card SOP already specifies that accounts not reconciled or approved for two consecutive months will be deactivated, with reactivation requiring CFO approval. We will continue to enforce this policy and, where necessary, restrict P-Card privileges temporarily or permanently for cardholders or approvers who fail to meet policy requirements after notice or retraining.

Finally, we will continue conducting periodic compliance audits to identify repeat deficiencies. Any issues identified will be referred to department leadership for follow-up and corrective action.

Responsible:

Director of Supply Chain

Sr Office Specialist – Supply Chain

Target Completion Date: 12/31/2025