*Welcome to LLA Reports, a podcast produced by the Louisiana Legislative Auditor’s office. This podcast is intended to be an oral representation of the written report it highlights and is primarily for the use of the Louisiana Legislature.*

This is Chris Magee. I’m the data analytics manager for LLA’s Performance Audit Services.

This episode of LLA Reports focuses on our new report titled “Purchase and Travel Card Programs.”

The purpose of this audit was to provide information on the use of these card programs during calendar years 2016 through 2020 and to evaluate the Office of State Travel’s – or OST’s – monitoring activities.

Overall, we found the number of card transactions and the total amount of those transactions increased from 2016 through 2019, but decreased in 2020, primarily because of the COVID-19 pandemic.

In addition, we found that while OST monitored the card programs to detect potential improper use, the office could improve its process by enhancing its use of data analytics.

From calendar years 2016 through 2019, the number of card transactions increased 17.4 percent – from approximately 475,000 to 558,000 – while the total dollar amount of the transactions increased 19.6 percent – from $161.3 million dollars to $192.9 million dollars. The average amount per transaction rose from about $340 dollars in 2016 to about $346 dollars in 2019.

The total dollar amount of transactions over the five-year period of the audit report was $863.3 million dollars.

The cards were used to make purchases related to state business, such as office supplies, conference-related travel, and advertising services.

Some entities used the card programs more than others. The number of transactions a specific entity made depended on several factors, including its size and the nature of its work.

For example – from calendar year 2016 to 2020 – LSU institutions spent $300.8 million dollars – or 34.8 percent – of the total $863.3 million dollars in card transactions. However, while the expenditures of LSU institutions made up more than a third of the $863.3 million dollars, OST does not monitor their card programs.

Instead, LSU has a Memorandum of Understanding with the Division of Administration that allows it sole oversight of the card programs for LSU institutions, including audit and compliance functions. LSU also is not required to send the results of its monitoring activities to OST. According to OST, no other entity has a similar arrangement.

Over the five years we examined, transactions made through the card programs earned rebates totaling $19.2 million dollars, which fully funded OST's budget, as well as some distributions to certain institutions of higher education.

We also found that while OST has monitoring activities to detect entities and transactions that do not comply with card program policies, it could improve its oversight by enhancing its use of data analytics and resolving data limitations to more effectively identify noncompliance.

For instance, OST does compliance checks of entities to review policy documents and determine whether approval and receipt procedures were followed. OST also uses the compliance checks to determine whether data analytics reports were run as required and to review samples of transactions.

In addition, OST runs monthly data analytics reports to identify potentially noncompliant transactions. However, OST only reviews a random selection of transactions, instead of focusing on those that appear to be most risky. Adding a risk-based method to its transaction selection process would allow OST to target the highest-risk transactions for review.

OST also does not ensure that entities only use approved Merchant Category Codes – or MCCs – for transactions, and it does not check to make sure entities have an approved exception when they use a restricted MCC.

We found that some cards were used after the cardholder separated from employment, which goes against OST policy.

We also found that OST does not have an effective way to monitor entities’ use of temporary increases in the single transaction limits for cards or to identify dormant cards that have a single transaction limit greater than one dollar. OST allows entities to maintain dormant cards, but the single transaction limit must be reduced to one dollar.

We found, too, that OST’s transaction data does not specifically identify all vendors, which limits the office’s ability to monitor the card programs.

As a result of our audit, we developed nine recommendations. They included incorporating risk-based sampling methods, improving guidance for entities, and resolving data limitations to more effectively monitor the card programs.

As a part of their response, which is detailed in the report’s appendix, OST officials agreed with all of our recommendations.

*We hope you found this podcast informative, and that you’ll follow future episodes of LLA Reports.*

*This podcast was created as part of the audit report just discussed and is intended primarily for the use of the Louisiana Legislature. Both the full report and the podcast can be found on the LLA’s website at* [*www.lla.la.gov*](http://www.lla.la.gov)*.*

*Thank you for listening.*