



Credit card and purchasing card (p-card) controls

Can you do more to ensure credit cards and p-cards are used appropriately?

Effectively controlling credit card and p-card purchases

Why are we issuing this alert?

From 2016 through 2025, we issued 12 financial investigation reports that identified nearly half a million dollars of public money losses from unauthorized credit card and p-card purchases made for personal purposes.¹ As a result, 12 people were criminally charged for making personal purchases. The unauthorized personal purchases in each of these investigations totaled between \$1,135 and \$167,518, and many would have been readily identified if organizations had exercised appropriate oversight.

Some of the unauthorized personal purchases we identified in our investigations included:

- ▶ A washer, dryer, treadmill, patio furniture, rowing machine, and fishing equipment.
- ▶ A down payment and subsequent loan payments for a personal vehicle.
- ▶ Lease payments for space at an RV and boat storage facility.
- ▶ Personal utilities and internet, cable, and phone services.
- ▶ Makeup, and Chanel and Versace designer colognes.
- ▶ Alcohol, golf greens fees, and massage services.
- ▶ Apple watches, iPhones, and AirPods.
- ▶ Gift cards.

This alert describes how management did not detect those unauthorized purchases and outlines actions you can take to help protect public monies and prevent unauthorized credit card and p-card purchases at your organization.

¹ P-cards are credit cards that can be limited to specific vendor types by using Merchant Category Codes to block unauthorized vendors and purchases.

How did these personal purchases go undetected?

Fraudulent credit card and p-card purchases occurred in organizations that either lacked adequate internal control procedures or had failed to enforce their established requirements. For example, many organizations did not adequately review supporting documentation, such as receipts, for purchases and/or did not reconcile supporting documentation to credit card statements. Many also did not properly separate responsibilities for making purchases, verifying documentation, and processing payments. These internal control deficiencies allowed employees to make unauthorized purchases without detection. Other organizations had strong internal control procedures and appropriate separation of duties but still failed to detect personal purchases because they did not properly train employees, did not consistently follow their procedures, and allowed employees to bypass certain controls. Had management ensured those procedures were followed, they could have detected unauthorized purchases, including even those instances when employees submitted forged receipts or statements concealing their personal purchases. As a result, employees were able to make repeated personal purchases with the organizations' credit cards and p-cards causing a loss of public monies and an erosion of public trust.

What actions can you take to ensure credit card and p-card purchases are appropriate?

Establish and enforce written credit card and p-card policies that:

1. Require signed user agreements for all card users.
2. Explain allowable and unallowable purchases.
3. Require itemized receipts for all purchases.
4. Clearly define separation of responsibilities for requesting, authorizing, and executing credit card and p-card purchases.
5. Describe possible disciplinary actions for credit card or p-card misuse.
6. Include processes for reviewers to identify and handle misuse.
7. Ensure credit card and p-card statements are independently reconciled to transaction receipts monthly and purchases are for organizational purposes.
8. Train employees responsible for reviewing transactions on how to review vendor invoices for authenticity, accuracy, and appropriateness, as well as for anomalies that should be investigated.
9. Provide timely and detailed credit card and p-card training to all users and to employees who process credit card and p-card payments. Ensure they acknowledge in writing their understanding of organizational purchasing policies and what the consequences are for not following those policies.

10. Ensure the organization’s credit card and p-card procedures describe the purpose of management’s periodic review of those purchases as a fraud-risk prevention measure to confirm compliance with procurement rules and organizational policies, and that suspicious transactions are investigated to conclusion.
11. Conduct independent unannounced reviews of credit card and p-card processes to ensure procedures are appropriately followed and purchases are for approved organization purposes.
12. Use analytical tools to help identify suspicious purchasing patterns, vendors, and amounts for further review, and then based on the review results, take appropriate actions, such as revoking credit card and p-card privileges and requiring repayment of improper purchases.²

² For analytical tools, see Arizona Auditor General, *Fraud Prevention Alert—Data Analytics*, Reports 17-406, 18-406, 19-404, and 19-409.