



# Control and Compliance in Commercial Card Programs

How can you better control purchasing and spending while meeting the growing web of compliance requirements? Visa has developed a guide to help you find the answers.

Improving controls in the Procure-to-Pay process is a top priority for companies today. Not only is it good business, but it's also a growing regulatory requirement in the wake of the Sarbanes-Oxley Act. That's why helping companies improve controls in commercial card programs is a top priority at Visa.

To help companies with Procure-to-Pay compliance, Visa commissioned Deloitte Consulting to develop the *Practical Guide to Control and Compliance in Commercial Card Programs*. Now available from Visa-issuing financial institutions, the Practical Guide shows you how commercial cards can help your company achieve the necessary Procure-to-Pay controls. It also highlights commercial card control features and outlines recommended practices to improve compliance and mitigate risks within the card program itself.

## Why Controls Matter

The increased regulatory focus on audits and controls has had a significant impact on the Procure-to-Pay processes of mid- to large-sized companies. Some 54 percent of U.S. companies say they have made major changes to their Procure-to-Pay processes due to Sarbanes-Oxley.<sup>1</sup> Now, companies have to ensure that the entire process from order placement to financial reporting is controlled, complete and compliant. As part of these new requirements, companies need to design an infrastructure that can support comprehensive compliance, including:

- Standardizing purchasing and payment processes and controls
- Improving access to audit and compliance data
- Enhancing reporting capabilities and reporting on a periodic basis
- Increasing the ability to detect fraud
- Documenting and testing controls
- Conducting and signing off on controls reviews

<sup>1</sup> March 2006, Association of Financial Professionals (AFP) Risk Survey

Procure-to-Pay Process Step	How Commercial Cards Can Help
Sourcing	<ul style="list-style-type: none"> <li>Improved transparency into spend data to confirm supplier adherence to contract terms</li> </ul>
Order Placement	<ul style="list-style-type: none"> <li>Enforcement of corporate policies at point of purchase through spend limit and spend type controls on a card-by-card basis</li> </ul>
Payment and Settlement	<ul style="list-style-type: none"> <li>Elimination of manual entry of invoice data as card statements are received and reviewed electronically</li> <li>Electronic reporting to provide budget owners with spending information</li> </ul>
Reconciliation	<ul style="list-style-type: none"> <li>Detailed “fingerprints” at each step of the transaction from purchase to approval to reconciliation</li> <li>Automatic allocation of transactions to General Ledger codes and cost centers to reduce time and any coding errors</li> </ul>
Control and Audit	<ul style="list-style-type: none"> <li>Increased visibility into the overall spend with transaction data near real-time</li> <li>Potential to establish automated triggers to notify Program Administrators of any suspect card use</li> </ul>
Reporting	<ul style="list-style-type: none"> <li>Detailed data integrated into General Ledger electronically</li> <li>Transaction-level data and reports that allow for more accurate tax and 1099 reporting</li> </ul>

While the new regulatory environment imposes strict compliance requirements on companies, it also creates an opportunity to take more control over purchasing and spending by implementing consistent policies and improving systems for the entire Procure-to-Pay process. That’s where the Practical Guide can help.

### Help Is in the Cards

Commercial card programs have grown steadily since they emerged as a tool for payment process efficiency in the early 1990s. The commercial card market is expected to grow substantially over the next five years, reaching \$1.2 trillion by 2010.<sup>2</sup>

For more and more companies, commercial card programs are an integral part of overall best practice control strategies. Card programs help companies meet control and audit requirements throughout the Procure-to-Pay process. And they leverage technology to build efficient controls, monitor adherence and provide the data necessary to mitigate control-related risk.

The chart above illustrates how commercial cards can help improve control at each phase of the Procure-to-Pay process.

### Control Requirements for Card Programs

Besides the role they can play in the Procure-to-Pay process, card programs themselves require disciplined control strategies. Companies often have concerns about the potential for improper card use, chiefly misuse of cards for personal expenses and out-of-policy spending.

The Practical Guide will show you how to implement a controls program following recommended practices to mitigate potential fraud and maverick spending that does not conform to policies.

### See the Complete Guide for More Helpful Insights

The Practical Guide delivers valuable information and useful, actionable guidance for strengthening controls and meeting compliance requirements, including:

- An overview of the corporate control landscape, with key trends and drivers
- How a card program can support your Procure-to-Pay strategy
- Common card control concerns—and how to implement controls to address them
- An outline of recommended control practices

# Controls Framework

<b>Organization</b> Card program ownership	<b>Policies</b> Rules and responsibilities	<b>Procedures</b> Procedures to support policies	<b>Technology</b> Technology to automate policies	<b>Audit</b> Audit to ensure control compliance
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The recommended practices in the Practical Guide are organized according to the Controls Framework, a five-step methodology to help companies establish management checkpoints in their card programs.

- Organization
- Policies
- Procedures
- Technology
- Audit

The Practical Guide also contains numerous examples and anecdotes from companies that have successfully implemented commercial card controls.

By following the recommended practices in the Practical Guide, companies are more likely to have a successful commercial card program that helps achieve control and improve compliance. Ask for your copy today.



To get your own copy of the *Practical Guide to Control and Compliance in Commercial Card Programs*, or if you have additional questions, contact your Visa Commercial Solutions issuer.

