

SUMMARY

Audit of MTA Bus Company Use of Procurement Cards **MTA/OIG Report #08-11**

“Procurement cards” are credit cards issued to an agency’s employees by a bank to enable the holder to make certain types of small purchases, usually those under a specified dollar limit, and usually for non-routine operating needs. The OIG audit found that MTA Bus exercised inadequate control over the procurement cards used by managers to purchase goods and equipment outside the agency’s normal requisition process. Specifically, OIG identified several internal control weaknesses that increased the risk of procurement card abuse:

- MTA Bus had not established written procedures, including spending limits, governing procurement card purchases; Managers were permitted to make procurement card purchases even when the agency’s normal requisition process would have yielded a lower price for the purchased items;
- Procurement cards were used to pay for routine items such as bus parts used in everyday operations even after the MTA Board had signaled that the company should end such procurement practices; and
- Items purchased by procurement cards were not being entered into the MTA Bus inventory system, leaving these items particularly vulnerable to loss or theft

Our audit also found that purchases for seven MTA Bus card holders were incorrectly charged as a cost to an MTA Headquarters account rather than to an MTA Bus account, resulting in a potential under-reimbursement of \$63,200 to MTA Bus from the City of New York.

MTA Bus reported that it accepted all nine recommendations contained in the report and has already implemented most; we intend to monitor the remainder.