

Mayo Clinic devises award-winning credit card risk-scoring tool

About Mayo Clinic Purchase and Travel Card Use

- Number of purchase cards issued: 700
- Number of corporate travel cards: 15,000
- Monthly purchase card and travel card spend: Approximately \$8 million

Of nearly 60,000 Mayo Clinic employees nationwide, approximately one-fourth hold a Mayo-backed credit card. The organization relies heavily on purchase and travel cards to help these employees make purchases and facilitate business travel. Because the institution takes full financial liability for the charges made to the cards, fraud, misuse and error are serious business.

“While we have a great amount of trust in our employees who use purchase cards, we also acknowledge the statistical probability is slim that all employees with cards will always act in the best interest of the Clinic when using those cards,” says Erich Heneke, senior manager of supplier risk management, finance, audit, and controls.

Because the best defense is a solid compliance offense, Mayo Clinic looked for ways to stay ahead of risk. “We needed a systematic way to monitor card use and identify suspect and risky behavior, investigate it and halt that behavior in a timely manner” he says. That need wasn’t a small one: with thousands of purchase and travel card transactions daily, performing a manual seek and find activity or random audits to discover trends was next to impossible.

“An automated solution was the only recourse. Creating our own credit card risk scoring and continuous monitoring tool was the solution,” says Heneke.

The automated monitoring program provides an immediate recap of a cardholder’s risk related to his or her card use, as well as profiles of high-risk cardholders. It also allows Mayo Clinic to identify groups with special purchasing needs and monitor those employees differently, so they are not unnecessarily tagged as potential high-risk employees. The overall risk ratings are tied back to a risk assessment that was performed at the launch of the program. This risk assessment was completed by internal audit, supply chain and cardholders.

It was a move that positively affected the entire organization.

“We have been able to detect limited fraud, deter misuse, ensure compliance and identify control gaps. These effective controls help us protect our financial assets as well as our integrity. They also give leadership the confidence they need to authorize expansion of the card program,” he says.

Two additional benefits of automated credit card risk scoring and continuous monitoring have helped save supply chain time and Mayo Clinic money.

“When abuses were discovered prior to this tool, they were usually too late, which resulted in an unpleasant collection process,” Heneke explains. “This tool has reduced the amount of time to discovery and lowered the incidences where dollars needed to be recovered through payroll reductions. The tool has also allowed Supply Chain to drill into sensitive policy violations, such as gift card purchases, and move toward payback of these purchases, if it was deemed inappropriate.”

Mayo Clinic’s credit card risk scoring model won the 2011 Alexander Hamilton Gold Award for enterprise risk management, from Treasury and Risk magazine. The awards program recognizes excellence in finance and treasury management and honors the best and the brightest from treasury and finance departments at top companies around the world.