

Improving Compliance and the Proper Use of Corporate P-cards

Key facts based on 2025/26 Q2 data:

- Approx. 13000 transactions in the period, of which over 1000 transactions were not submitted for review and approval
- Value of transactions not submitted: £89k
- 180 card holders failed to submit transactions for approval (from a total of 1000 cards in use at present)
- 800 of the transactions not submitted for approval are for P-cards in use in 5 of the Institutional departments, compliance within the Corporate departments is significantly better.

Added to which, this also contributes significantly to the loss of VAT unrecovered, estimated at £200k per annum.

Significance:

Management/budget holders are not able scrutinise expenditure where transactions are not submitted for approval.

The transactions that are not submitted represent expenditure that the organisation has zero visibility of, we can provide no assurance that this expenditure is appropriate or necessary, that there has been no misuse of the P cards or the extent to which value for money has been achieved.

Failure to submit transactions for approval is a direct breach of Financial Regulations, based on this data we have 4000 breaches of Financial Regulations per year just on this category of p-card use alone.

Note that: this is just one aspect of compliance with the proper use of P-cards but the area of greatest significance at present.

Agreed Actions and Control Enhancements to Explore

1. Chamberlain's Financial Shared Services to adopt a more robust stance in relation to managing and driving improved compliant use of P-cards, reinforcing the position as a Second Line function.
2. A set of parameters will be defined to communicate exactly what constitutes "persistent non-conformance" and what management action should be taken to avoid suspension of P-cards.
3. Financial Shared Services to explore with Lloyds the possibility of introducing:
 - a. further management reports for non-compliant activities
 - b. visibility of "unsubmitted transactions" for Approvers within the Approver dashboard
4. Group Chief Internal Auditor and Assistant Director Financial Shared Services to communicate to FA18 group the significance of the issue, the need for change,

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actions that management can take and the sanctions that are being explored should compliance not improve within 3-6 months.

To be explored and implemented subject to allocation of additional resource to meet the demands of this activity:

5. Financial Shared Services to develop monthly reporting and monitoring over a 12 month rolling period to identify and flag to senior leadership persistent failure to submit transactions for approval.
6. Financial Shared Services to directly suspend or terminate p-cards where cardholders persistently fail to submit transactions for approval.

Considered but not likely to be adopted:

7. Recover from/charge to P-card holders expenditure from any transactions not submitted for approval. (if any organisational appetite to explore this then Financial Shared Services will seek to establish if this is an approach in operation within other organisations)

Resource Implications:

The Financial Shared Services team is not resourced to provide the enhanced monitoring required to oversee this aspect of P-card usage.

It is possible that some of the requirement may be met through system developments (if and only if Lloyds support this) and some through enhancement and use of automation in the data analysis.

The introduction of a robust position on terminating p-cards would create a significant volume of work, albeit in the short term, there are three aspects to this for the Financial Shared Services team:

- i. Placing the hold on the card
- ii. Communicating this to the card holder/approver/budget manager and responding to any challenges
- iii. Reinstating P-cards on the promise of proper use/providing replacement cards to alternative colleagues on the promise of proper use

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