

Oklahoma City University

Purchasing Card Program Audit Procedures

Effective: March 1, 2012

The OCU Purchasing Card program will be under the oversight of the Purchasing Card Committee. This committee is comprised of three members: the Chief Financial Officer, the Chief of Staff, and the General Counsel. This committee will review and approve/decline all purchasing card applications, review the results of purchasing card transaction log audits, and perform an annual review of the purchasing card policies and procedures.

1. Purchasing card Issuance & Closing of Account

The Purchasing Card Committee will review and approve/decline all purchasing card applications submitted. All applications must be submitted in accordance with the Purchasing Card Users' Guide, and must include a justifiable business need for the application to be considered.

2. Training

Purchasing cardholders, supervisors, approving officials, and 'alternate' supervisors or 'alternate' approving officials must complete two training courses prior to obtaining a purchasing card, and annually thereafter.

These courses provide training on the use of the purchasing card software and provide guidelines for use of the purchasing card, such as allowable and prohibited purchases. All courses will be available online.

Training information is updated on a continual basis as changes occur. Cardholders will be kept apprised of changes to the Purchasing Card Users' Guide and/or the Purchasing Card Program Audit Procedures via e-mail.

Refresher training is required annually.

3. Cardholder Responsibilities

- Make sure that your purchase is within the guidelines as stated in the Purchasing Card Users' Guide and any other applicable University policies.
- Do not split transactions to stay below cardholder's purchasing card limit(s). Reference Purchasing Card Users' Guide for an explanation of a split transaction.
- Do not use the purchasing card for personal purchases, cash advances, or purchasing cash equivalents (i.e. gift cards, gift certificates, movie vouchers, etc).
- Record all purchases on the purchasing card log and include all original receipts in transaction log envelope.

- Reconcile purchasing card statement promptly each month once you receive the notice that transactions are available. Purchasing card accounts must be reconciled by the 15th of the month following the statement date.

4. Supervisor/Approving Official Responsibilities

- Only request new cardholder accounts if there is a genuine need for additional cardholders in your organization.
- Advise cardholders to have proof of receipt documented and readily available for your review in the transaction log envelope.
- Approve monthly cardholder transactions by the specified deadline.

5. Dollar Limits

Single purchase and monthly limits are assigned by the Purchasing Card Committee when the account is set up with the bank. Monthly limits may vary depending on each cardholder's usage, and can be modified by the Purchasing Card Committee as needed. The single limit purchase limit **CANNOT** be modified. If a single purchase exceeding either limit is attempted, the card will decline and the transaction will not be processed.

6. Reconciling Monthly Transactions

Because delinquency in reconciling monthly transactions impedes accurate verification of the purchasing card payment, the following process has been instituted to encourage compliance with due dates as well as to provide consequences for late reconciliation and approval.

Cardholders:

- When transactions are available for reconciliation (typically by the 1st of the month) purchasing cardholders will be alerted via e-mail that they have transactions to reconcile and the deadline by which reconciliation and approval must be accomplished. In addition, approvers will be alerted via e-mail the cardholders that have transactions to reconcile and the deadline by which reconciliation and approval must be accomplished.
- Prior to the deadline for reconciling, the Financial Accounting Services Office will e-mail cardholders a reminder to reconcile in a timely fashion and to seek assistance if needed.
- **For a first offense** of late reconciliation, cardholders will be issued a warning notice.
- **A second occurrence** (within one year) will result in suspension of purchasing card privileges for 30 days.
- **Any subsequent occurrence** (within one year) will result in suspension of the purchasing card for 12 months.

Approving Officials:

- Approving officials will be alerted via e-mail the cardholders that have transactions to reconcile and the deadline by which reconciliation and approval must be accomplished. In the event the approving official does not approve transactions by the designated deadline, the following procedures will apply:

- **For a first offense** of not approving by the deadline, the approver will be issued a warning notice.
- **A second occurrence** (within one year) will result in suspension of cardholder account(s) (whose transactions weren't approved by the deadline) for 30 days. A notice of these suspensions will also be sent to the approver's supervisor.
- **Any subsequent occurrence** (within one year) will result in suspension of cardholder account(s) (whose transactions weren't approved by the deadline) for 12 months. A notice of these suspensions will also be sent to the approver's supervisor.

A supervisor and/or an approving official cannot direct a cardholder to make a purchase that is noncompliant with purchasing card policies and procedures, such as (but not limited to): unauthorized commitments, splitting transactions, purchasing restricted items, etc (refer to the Purchasing Card Users' Guide for complete information).

If an approver sees a questionable transaction, he/she must discuss, and document the discussion, with the cardholder. If it is determined that the purchase should not have been made, the approver shall instruct the cardholder to make arrangements for return and credit of the purchase. Documentation shall be included in the transaction log that the item(s) are being returned and a credit will be issued. In the event a credit cannot be issued, the cardholder may reimburse the University for the disallowed amount(s). If the cardholder does not obtain a credit and does not reimburse the University, the disallowed amount(s) will be considered taxable compensation to the cardholder. Additionally, the University reserves the right to refer the disallowed transaction(s) to law enforcement agencies.

NOTE: In the event that an approver is not available to approve monthly transactions (i.e. travel, vacation, sick leave, etc) the alternate approver may approve the transactions so as not to delay completion of the monthly process. The alternate will then send a copy of the transactions via e-mail to the approving official, who must then review the transactions and respond back with their official approval.

Failure of an approver to respond by the 15th of the month will result in suspension of the cardholder account(s) (whose transactions have not been officially approved) for 30 days.

New Supervisors or Cardholder Change in Organization:

If a cardholder moves to another organization, the cardholder's existing card(s) will be cancelled.

7. Additional Warning Notices and Suspensions

In addition to late reconciliation and/or approving monthly transactions, a warning notice will be issued (with a copy sent to the cardholder's supervisor) if:

- A purchase is divided into two or more payments (split transaction) in an attempt to avoid exceeding the single purchase limit.
- It is determined that a purchase is made/received on a purchase that exceeds the purchase order requirement of \$3,000.
- It is determined that a cardholder authorized another individual to use his/her purchasing card.

- It is determined the cardholder used the purchasing card for personal purchases, cash advances, or to purchase cash equivalents (i.e. gift cards, gift certificates, movie vouchers, etc).
- The cardholder fails to retain the Purchasing Card Transaction Log (and all related documentation) for a period of 3 fiscal years plus the current fiscal year.
- Any other action or purchase that is deemed to be noncompliant with the Purchasing Card Users' Guide and any other applicable University policies.

Subsequent violations of the purchasing card procedures described above shall result in suspension of cardholder accounts as described above for late reconciliation of cardholder accounts. Suspected instances of fraudulent purchases made by the cardholder or purchases of items/services for personal use will be referred to the Purchasing Card Committee and/or General Counsel. The University reserves the right to refer any incident(s) of this nature to law enforcement agencies.

Approving officials found to have approved purchases of noncompliant item or services shall receive a warning notice, with a copy sent to their supervisor. Subsequent approvals of noncompliant items or services shall result in suspension of cardholder account(s) as described for late approvals of cardholder purchases. In addition, instances where it appears approvals were made for fraudulent purchases or items/services for personal use will be referred to the Purchasing Card Committee and/or General Counsel. The University reserves the right to refer any incident(s) of this nature to law enforcement agencies.

Cardholders who wish to appeal a warning notice may do so by submitting a **WRITTEN** request to the Purchasing Card Committee within 10 business days of the receipt of the warning by the cardholder. If there is no clear receipt of the warning by the cardholder, the appeal must be received within 15 business days of the date the warning was sent to the cardholder.

Cardholders and approvers may also request a meeting for reconsideration of suspension actions. A representative from another functional area may also be present at this meeting, depending on the nature of the infraction. This meeting provides the cardholder and/or approving official the opportunity to present any additional informative relevant to reinstatement of purchasing card privileges.

The Purchasing Card Committee will issue a final decision within ten business days after the meeting, which will be based on information provided by the cardholder, approving official and/or representative(s) in attendance at the meeting.

Prior to lifting the suspension, the cardholder will be required to attend a one-on-one refresher training course.

8. Revocation and Reinstatement Policy

In cases where a cardholder demonstrates continued inability or unwillingness to adhere to the Purchasing Card Users' Guide, the Purchasing Card Committee reserves the right to revoke the purchasing card. Prior to revocation, the cardholder will be permitted to present his/her case.

A cardholder whose purchasing card privileges have been revoked may request consideration for reinstatement no earlier than 12 months after termination of the purchasing card account. The request shall be made to the Purchasing Card Committee, who will schedule a meeting with (at a minimum) the cardholder, the supervisor, and the approving official. Other functional representatives may be invited to this meeting when the infraction(s) leading to the revocation relate to specific requirements of other functional organizations.

If it is determined to be in Oklahoma City University's best interest to reinstate the user's purchasing card privileges, the cardholder will be required to a one-on-one refresher training course.

This Audit Program will be reviewed annually, by the Purchasing Card Committee, and updated as necessary to incorporate procedural changes as they occur.