



PROCUREMENT CARD COMPLIANCE REVIEW PROCEDURES

Towson University's Procurement Card Program is subject to audit by three different entities: TU Internal Audit; University System of Maryland (USM) auditors; and the Legislative auditors. In addition, transaction histories can be viewed at anytime by anyone; the records are public. In order to ensure that our program remains in good standing, the Procurement Department and Financial Services Division have jointly established this Compliance Review Program.

These compliance policies and procedures are established to support the Procurement Card Program and will be updated from time to time, as deemed necessary by the University. Continuous oversight is essential to protect the cardholder and the University.

Cardholder records are subject to periodic unannounced reviews by Financial Services. Transaction logs must be accessible for review at all times, whether or not the cardholder is present. Should a cardholder deny the reviewer access to procurement card logs or if records are found to not be in compliance with program requirements, the reviewer will immediately notify the Procurement Card Program Administrator (PCPA) who may immediately suspend or cancel buying privileges with the pcard. After each review, the PCPA will classify the cardholder as: (1) in compliance; or (2) non-compliant. All cardholders classified as "non-compliant" will be required to attend additional training. Problems or concerns noted by the reviewer will be shared with the cardholder in writing. The cardholder's supervisor will be copied on all correspondence. Cardholders located at an off-campus site are required to keep their records on campus. All Cardholders are required to keep their procurement card records in a central location within the department for five years.

The Office of Human Resources (HR) notifies the PCPA and the Financial Services Review Team of all employees leaving Towson University. Immediately upon notification from HR that an employee will be separating from the University, the PCPA and the Review Team will check to see if that employee is a cardholder. If yes, the employee's procurement card records will be reviewed, prior to separation. Cardholders' supervisors are responsible for notifying the PCPA of separation; supervisors must retrieve the card from the employee. Cards must be returned to the PCPA prior to termination/separation. The PCPA will request a final bank statement that must be reconciled before separation. All reconciliation must be completed before the last day of employment with the University.

The following are potential areas of risk and, therefore, reviewers will be specifically looking for the activities listed during the course of their reviews. When these instances are identified, the reviewers will notify the PCPA who will take the respective actions listed below:

Failure to Maintain Activity Logs or Failure to have Activity Log Reviewed by Supervisor.

Each cardholder shall maintain a monthly Activity Log for recording each purchase or credit made with the Procurement Card. When the monthly statement is received from the bank, the cardholder must match the Activity Log and documentation for each and every purchase, sign the statement, and have his supervisor review and sign the Activity Log and statement. Should review or audit of the Cardholder's records show failure to maintain activity logs or have activity logs reviewed by the supervisor, the following action may be taken:

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|----------------------------|---|
| 1 st Occurrence | Written warning to cardholder |
| 2 nd Occurrence | Card privileges will be suspended for 30 days |
| 3 rd Occurrence | Immediate and permanent loss of card privileges |

Splitting Transactions to Circumvent the Procurement Policies and Procedures:

If a cardholder purchases goods or services exceeding the single transaction limit and authorizes the vendor to split the transaction in order to allow the procurement card purchase to be completed, the following action may be taken:

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|----------------------------|---|
| 1 st Occurrence | Written Warning |
| 2 nd Occurrence | Card privileges will be suspended for 30 days |
| 3 rd Occurrence | Immediate loss of procurement card privileges |

Failure to Keep Documentation

Each cardholder shall maintain a monthly Activity Log for recording each purchase or credit made with the Procurement Card. Acceptable documentation for each purchase or credit shall be kept with this log. Acceptable documentation is the itemized sales slip, cash register receipt or repair order and proof of delivery or receipt. Every transaction listed on the monthly bank statement must be reconciled with the required documentation. Should the review or audit of the Cardholder's records show failure to maintain the required documentation, the following action may be taken:

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|----------------------------|---|
| 1 st Occurrence | Written Warning |
| 2 nd Occurrence | Card privileges will be suspended for 30 days |
| 3 rd Occurrence | Immediate loss of procurement card privileges |

Purchasing Prohibited Goods or Services:

Each cardholder will receive instructions to review the State's Procurement Card Policies Handbook as well as TU's Procurement Card Policies. In addition, purchases that are restricted or prohibited are reviewed during mandatory training for all new cardholders. If deemed warranted, cardholder will be required to make restitution to the University. Should a cardholder make a restricted/prohibited purchase, the following action may be taken:

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|----------------------------|---|
| 1 st Occurrence | Written warning |
| 2 nd Occurrence | Card privileges will be suspended for 30 days |
| 3 rd Occurrence | Procard privileges will be revoked |

Failure to Document Food and Catering Purchases

While the use of the procurement card is encouraged for catered events, it is important that all such purchases are in compliance with the University's Catering and Meal Coupon Policy. Justification and an attendee list must support payment for all food purchases. Failure to meet the requirements of the University's Catering and Meal Coupon Policy for procurement card transactions may result in the following:

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|----------------------------|---|
| 1 st Occurrence | Written warning to cardholder |
| 2 nd Occurrence | Card privileges will be suspended for 30 days |
| 3 rd Occurrence | Immediate and permanent loss of card privileges |

Failure to Secure the Procard and/or Activity Logs/Loaning the Card or Card Number to Others for Transaction Purposes:

The card, card number and activity log should be kept in a secure location at all times. Loaning the procurement card or card number to another staff member is prohibited. Failure to properly secure your card or card number may result in the following:

- 1st Occurrence Written warning to cardholder
- 2nd Occurrence Card privileges will be suspended for 30 days
- 3rd Occurrence Immediate and permanent loss of card privileges

Merchandise Delivered to and Off-Campus Location:

All merchandise purchased with the pcard must be delivered to Towson University. Cardholders who authorize delivery to a location other than Towson University may be subject to immediate cancellation of card privileges. If the cardholder is unable to provide evidence of the purchase in question, their pcard may be immediately canceled.

- 1st Occurrence Written warning to cardholder
- 2nd Occurrence Card privileges will be suspended for 30 days
- 3rd Occurrence Immediate and permanent loss of card privileges

Lost or Stolen Cards:

Cardholders must immediately report lost or stolen cards to the bank, the TU Police Department, and the PCPA. Failure to report a lost/stolen card may result in loss of pcard privileges. Two or more lost/stolen cards may result in permanent termination from the cardholder program.

- 1st Occurrence Written warning to cardholder
- 2nd Occurrence Card privileges will be suspended for 30 days
- 3rd Occurrence Immediate and permanent loss of card privileges

Failing to Reconcile Bank Statements:

All transactions listed on the monthly bank statement must exactly match the invoice/credit memo/receipt for that transaction. Failure to secure the credit or document the reason for discrepancies may result in the following:

- 1st Occurrence Written Warning
- 2nd Occurrence Card privileges will be suspended for 30 days
- 3rd Occurrence Immediate loss of procurement card privileges

Failing to File a Dispute with the Bank:

Failing to file a dispute regarding defective merchandise or an inaccurate bank statement (not reconciled through vendor) within 60 days of receipt of the statement may result in the following action:

- 1st Occurrence Written warning to cardholder
- 2nd Occurrence Card privileges will be suspended for 30 days
- 3rd Occurrence Immediate and permanent loss of card privileges

* The disputed charge will remain the department's responsibility

Purchasing Goods/Services in Error for Personal Use:

If a personal transaction is made in error with the University's procurement card, restitution must be made to the University immediately upon receipt of that month's bank statement. In addition, the following may occur:

- 1st Occurrence Written reminder to cardholder
- 2nd Occurrence Written warning
- 3rd Occurrence Card privileges will be suspended for 30 days
- 4th Occurrence Procard privileges will be revoked

** Should it be determined that personal purchases were intentionally made, the procurement card will be immediately canceled and appropriate action taken against the cardholder.

Paying Maryland State Sales Tax in Error:

All procurement card transactions are exempt from Maryland sales tax. Transactions that include sales tax are routinely monitored. If it is discovered that Maryland sales tax of over \$5.00 has been paid in error, the cardholder will be immediately notified and must contact the vendor for a sales tax credit to the respective account. In addition, the Procurement Department may take the following action:

- 1st Occurrence Written reminder to cardholder
- 2nd Occurrence Written warning
- 3rd Occurrence Card privileges will be suspended for 30 days
- 4th Occurrence Procard privileges will be revoked