University Policies and Procedures

08-03.11 - PROCUREMENT CARD REVIEW PROGRAM

I. Purpose:

Towson University has established this policy and these procedures to institute a program to ensure that Towson University's Procurement Card Program remains in good standing. Procurement card reviews are intended to educate the cardholder on State and University policies governing procurement card use, to monitor the procurement card program to ensure cardholders comply with program policies, and to protect the University from misuse, abuse, or fraudulent procurement card activity.

II. Responsible Executive and Office:

Responsible Executive: Vice President of Administration and Finance and Chief Fiscal Officer (CFO)

Responsible Office: Procurement Department

III. Procurement Card Review Program Policy:

A. Pursuant to the requirements of the Towson University Procurement Card Review Program, (see http://www.towson.edu/procurement/procurementcard/index.html for program details), representatives from Financial Services will conduct unscheduled reviews of cardholder records, complete a standard questionnaire, and report their findings to the Procurement Card Program Administrator (PCPA) for further action.

B. The Procurement Card Administrator (PCPA) will, based upon the review findings, classify a cardholder as:

   i. compliant,
   ii. non-compliant

A cardholder will be deemed non-compliant with the Procurement Card Program if:

   iii. cards and/or card numbers are being loaned or shared with others representing an increased risk of fraud;
   iv. logs are not being maintained;
   v. logs are not being reviewed by supervisors on a monthly basis;
vi. purchases are being split to circumvent procurement policies; or
vii. receipts are missing.

The PCPA will take appropriate action in accordance with established policies, including mandatory retraining for those found non-compliant. If violations are found, the cardholder will initially receive a written warning. Additional violations will be followed by suspension of card privileges and, finally, revocation of the Procurement Card. Should the cardholder disagree with a finding, he/she may respond to the findings in writing and their comments will be included in the file for record.

IV. 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:

A. **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 to the transactions posted on the bank statement. The reviewer of record must review and approve all transactions included on the activity log. Should review or audit of the Cardholder’s records indicate a failure to maintain activity logs or have activity logs reviewed by the supervisor, the following action may be taken:

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

B. **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:

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

C. **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 bank statement must be reconciled with the cardholder’s activity log on a monthly basis. Should the review or audit of the Cardholder’s activity log show failure to maintain proper records or reconcile purchases, the following action may be taken:

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

D. Purchasing Prohibited Goods or Services

Each cardholder will receive a copy of 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:

1st Occurrence  Written warning
2nd Occurrence  Card privileges will be suspended for 30 days
3rd Occurrence  Immediate revocation of card privileges

E. 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 (TU policy 08-11.20). 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 (08-11.20) for procurement card transactions may result in the following:

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

F. 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 revocation of card privileges

G. Merchandise Delivered to an 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. Should the cardholder find it necessary to have merchandise delivered to a location other than Towson University, prior approval must be obtained from the PCPA. Materiel Management/Property Control will be immediately notified of all deliveries made to an off-campus site involving sensitive equipment.

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

H. Lost or Stolen Cards

Cardholders must immediately report lost or stolen cards to USBank, 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 revocation of card privileges

I. Failing to File a Dispute with the Bank

Cardholders must immediately notify the bank of any disputed charges appearing on the monthly bank statement, pursuant to the policies outlined in the State of Maryland’s Corporate Purchasing Card Program (see https://marylandtaxes.gov/forms/state-accounting/static-files/CPC_Manual_20191125.pdf).

Failing to file a dispute with the bank 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 revocation of card privileges

J.  Purchasing Goods/Services in Error for Personal Use

If a personal transaction is made in error with the University’s procurement card, the cardholder must reimburse the University immediately upon receipt of that month’s bank statement. Proof of reimbursement must be attached to the cardholder’s activity log. 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.

K.  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

Related Policies:

TU Policy 08-11.20, Catering and Meal Coupon Policy

State of Maryland’s Corporate Purchasing Card Program

Approval Date:

Effective Date: 3/15/05