

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 any time by anyone; the records are public. In order to ensure that our program remains in good standing, the Procurement Department and the Financial Planning Accounting & Analysis Team of the Comptroller Department 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 daily and periodic unannounced reviews by Financial Planning Accounting & Analysis and Procurement. Transaction logs for all transactions prior to July 1, 2022 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 ProCard. 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 of all employees leaving Towson University. Immediately upon notification from HR that an employee will be separating from the University, the PCPA 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 within two weeks prior to termination/separation. The PCPA will request that all transactions are reconciled and expense reports created in Stratus before separation. If the cardholder is unavailable, the reviewer must reconcile and create expense reports in Stratus.

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 Create Stratus Expense Report or Failure to have Expense Reports approved by Reviewers by month end deadlines.**

Cardholders must create Stratus Expense Reports for all ProCard Transactions uploaded into the Expense Module in Stratus. Transactions are uploaded into Stratus daily.

- |                            |                                                 |
|----------------------------|-------------------------------------------------|
| 1 <sup>st</sup> Occurrence | Written warning to cardholder                   |
| 2 <sup>nd</sup> Occurrence | Card privileges will be suspended for 30 days   |
| 3 <sup>rd</sup> 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 will be taken:

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

**Failure to Keep Documentation (Applicable for all records prior to July 1, 2022)**

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:

- 1<sup>st</sup> Occurrence            Written Warning
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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:

- 1<sup>st</sup> Occurrence            Expense Report approved with warning by reviewers and written warning will be issued by the PCPA.
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> Occurrence           Procard privileges will be revoked

**NOTE:** Gift card purchases will result in a General Accounting Division (GAD) mandated 45-day suspension of card privileges.

**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:

- 1<sup>st</sup> Occurrence            Written warning to cardholder
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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:

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

**Merchandise Delivered to an Off-Campus Location:**

All merchandise purchased with the ProCard 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 ProCard will be immediately canceled.

- 1<sup>st</sup> Occurrence            Written warning to cardholder
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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 ProCard privileges. Two or more lost/stolen cards may result in permanent termination from the cardholder program.

- 1<sup>st</sup> Occurrence            Written warning to cardholder
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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:

- 1<sup>st</sup> Occurrence            Written Warning
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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:

- 1<sup>st</sup> Occurrence            Written warning to cardholder
- 2<sup>nd</sup> Occurrence           Card privileges will be suspended for 30 days
- 3<sup>rd</sup> 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:

- 1<sup>st</sup> Occurrence            Expense Report approved with warning by reviewers and written reminder to cardholder from PCPA
- 2<sup>nd</sup> Occurrence           Written warning
- 3<sup>rd</sup> Occurrence           Card privileges will be suspended for 30 days
- 4<sup>th</sup> 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’s expense report will approved by the reviewer with a warning. In addition, the Procurement Department may take the following action:

- 1<sup>st</sup> Occurrence            Expense Report approved with warning by reviewers and written reminder to cardholder from PCPA
- 2<sup>nd</sup> Occurrence           Written warning from PCPA
- 3<sup>rd</sup> Occurrence           Card privileges will be suspended for 30 days
- 4<sup>th</sup> Occurrence           Procard privileges will be revoked

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