

## Policy Violations

University Policy 3.25, Procurement of Goods and Services, and its appendix, this Buying Manual, provide guidelines that are designed to ensure sound business practices and full compliance with other university policies, as well as various external requirements, such as IRS regulations, federal OMB circulars, etc. Procurement card usage must be monitored to ensure that violations of university policy are detected and handled in such a way as to deter future violations. This section of the Buying Manual will provide a course of action in response to a policy violation and identify the party responsible for any follow-up action.

### 1. Failure to Submit Documentation

One of the most significant problems related to the use of pcards is the failure to provide documentation to substantiate a transaction. Without adequate supporting documentation, the FTC/BSC cannot be sure which account or object code to select. Credit Card Programs can identify pcard transactions (PCDOs) in the Quali Financial System (KFS) that do not have an attachment and are therefore, assumed to have had no supporting documentation provided to the university. To reduce this behavior, **Credit Card Programs will suspend all pcards held by an individual who has a pcard transaction in KFS age to 30 days or greater, with no attachment.** The process is as follows:

- A report is run daily to identify any PCDO that was created in KFS 31 days prior
- Credit Card Programs will email the cardholder alerting them to the suspension and the necessary follow up actions, generally within two business days, with a copy going to his/her FTC/BSC Director.
- Cardholders will provide the documentation, or a reasonable explanation (see below), to their FTC/BSC, who will in turn attach the supporting documentation to the PCDO.
- After the steps above have been completed, the FTC/BSC Director may request reinstatement of the pcard at his/her discretion.

♦ **Caution:** If a cardholder receives a third suspension in any 12 months for failure to submit documentation, as described above, Credit Card Programs will consult with the cardholder's SFG/SBG member who will determine whether the card is to be revoked or to be reinstated after all documentation requirements have been met.

♦ **Note:** As described in Documentation Requirements, when an original receipt is not available, the cardholder must provide a written explanation as to why the original receipt is not available, details about the transaction including a description of the item(s) purchased, vendor's name, date of purchase, quantity, unit price, total cost, account(s) to be charged and a description of business purpose.

### Other Types of Policy Violations

Other types of policy violations are most easily identified by the pcard coordinator in the FTC/BSC. Should the pcard coordinator determine that a pcard transaction represents a violation of policy, he/she will report this violation to the FTC/BSC Director, who is responsible for evaluating the violation based on the information provided in this Buying Manual. Requests to suspend or reinstate a pcard will be made to Credit Card Programs.

**2. Lending or Sharing of a pcard**

Any instance of lending or sharing a pcard should result in a minimum 60 day suspension of the card. This is a significant violation as knowingly sharing a card or card number will negatively impact the cardholder's ability to dispute charges and identify fraudulent transactions.

Other factors that may lead to suspension of your pcard include, but are not limited to the following:

**3. Performance of a prohibited transaction (see section 302, Prohibited Transactions)**

**4. Splitting a Transaction**

The cost of a single item (whether good or service) must not be split into multiple payments in order to circumvent the per transaction limit on the pcard.

**5. Exceeding the PCard Transaction and/or Cycle Limit**

Merchants can (and do) force through transactions without verification of a card's limits. Take into consideration whether or not the cardholder should have been aware that an order would total more than his/her per transaction limit. It is also a violation when multiple purchases of the same items are made such that the total combined value of the purchases would require completion of a bid through Procurement and Payment Services.

**6. Late submission of documentation**

Submitting documentation more than 10 days after the transaction will generally cause the automatic release of that charge against the card's default account. This violation is significant as it creates an expense for the university without supporting documentation. The FTC/BSC cannot know which account or object code to select without adequate supporting documentation and therefore, additional work is created when the charge (or credit) must be moved to a different account or object code.

**7. Submitting written explanations for missing, lost, not received receipts, in lieu of originals**

Submitting a written explanation for missing, lost, not received receipts, in lieu of originals may warrant a suspension if/when the frequency or circumstances do not appear reasonable. Each instance must be evaluated individually.

**8. Accidental personal use of the pcard**

**9. Any other use of the pcard that violates this, or other, university policies.**

Any violation fitting the title above must be evaluated individually by the FTC/BSC Director and may require immediate suspension of the card.

♦ **Note:** *If a cardholder's pcard is revoked for noncompliance with policy, the individual cannot apply for a subsequent card.*