

**Office of Business & Financial Services**

**Procurement Card Program**

**P-Card Pitfalls and Audit Concerns**



# Objectives

- Overview of P-Card program
- User roles & responsibilities
- Monitoring P-Card use within department
- Ways to have a compliant program!

# P-Card Program History

- Piloted in 1997 & implemented in 1998
- Allowed Air/Rail/Bus tickets in 2004
- Program management centralized with the creation of the Corporate Card Office in October, 2005

# What is the Corporate Card Office?

- Consolidated University P-Card program
- Provide central help desk for support
- Provide training customized to users
- Review transactions for compliance with policies
- Liaison to JP Morgan Chase

# P-Card Statistics

- 5,784 active P-Cards
- 482,941 total transactions 2006
- \$123,354,123 total spend 2006

# P-Card Program

- University's Procurement Card
- Cards are issued to individual not department
- Purchases within per transaction and cycle limit
- Reconciliation is done electronically within P-Card Web software

# Card Security

- Use of the P-Card By Anyone Other than Cardholder is PROHIBITED
- Do not place card number on file at a vendor
- Cardholder is responsible for all charges made with the P-Card.



# Phishing

- Never give out your secure information to anyone on phone or e-mail if they contact you.
  - Ask for the individual's name and department at the bank then tell them you will call them back. Do not ask for phone number.
  - Use the Bank's phone number on the back of the card and ask the operator to connect you to the individual.

# Tax Exempt

- Always bring to the attention of the vendor that you're making a purchase on behalf of the University of Illinois and that the University has a 'tax exempt' status with the Illinois Department of Revenue
- Take a copy of the tax exempt letter

# Retention of Receipts

- You **must have** a receipt for all transactions
- **Original Receipt Retention** – The original receipt must be retained for a period of 5 years plus current year
- The reconciler and approver must review the original receipt when they reconcile/approve
- Receipts should be filed in the Department's Business Office

# Lost/Stolen Card

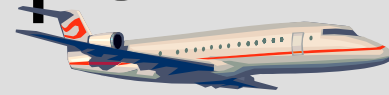
- Cardholder should contact the bank immediately at 1-800-848-2813, Ext 5405
- Immediately advise your Department Card Manager

# Policies and Procedures

- ***OBFS Business and Financial Policies and Procedures manual***
  - *Section 7.6* The University P-Card
  - *Section 8.12* Business Meals and Refreshments
  - *Section 8.13* Allowability and Funding of Certain Expenditures

# P-Card MCC Group Setups

## U1E – Travel



- Cardholders designated to pay for Airline / train tickets and purchase of hotel rooms for events are not to pay for appropriate hotel lodging charges for visiting speakers or candidates interviewing for faculty and/or staff.



Does not include hotel, car rental, limo and other in-travel status expenses for University employees.



Additional or change individuals with travel on the P-Card, the DCM must e-mail a request to



# Prohibited-Restricted Purchases\*

- Contracts/Quotes requiring a signature
- Charter Air / Bus
- Lab or specialty gases

\*OBFS Business and Financial Policies and Procedure, Section 7.6



# Prohibited-Restricted Purchases\*

- Consultant Fees
- Health Care Providers
- Independent Contractors
- Professional and Artistic Services

\*OBFS Business and Financial Policies and Procedure, Section 7.6





# Prohibited-Restricted Purchases\*

- Recurring transactions
  - Monthly Cell phone Charges
  - Monthly ISP Charges  
(Internet Services Provider)

\*OBFS Business and Financial Policies and Procedure, Section 7.6



# Prohibited-Restricted Purchases\*

- Insurance and Liability Issues
  - On-site
    - Labor
    - Installation
    - Repairs / Maintenance of equipment

\*OBFS Business and Financial Policies and Procedure, Section 7.6



# Prohibited-Restricted Purchases\*

- Insurance and Liability Issues
  - Catering
    - Deliver/Setup &/or Serve Food
      - Only Aramark approved for on-site***
    - Box Lunches-only delivered

\*OBFS Business and Financial Policies and Procedure, Section 7.6



# Prohibited-Restricted Purchases\*

- Business Meals
  - Purpose of Meal
  - List all attendees
  - Maximum Allowable Amounts for Business Meals

\*OBFS Business and Financial Policies and Procedure, Section 8.12



# Prohibited-Restricted Purchases\*

- Flowers to employees or students for personal reasons
- Gift certificates / Gift cards
- Human Subjects

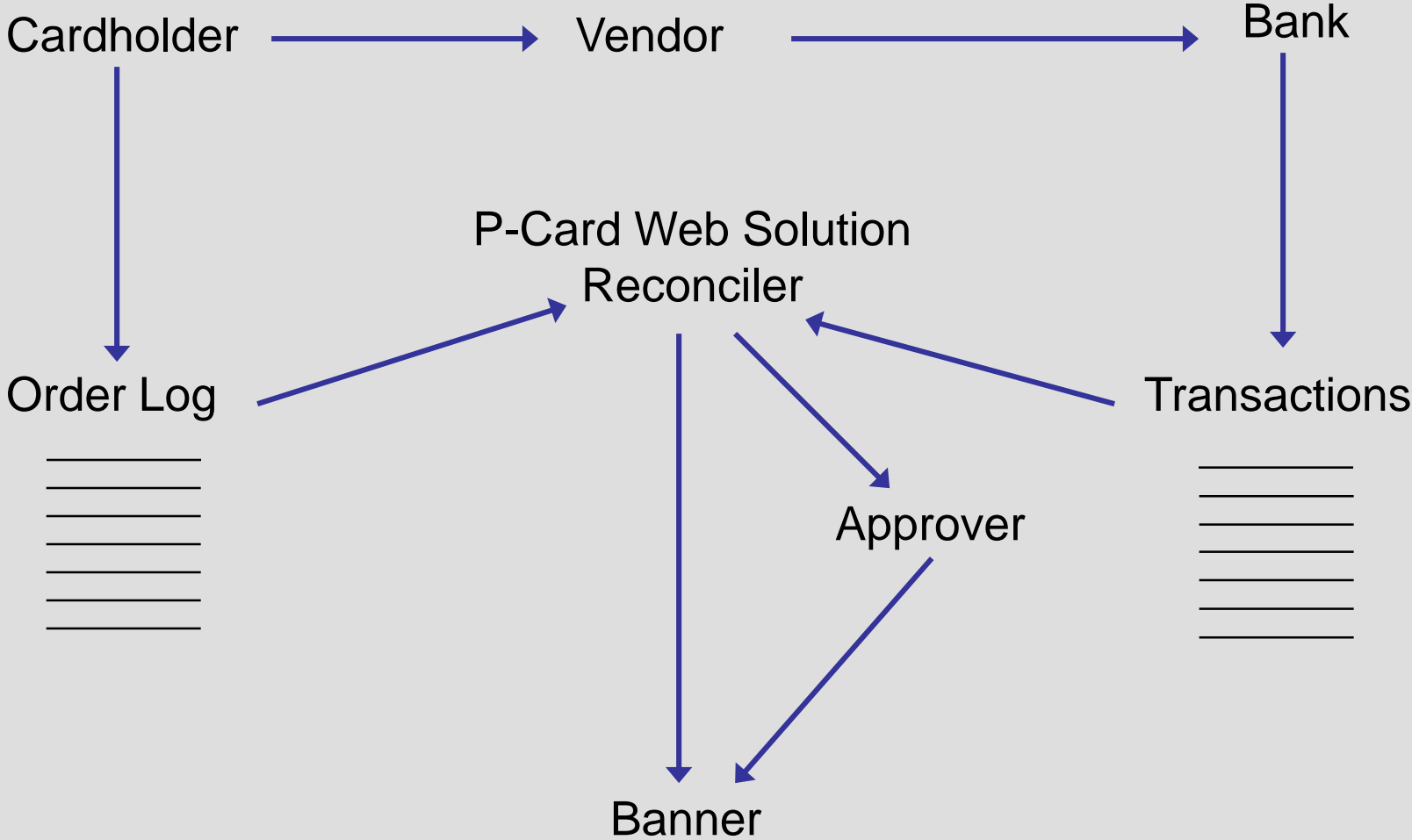
\*OBFS Business and Financial Policies and Procedure, Section 8.13 & 8.10



# Exceptions

- Exception Request Form
- One-time or Ongoing
- Commodity or Dollar restriction of per transaction or cycle limits

# How does the P-Card work?



# Department Card Manager

- Administers the P-Card program for department
  - Processes initial card applications
  - Performs card maintenance
  - Ensures cardholders are trained
- Monitors cardholder transactions
  - Ensures compliance with relevant policies and procedures
  - Ensures independent eyes are looking at each transaction in reconciliation process



# How to stay in Compliance?

- Cardholders are not sharing cards
- Reconciliation is done within the 7 day period in the P-Card software
- Receipts are filed and kept for a period of 5 years plus current year
- All transaction comply with the OBFS Business and Financial Policies and Procedures

# Inappropriate Transactions

- ***Fraud***
- ***Misuse***
- ***Negligence***

# What is Fraud?

- *A deception deliberately practiced in order to secure unfair or unlawful personal gain*

# What Fraud is NOT?

- Misuse
- Negligence

# Misuse

- Not for personal gain
  - Purchasing Prohibited or Restricted items
  - Intentionally splitting a purchase to circumvent cardholder's per transaction limit
  - Ignoring supervisor /department / university instructions and/or policies and procedures

# Negligence

- Not for personal gain
  - Sloppy recordkeeping
  - Unsecured record retention
  - Lack of receipts
  - Auto-reconciling/approving of transactions

# How to eliminate Fraud / Misuse / Negligence?

- Everyone must take responsibility
- Not only the cardholder but the reconciler and approver must also follow the policies and procedures

# CCO Compliance Reviews

- Compliance with OBFS Business Policies and Procedures
- Terminated employee with active P-Card
- Terminated employees with P-Card roles
- Reconciliation within P-Card software
- Original Receipt Retention
- Prohibited/Restricted items



# Department Visits

- Compliance issues
- Auto-reconciliation/approve
- Record retention
- Re-training

# Training

- Classes – Sign-up on OBFS Website
  - Hands-on cardholder/reconciler/approver
  - Department Card Managers (DCM)
- Department
  - Retraining-customized
  - Brown Bag Presentation

# Corporate Card Office

## Contact Information

217-244-9300 or 800-260-9113

217-239-6735 fax

cco@uillinois.edu

<http://www.obfs.uillinois.edu> (*select P-Card*)



QUESTIONS?