

Ohio State - Lima

Internal Control Structure for the PCard

A. Introduction/Overview

The Ohio State University Procurement Card (PCard) Program provides the convenient acquisition of approved, small-dollar commodities directly from suppliers that accept a MasterCard.

As a large public institution, The Ohio State University is held to a high degree of public scrutiny and accountability for its business practices. Issuance of a Purchasing Card is a privilege and every reasonable effort must be made to ensure that funds are used responsibly and in a manner consistent with the University's mission, applicable law, and ethical practices.

The Purchasing Card is a tool designed to complement Ohio State's purchasing and payables processes and is used to make small dollar purchases for goods required to conduct University business. This card can also be used for conference registration, hotel (lodging), and rental car services.

The Purchasing Card is subject to a maximum standard single transaction limit of \$1,000 and a maximum monthly spending limit of \$5,000. Only in very extreme circumstances will limits above the standard be considered and will require the authorization of the Dean and Director of Ohio State - Lima. Purchases must not be split to avoid the established single transaction limit.

The Purchasing card cannot be used for purchases on sponsored programs administered through the Research Foundation.

B. Procedures Governing Department Cards

- Departmental cards must be stored in a secured location
- Purchases must be pre-approved
- A log sheet must be maintained for each card indicating who has taken the card, the date the card was taken, what was purchased and the date the card was returned. The individual logged as having the departmental card is responsible for all activity that occurs during that time.
- The PCard Transaction Form must be completed in its entirety
- Original, itemized receipts **AND** a signed copy of the credit card slip must be attached to the Procurement Card Transaction Form (completed in its entirety) and given to the Business Office within 2 business days of purchase or return to campus. Post-approval is required only if the actual purchase amount exceeds the pre-approved amount by 20% or more, or if the items purchased are inconsistent with the pre-approval. For Internet purchases, a copy of the confirmation and the shipping document should be attached.

C. Additional Restrictions, Special Approvals, and Procedures

ANY and **ALL** purchases including business meals, entertainment and staff appreciation expenditures that include alcohol must be signed by the Dean and Director prior to the event and receipts **must** be signed and approved after the event. Alcohol can only be charged to discretionary funds.

OSU-Lima employees who have been delegated the authority and privilege to purchase approved goods and services on behalf of the University using a PCard must agree to:

- **Abide by The Ohio State University's Accountable Plan as set forth by OSU Purchasing and Accounts Payable policies and procedures;**
- **Abide by all OSU PCard policies and cardholder responsibilities as stated at <http://www.osupcard.com/>;**
- **Attend Ohio State PCard training and update programs as required.**

The PCard may not be used for:

- All services, including independent contractors
- Goods that require the purchaser to sign a contract or document that requires administrative review (i.e. agreement that accompanies software purchase)
- Advertising (except classified ads under \$1,000)
- Cash advances or ATMs
- Gas cylinders
- Gasoline (except rental vehicles)
- Guns, weapons, ammunition and explosives
- Internet connectivity (and associated Internet expenses) except while on travel status
- Letterhead
- Painting
- Per diem meals and incidentals while on travel status
- Personal expenses
- Portable and mobile radio equipment
- Purchases on sponsored programs through the Research Foundation (OSURF)
- Radioactive material
- Satellite dishes/antennas
- Security alarm systems
- Telecommunications/telephone equipment and services
- Signage and graphics
- Any items listed as PCard restricted or special approval commodities and services at the OSU PCard website (<http://www.osupcard.com>).

Also, it is the cardholder's responsibility to ensure that the vendor does not charge sales tax. The cardholder must make every reasonable effort to obtain the credit for any inappropriate sales tax charge.

Additional Required Procedures

Reallocator

- Receives all PCard statements. No individual should reconcile his/her own card;
- Receives all Procurement Card Transaction forms, receipts, and appropriate documentation;
- Assigns appropriate Chartfields to transactions as part of system reconciliation process;
- Validates that transaction forms/receipts are provided for all purchases;
- Validates that purchases are in compliance with Expenditure Policies;
- Validates that approvals have been received for all transactions. Post-approval is required only if the actual purchase amount exceeds the pre-approved amount by 20% or more, or if the items purchased are inconsistent with the pre-approval;
- Submits statements with receipts to Senior Fiscal Officer for final approval;
- Maintains files of statements and receipts;
- Works to resolve discrepancies with Cardholder. Files PCard Dispute Forms where necessary. Forms MUST be completed within 60 days of purchase to ensure bank cooperation.

Approver

- The individual responsible for approving departmental expenditures should also approve PCard transactions;
- Approvers should review and sign-off on monthly statements;
- The Ohio State-Lima PCard Approver shall be the Senior Fiscal Officer.

Review and Audit

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- o An unannounced periodic review of all PCard activity will be done by the Senior Fiscal Officer.

Changes to PCard Account

- o All changes to the originally established PCard account must be approved through the completion of a PCard maintenance Form;
- o The Dean and Director (or his designee) must sign all PCard maintenance forms
- o The following are designees for the Dean and Director:
 - o Associate Dean
 - o Senior Fiscal Officer
- o If a Cardholder is terminating from the department, the card shall be cancelled using the PCard maintenance Form. The card itself should be returned to the department and destroyed.

D. Addressing Infractions and Non-Compliance

The issuance of a PCard is for the convenience of the department. In addition, it is the Cardholder's responsibility to ensure that the vendor does not charge sales tax. If sales tax is charged in error, reasonable attempts should be made to recover the charges. Sales tax charges of \$10 or more must be recovered from the supplier or the individual who made the purchase.

Violations of University, PCard or departmental policies and procedures can result in corrective action including:

- o Verbal notification to Cardholder
- o Notification in writing to Cardholder and supervisor
- o Temporary loss of privileges
- o Permanent revocation of card or use of any Procurement Card
- o Required reimbursement of inappropriate PCard expenses

Three instances of failure to comply (one verbal and two written) with established policies and procedures will result in revocation of PCard privileges. Fraudulent or egregious use or patterns of misuse of the PCard will result in immediate revocation of PCard privileges. The University will seek personal restitution for any inappropriate charges and corrective action may also include termination and/or possible criminal prosecution.

Cardholder's agreement:

I have read the OSU - Lima Internal Control Structure for the PCard and I have reviewed information at www.osupcard.com . I agree to follow the policies, procedures and limitations mentioned. I agree to provide my receipts to the OSU-Lima Business Office as specified in this document. I understand that if I do not adhere to University PCard policies and procedures, my PCard privileges will be rescinded.

PCard user's name (printed) _____

PCard user's signature _____ Date _____

PCard user's E-mail address _____@osu.edu

Senior Fiscal Officer's signature _____ Date _____

Dean's signature _____ Date _____