

THE OHIO STATE UNIVERSITY LIBRARY  
PURCHASING CARD PROGRAM  
INTERNAL CONTROL STRUCTURE

Overview

As a major public institution, The Ohio State University is held to a high level of accountability for its business practices. Every reasonable effort must be made by all employees to ensure that funds are used in a manner that is consistent with the university’s mission, applicable law, and ethical practices.

The privilege of using a purchasing card (Pcard) is limited to a few individuals. Employees who have been accorded the privilege of using a PCard to purchase approved goods must agree to abide by all state laws, Board of Trustees resolutions, University Financial Code of Ethics, PCard Business rules/policies, University expenditure policies and travel policies.

The attached Internal control Structure describes the policies, procedures, and expectations of The Thompson Library as these relate to the use of the University Purchasing Cards and Travel Cards. Specific details may be found as follows:

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# THE OHIO STATE UNIVERSITY LIBRARY PURCHASING CARD PROGRAM INTERNAL CONTROL STRUCTURE

## **Card Governance Structure**

With over 300 employees and a general funds budget greater than \$24,000,000, The Library has adopted a highly decentralized authority structure. Due to the various locations of our Libraries, each department holding a Purchasing Card must follow the internal control structure and monitor the program to ensure compliance. The locations holding a Purchasing Card include:

- Acquisitions purchasing
- Archives
- Business Office purchasing
- Theatre Research
- Cartoon Research

Each department's activity and log will be periodically reviewed by Accounting. Reviews will verify (1) that there is compliance with current university policy; and (2) that the unit is following the established policies and procedures as outlined.

The Library will be periodically reviewed by OAA and/or Internal Audit. A finding of a yellow light as defined by Internal Audit will put the unit in a watch status, with the expectation that deficiencies will be corrected within 120 days. A finding of a red light as defined by Internal Audit will put the unit in an oversight status, with the same expectation that deficiencies will be corrected within 120 days. If our unit is in oversight status, we will be required to meet with OAA staff at least monthly to review and discuss progress towards compliance.

## **Procedures Governing Cards**

- **Purchasing Card Procedures**
  - Purchasing cards must be stored in a secure location with controlled access.
  - Purchases must be pre-approved by appropriate Library supervisor.
  - Purchases of alcohol must be pre-approved by the Director of the Library or the Library's Assistant Director of Finance.
  - A log (attachment a) must be maintained indicating the name of the individual to whom the card has been given, the date & time the card was given to that individual, item(s) to be purchased, the name of the store/vendor, the estimated amount signature of individual and the date and time the card was returned.
    - The log should be checked for appropriate use, approval, form, tax compliance, receipts and any necessary documentation.

- Original itemized receipts, a signed copy of the credit card slip, and when applicable, other supporting documents must be attached to the completed PCard transaction form. These documents must be completed and given to the card holder when card is returned. The card holder must forward on to the reallocator within two business days of purchase or a traveler's return to campus.
  - Post-approval is required only if the actual purchase amount exceeds the pre-approved amount by 20% or more, or if items purchased are inconsistent with the pre-approval.
- **Travel Card Purchasing Procedures**
    - Purchases must be pre-approved.
    - A T# must be in place before any purchases are made using the Travel Card.
    - A pre-assigned T# can serve as pre-approval for all appropriate expenditures occurring on a trip.
    - The University PCard transaction form must be completed in its entirety.
    - Original itemized receipts, a signed copy of the credit card slip, and when applicable, other supporting documents must be attached to the Purchasing Card Transaction Form. These documents must be given to the reallocator within two business days of purchase or a traveler's return to campus.
    - Post-approval is required only if the actual purchase amount exceeds the pre-approved amount by 20% or more, or if items purchased are inconsistent with the pre-approval.
    - On rare occasion, appropriate documentation may not be available. In these cases the individual should immediately contact the card manager or reallocator to determine the best method for documenting the missing information.
    - Meals cannot be purchased by the Travel card.

### **Restrictions, Special Approvals, and Procedures**

- The use of a Purchasing Card is a privilege and convenience. The Travel Card may be used only by the person whose name appears on the individual card. A Purchasing Card may be used only by the individual to whom the card is logged out.
- The card user should review the university's Purchasing Card, travel, and expenditure policies to be aware of restrictions and know when special approvals are required.
- It is the card user's responsibility to ensure that a 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 \$10.00 or more must be recovered from the supplier or individual who made the purchase.

- All purchases including alcohol or entertainment and expenditures for staff appreciation events must be approved by the Director or a delegated signer prior to the event. Alcohol can be charged only to discretionary funds.
- The Purchasing Card may be used for:
  - Small-dollar commodities as pre-approved.
  - Internet purchases provided the Internet site is secure, the Cardholder obtains detailed receipts and order confirmation information, and there is no requirement to accept terms beyond those applying to the university PCard.
  - Travel expenses in accordance with the Travel Card Policy. A “T number” is required prior to all transactions.
- The Purchasing Card may **not** be used for :
  - Payment to individuals.
  - Goods requiring that the purchaser sign a contract or document that require administrative review (i.e. an agreement that accompanies software purchase, terms attached to a quote).
  - Services such as catering, carpet cleaning, engraving, etc.
  - Personal expenses.
  - OSU Research Foundation expenses.
  - Any item listed as Purchasing Card restricted on the Purchasing Card web site at [Ohio State Purchasing Card](#)

Purchasing Cards may not be used by those on travel status. Charges for meals or personal incidentals are restricted, and such charges will be denied. Food charges appearing on a Travel Card will result in immediate revocation of the card.

When appropriate, card limits (individual transaction or monthly) may be increased. Increasing a card limit requires approval of the card holder’s supervisor and a formal review of the request by the Library Assistant Director of Finance. The formal review is comprised of three steps;

1. Identification of business need.
  - Why is an increase needed?
  - Is an increased limit the most appropriate means of addressing the business need:
  - What is the 12-month history of the current card limit, and what is the relationship to the new need?
2. Review of the requestor’s compliance to purchasing card and university expenditure policies.
  - A significant number of the requestor’s purchasing card transactions during the previous year will be reviewed. The findings of the review must be that university compliance has been maintained. Any exceptions must be isolated and thoroughly explained.
3. Review of the Unit’s compliance to the purchasing card policies.

- This review is similar to the process described above, but the focus will be on the unit's role in securing appropriate approvals, transaction review, and timely cost reallocation. The findings of this review must be that university compliance has been maintained. Any exceptions must be isolated and thoroughly explained.

Also, when appropriate, card limits may be lowered. Completion of the Purchasing Card Maintenance Form with appropriate signatures is required.

### **Responsibilities and Procedures**

- **Card user**
  - The card user agrees to abide by all state laws, Board of Trustees resolutions, University Financial Code of Ethics, university purchasing policies, PCard Business Rules/Policies, University Expenditure, Travel, this Internal Control Structure, and the card user agreement.
  - All purchases require **pre-approval** in writing (via transaction form, email, travel request, etc).
  - Unit directors and/or their approved delegates may authorize purchases within their units.
  - Approvals for unit directors must come from their approved delegate or the Office of Academic Affairs.
  - Individuals may not pre-approve their own transactions.
- **Purchasing Card Manager**
  - The Purchasing Card manager is responsible for the security of the department card.
  - He (she) is responsible for the maintenance of the card log.
  - Pcard statements are to be provided to Unit reconciler.
- **Appropriateness Approver**
  - This approver must be of a level and authority to pre-approve unit transactions, which must have budgetary, program, and appropriateness approvals. This approver must also have some knowledge of University Pcard, Expenditure and Travel policies to ensure that the transaction is appropriate within the mission of the University.
  - If the reallocator is also the unit's reconciler, this approver should review and sign-off on monthly credit card statements and monthly financial reports.
- **Compliance Reviewer/Approver**
  - This approver must be of appropriate level and authority to approve transactions for the unit.
  - This approver receives all University Purchasing Card Transaction forms, receipts, and appropriate documentation. He or she validates that all appropriate documentation is provided for each transaction and that purchases are in compliance with University Expenditure Policies.
  - This approver validates that appropriate approvals have been received for each transaction.
  - This approver works with others to resolve discrepancies.

- The approver provides all transaction forms, receipts and documentation to the reallocator.
  - This approver approves all transactions in the university financial system to verify that they are approved and comply with University Expenditure, Pcard and Travel policies.
- **Reallocator**
    - The reallocator receives all Pcard statements for purchasing and travel cards.
    - On a weekly basis, the reallocator assigns appropriate chartfield information to transactions. Individuals should not reconcile their own transactions.
    - The reallocator submits transaction forms with receipts to the system approver weekly.
    - When appropriate, the reallocator files Pcard Dispute forms.
    - The reallocator makes available documentation for review and audit.
  - **System Approver**
    - The system approver can be the same person as the appropriateness approver, or may share duties with the compliance reviewer/approver. This person cannot be the same person as the reallocator.
    - The system approver approves all transactions in the system on a weekly basis after reallocation.
    - When not serving as the unit reconciler, the system approver submits transactions forms and receipts to the reconciler.
    - Individuals should not approve their own transactions.
  - **Reconciler**
    - The reconciler validates that all transactions have been appropriately expensed in the university financials system.
    - The reconciler compares transactions with the reconciliation report and maintains files of statements and receipts in accordance with the university records retention policy.
  - **Review and Audit**
    - The Library will periodically review all Pcard activity and make adjustments as needed.
    - OAA will periodically review all Pcard activity and recommend adjustments as needed.
  - **Segregation of Duties**
    - Each unit head must ensure that there is proper segregation of duties among card users, card managers, approvers at all levels, compliance reviewers, reallocators, and reconcilers. Each unit head must also ensure that the individuals in these roles are of appropriate level and authority to discharge the duties assigned to them.
    - The Library and OAA will periodically review this segregation of duties.
  - **Infractions and Non-Compliance**

The Senior Fiscal Officer and/or supervisor are responsible for addressing infractions and non-compliance for Travel Card holders, Purchasing Card users, Purchasing Card managers, card reallocators, and reconcilers.

- Travel Card Holders and Purchasing Card Users:

Fraudulent use or misuse of the Pcard will result in immediate revocation of the card. The university will seek restitution for any inappropriate charges and corrective action, which may also include termination and/or criminal prosecution.

Flagrant violations of the university, Pcard or unit policies and procedures will result in the immediate revocation of the Pcard. Flagrant violations include:

- Food/meals charged to the Travel Card
- Failure to turn in itemized hotel receipts.
- Any travel transactions without a pre-trip T#
- Split transactions.
- Card sharing.
- Alcohol purchases without pre-approval.

If sufficient information exists that an individual knowingly and deliberately violated policy, the Senior Fiscal Officer and/or supervisor may immediately evoke the procedures outlined in section G “Procedures for Addressing Infractions and Non-Compliance.”

- **Appropriateness Approver and Compliance Reviewer/Approver:**

The approver’s role is critical to ensuring that all purchases comply with the University Financial Code of Ethics, Pcard policies and rules, University Expenditures, Travel and the unit’s own Internal Control Structure, and the Office of Academic Affairs’ Internal Control Structure.

Transactions must be reviewed for policy compliance and have complete documentation prior to being reallocated in the financial system. The compliance reviewer/approver is required to document and report abuse and non-compliance to the Senior Fiscal Officer.

Knowingly allowing flagrant misuse of the Pcard will result in immediate revocation of a unit’s card privileges. The university will seek restitution for inappropriate charges as outlined in the card user section of this internal control structure.

**Card Reallocators:** Card reallocators are required to reallocate PCards in accordance with the University Financial Code of Ethics, University Expenditure, Pcard and Travel policies, the Library Internal Control Structure and the Office of Academic Affairs’ Internal control Structure, and their duties as outlined in the Memorandum of Understanding.

Any failure to reallocate transactions in accordance with University, Travel, Pcard, or the Library policies and procedures will result in corrective action as outlined in the section “Procedures for Addressing Infractions and Non-Compliance” below.

## **Procedures for Addressing Infractions and Non-compliance**

Card misuse or failure to follow university, Pcard, or unit policies and procedures will result in corrective action which may include:

- Verbal notification to individual.
- Notification in writing to individual and supervisor.
- Letter of reprimand placed in the individual's personnel file.
- Temporary loss of privilege.
- Permanent revocation of card.
- Reimbursement of inappropriate expenses.
- Additional progressive disciplinary steps up to and including dismissal.

The first instance of failure to comply will result in verbal and written notification to the individual and supervisor.

A second instance will also result in a verbal and written notification to the individual and supervisor. At the Senior Fiscal Officer's and/or supervisor's discretion, additional corrective action may be taken, including a requirement of additional training in policies governing the use of university Purchasing and Travel Cards, a letter of reprimand placed in the individual's personnel file, and/or temporary loss of privileges.

A third instance of failure to comply with established policies and procedures will result in the revocation of the individual's card use privileges for one year, a letter of reprimand from the supervisor placed in the individual's file for three years, and the requirement that the individual attend training prior to the reinstatement of card use privileges. Additional monthly review will occur for one year following reinstatement of card use privileges. Any further infractions will result in permanent loss of card privileges.

A third instance of failure to comply with established policies and procedures by approvers, reallocators, or reconcilers will result in a Performance Improvement Plan or letter of reprimand.

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Linda Gonzalez Date  
Assistant Director, Fiscal and Human Resources

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