ProCards:

Best Practices & Compliance Considerations
Managing for the Mission – Compliance is everybody’s business and managers have a special role

Management Standards Handbook
• 3rd edition (pitch your old copies); also available online with “hot links”
• Based on existing DePaul policies
• Managers are accountable for:
  • Knowing and following the standards
  • Attending annual training
  • Completing the required tasks such as ProCard approvals and monthly budget reconciliations
  • Participating in QAR’s
  • Annual certification

Management Standards Update – Briefly review the updates using the update handout
Program Overview

• What is the ProCard?

• What are the benefits of using a ProCard?

• Some statistics:
  • Nearly 650 cards
  • Over 33,000 transactions annually
  • Over $6 million spent annually (and growing)

- The ProCard is our university purchasing card
- It allows spending of $2,500 per transaction and up to $10,000 per month
  - Travel and entertainment purchases are also allowed
- Regarding benefits, the card helps to speed up transactions
  - No need for purchase orders, which reduces the work of Procurement and AP
  - Departments can get what they need quicker
  - No reimbursements; people don’t have to wait for their money
- Some stats….
  - These figures are based off the past calendar year, which was mostly in the old system
  - With higher limits and travel/entertainment we expect the numbers to grow greatly this year
ProCard Rules & Restrictions

Restrictions on the ProCard:

- No personal purchases
- Technology over $500 requires a requisition
- Purchases cannot cross fiscal years
- No purchasing travel/entertainment for your approving official
- No grant-funded travel
- No leasing expenses
- No professional services
- No gift cards

No personal purchases
- This includes hotel incidentals while traveling
  - In-room movies, shoe-shines, health clubs, etc.

Technology over $500 requires a requisition
- Includes PC's, monitors, printers, software and accessories
- Necessary to maintain standards and assist with technical support

Purchases cannot cross fiscal years with approval by Procurement Services or Accounts Payable
- Licensing requirements (such as software)
- Airlines, conferences, hotels, etc.
- Contact Procurement to assist with cross-fiscal year purchases

No purchasing items for your approving official
- i.e. airline tickets for your boss
- The approving official should not be approving their own purchases, it needs to go to their AO for approval

No grant-funded travel
- Grants may include restrictions on travel
- Exceptions can be approved by OSPR

No leasing expenses
- Such as computers, vehicles, furniture, etc.

No professional services
- Such as consultants

No gift cards
- Contact Accounts Payable if you wish to reward an employee or purchase gift cards
ProCard Rules & Restrictions

Rules for the Cardholder:

- Comments must be entered into Pathway
- Proper documentation must be made
  - Business purposes
  - Attendees/DePaul affiliations for meals/entertainment
  - Dates of travel
- Reports must be submitted to Approving Officials
- Receipts must be maintained
  - Must be kept for seven years
  - Should be centrally maintained

Proper documentation includes:
- Dates of travel for airlines/hotels
- Attendees and their affiliation to DePaul for meals/entertainment
- Business purpose for all transactions

Receipts must be maintained:
- Check with your budget manager for how they keep receipts
- Best practices call for all department receipts to be centralized
ProCard Rules & Restrictions

Rules for Approving Officials:

• Ensure all cardholder rules were met
• Review and approve/reject cardholder purchases
  • Must be done every month
  • 45 days to complete

Ensure that all above rules were met
• Your approval indicates that the cardholder has met all of these rules

Review and approve/reject employee’s purchases
• A rejection in the Pathway system sends the report back to the cardholder so they can correct the problems
ProCard Audits

Why Audit?

- Fraud prevention
- Proper allocation of charges
- Federal and IRS regulations

Fraud prevention
- To catch early the possibility of employee theft
- Identity theft, bad vendors, etc.

Proper allocation of charges
- You want to be sure your expenses are hitting the right DeptIDs and Accounts
- As well as making sure other departments aren’t hitting yours

Federal and IRS regulations
- Proper commenting is essential to maintain our tax exempt status
- If audit were to find improper documentation DePaul could end up spending millions on sales tax
- ALSO without proper documentation, T&E is considered compensation and the IRS will personally tax the cardholder
ProCard Audits

Monthly Auditing Reports

• Type I violations recorded
  • Missing comments
  • Reports not submitted to approving official
  • Approving officials not reviewing submitted reports

• Cardholders and Approving Officials have the opportunity to “fix” violations

• Final report is shared with Institutional Compliance and Internal Audit

Monthly Auditing Reports

Type I Violations recorded
• These include not entering comments, not submitting reports to an AO and an AO not reviewing reports
• Draft reports are run about 1 month after the cycle closes

Cardholders and Approving Officials have the opportunity to “fix” violations
• Procurement sends a reminder allowing violations to be fixed

Final report is shared with Institutional Compliance and Internal Audit
This is the report we give to IA and IC every month. Obviously you do not want your name on this report.

Here you can see what a typical audit report looks like.

- You can see cardholders who are missing comments
- What reports have not been submitted
- What reports have not been reviewed
This chart shows:
- The bars show how much we’ve spent during that month
- The blue line shows the percentage of missing comments
- The yellow line shows the percent of cardholders not submitting reports to their AO’s
- The light blue line shows the percent of AO’s not reviewing submitted reports

We watch this every month.

Year to date:
- Less than 5% were missing comments
- Less than 2% did not meet the two-sets of eyes rule
This is the ATC report, also run monthly
- Shows us all the comments entered and not entered
- Missing comments, and Type I errors will probably trigger a full-audit
ProCard Audits – “Deep Dives”

Type II Audits

• Review for appropriate uses:
  • Purchasing technology over $500
  • Purchasing professional services
  • Purchasing gift cards
  • Purchasing items in one fiscal year for use in another
  • Purchasing of items for personal (non-business) uses
  • Proper commenting for IRS regulations
  • Cardholders purchasing T&E for their approving official
  • Maintaining receipts at the department level

These are triggered by Type I violations. Some random departments may be selected as well.

Review for all violations
• Phase II includes the restrictions listed earlier (gift cards, fiscal years, etc.)
• Phase II also include ensuring proper documentation exists and that the comments entered into Pathway match the purchase

Procurement and Internal Audit will review copies of receipts
• We will be selecting departments on a monthly basis and asking for copies of their ProCard receipts
• Receipts will be reviewed for Phase II violations
ProCard Audits

Consequences

• Violations are shared with Institutional Compliance and Internal Audit
• Violations may be shared with the Audit Committee
• Approving officials are notified
• Repeat offenders will lose ProCard privileges and may be subject to disciplinary action
Best Practices & Tips

• Do not share your credit card or numbers
• Do not leave your card out in the open or in an unlocked desk
• Receipts should be kept in order of the Pathway reports
• All department receipts should be kept in a central location
• Approving officials should review all receipts for compliance
• Detailed comments should be entered into Pathway