

# PURCHASING CARD INTERNAL CONTROL REVIEW

*The purpose of this document is to conduct a review to ensure that appropriate internal control procedures are being followed and that University purchasing policies, record retention requirements, and purchasing cardholder controls are being observed. The questions were derived from policy and designed to test the presence of control activities that should be common to all (or most) departments within the University. These questions should be completed with the assistance of appropriate department personnel.*

Cardholder: \_\_\_\_\_ Period of Review (Date) \_\_\_\_\_  
 Title: \_\_\_\_\_ Department: \_\_\_\_\_  
 Supervisor: \_\_\_\_\_ Account Manager: \_\_\_\_\_  
 Reviewer (if not Account Manager): \_\_\_\_\_

	Yes	No	N/A
<b>Cardholder</b>			
1. Is the cardholder a University employee in permanent, limited, or temporary status?  <u>P&amp;PM 350-22, Section II.A.1.</u>			
2. Has the department head or designee given approval for the cardholder to have a purchasing card?  <u>P&amp;PM 350-22, Section II.A.1.</u>			
3. Has the cardholder completed training, accepted the terms of the <i>Purchasing Cardholder Agreement</i> and received a copy of the Agreement? Does the cardholder feel the training was sufficient?  <u>P&amp;PM 350-22, Section II.A.2.&amp;4.</u>			
4. Is the statement justifying the need for the purchasing card reviewed periodically by the department head or designee to determine continuing need for the purchasing card? Is the cardholder an infrequent user of the card?  <u>P&amp;PM 350-22, Section II.B.1.</u>			
5. Has the cardholder ever had a UC Purchasing Card revoked? If yes, why?  <u>P&amp;PM 350-22, Section III.E.3.</u>			
6. Does the department maintain a list of the names of individual purchasing cardholders with purchasing card authority? (A copy of the email notification that the Purchasing Department automatically sends to an account manager after processing an application will suffice.)  <u>P&amp;PM 350-22, Section II.B.2.</u>			
7. Did the cardholder receive a copy of and/or read the purchasing card users' guide?			
8. Does anyone other than the cardholder(s) have access to or custody of the Purchasing card(s)?  <u>P&amp;PM 350-22, Section II.B.3.</u>			

	Yes	No	N/A
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<b>Appropriateness of Purchases</b>			
<p>9. Are expenditures appropriate, both in general terms and with regard to any restrictions, regulatory requirements or terms &amp; conditions for the specific fund used? <i>While administrative personnel are not expected to understand exactly what technical items are to be used for, they are expected to identify questionable/unallowable expenditures such as travel, entertainment, services, food supplies not relevant to experiments. Persons transferring purchases to extramural funds are expected to understand and comply with relevant regulations and terms &amp; conditions on agreements.</i></p> <p><u>P&amp;PM 350-22, Section IV.C.2.g.</u></p>			
<p>10. Has the Purchasing Card been used to purchase only noninventorial supplies for direct departmental purchases?</p> <p><u>P&amp;PM 350-22, Section III.B.</u></p>			
<p>11. Are the purchasing card transactions at or below the delegated limits? (e.g., \$2,500 per day per vendor, \$5,000 per day, 100 transactions per day, 1,000 transactions per cycle)</p> <p><u>P&amp;PM 350-22, Section III.C.</u></p>			
<p>12. Is there any evidence that single transactions are artificially split to avoid the delegated spending limits?</p> <p><u>P&amp;PM 350-22, Section III.C.</u></p>			
<p>13. Was the Purchasing Card used for travel, entertainment, and catering types of purchases?</p> <p><u>P&amp;PM 350-22, Section III.E.1.a.&amp;b. and P&amp;PM 350-21, Section III.C.5.b.</u></p>			
<p>14. Was the Purchasing Card used for items or services for personal use?</p> <p><u>P&amp;PM 350-22, Section III.E.1.c.</u></p>			
<p>15. Are there any cash advances indicated on the statements?</p> <p><u>P&amp;PM 350-22, Section III.E.1.f.</u></p>			
<p>16. Was the Purchasing Card used for equipment purchases valued at \$1,500 or more?</p> <p><u>P&amp;PM 350-22, Section III.E.1.</u></p>			
<p>17. Is there any indication the cardholder obtained Building repairs/modifications?</p> <p><u>P&amp;PM 350-21, Section III.C.5.a.</u></p>			
<p>18. Is there any indication the cardholder obtained Charter (Bus, Air, or Boat)?</p> <p><u>P&amp;PM 350-21, Section III.C.5.c.</u></p>			
<p>19. Is there any indication the cardholder obtained software that requires a license agreement to be signed?</p> <p><u>P&amp;PM 350-21, Section III.C.5.d.</u></p>			

	Yes	No	N/A
20. Is there any indication the cardholder obtained electrical supplies and equipment? <u>P&amp;PM 350-21, Section III.C.5.e.</u>			
21. Is there any indication that an employee-vendor relationship exists where the cardholder obtained goods or services from an employee or an employee's close relative? <u>P&amp;PM 350-21, Section III.C.5.f.</u>			
22. Is there any indication the cardholder obtained equipment maintenance that requires an agreement to be signed? <u>P&amp;PM 350-21, Section III.C.5.g.</u>			
23. Is there any indication the cardholder obtained furniture? <u>P&amp;PM 350-21, Section III.C.5.h.</u>			
24. Is there any indication the cardholder obtained Inventorial equipment, including firearms? <u>P&amp;PM 350-21, Section III.C.5.i.</u>			
25. Is there any indication the cardholder obtained items designated as RO (repair order) purchases? <u>P&amp;PM 350-21, Section III.C.5.j.</u>			
26. Is there any indication the cardholder obtained laboratory and other animals? <u>P&amp;PM 350-21, Section III.C.5.k.</u>			
27. Is there any indication the cardholder obtained on-site labor-related services? <u>P&amp;PM 350-21, Section III.C.5.l.</u>			
28. Is there any indication the cardholder obtained personnel type actions or services, including consultant and independent contractors? <u>P&amp;PM 350-21, Section III.C.5.m.</u>			
29. Is there any indication the cardholder obtained precious metals? <u>P&amp;PM 350-21, Section III.C.5.n.</u>			
30. Is there any indication the cardholder obtained real property rentals of facilities, storage space, etc.? <u>P&amp;PM 350-21, Section III.C.5.o.</u>			
31. Is there any indication the cardholder obtained rental of equipment for more than 31 days? <u>P&amp;PM 350-21, Section III.C.5.p.</u>			
32. Is there any indication the cardholder obtained respiratory protection equipment? <u>P&amp;PM 350-21, Section III.C.5.q.</u>			

	Yes	No	N/A
33. Is there any indication the cardholder obtained services or materials that are available at a lower total cost through an established University agreement?  <u>P&amp;PM 350-21, Section III.C.5.r.</u>			
34. Is there any indication the cardholder obtained services or materials that are available at a lower total cost through a UCD service (e.g., Repro Graphics, Central Storehouse)?  <u>P&amp;PM 350-21, Section III.C.5.r.</u>			
35. Is there any indication the cardholder obtained specially controlled items, such as ethyl alcohol, narcotics or dangerous drugs, radioactive materials, and chemical carcinogens?  <u>P&amp;PM 350-21, Section III.C.5.s.</u>			
<b>Safeguarding the Purchasing Card</b>			
36. Are all orders placed using the purchasing card made by the cardholder and no one else? <i>The cardholder is responsible for protecting the purchasing card and is accountable for all purchases made using that purchasing card number; neither the physical purchasing card nor its account number should be shared with or transferred to any other person to use.</i>  <u>P&amp;PM 350-22, Section III.F.1.</u>			
37. Is the back of the Purchasing Card signed by the cardholder?  <u>P&amp;PM 350-22, Section III.F.2.</u>			
38. Does the Purchasing Cardholder possess any expired cards?  <u>P&amp;PM 350-22, Section III.F.3.</u>			
39. Has the cardholder ever lost a Purchasing Card or had one stolen? If yes, did the cardholder contact the Purchasing Card Administrator?  <u>P&amp;PM 350-22, Section III.G.</u>			
<b>Separation of Duties</b>			
40. Is the signature on back up documents (e.g., packing slips, invoices, receipts, etc) signed by someone other than the cardholder?			
41. Is there an individual other than the purchasing cardholder certifying that the items ordered were received? Certification may be in the form of signing and dating the receipt or packing slip.  <u>P&amp;PM 350-22, Section IV.C.1.</u>			
42. Is there an individual other than the purchasing cardholder, e.g., the purchasing cardholder's supervisor, verifying expenditures listed on the purchasing card daily transaction report, which is available on-line to the department?  <u>P&amp;PM 350-22, Section IV.C.2.</u>			
43. Is the reviewer a subordinate of the purchasing cardholder?  <u>P&amp;PM 350-22, Section IV.C.2.</u>			

	Yes	No	N/A
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<b>Purchasing Procedures</b>			
<p>44. Is the appropriate source documentation from the vendor (i.e., itemized receipts or packing slips with costs shown) kept with enough detail (i.e., vendor name, itemized description of goods, transaction date and total) to allow verification of all expenditures listed on the general ledger?</p> <p><u>P&amp;PM 350-22, Section III.I.</u></p>			
<p>45. Are purchasing card numbers printed on documents (e.g., packing slips, invoices, receipts, etc.) destroyed?</p> <p><u>P&amp;PM 350-22, Section III.I.</u></p>			
<p>46. Are purchasing card numbers recorded elsewhere or in the possession of others?</p> <p><u>P&amp;PM 350-22, Section III.I.</u></p>			
<p>47. Are the documents submitted to the responsible authorizing supervisor or account manager? For example:</p> <p>a. <u>Purchases made in person</u> To document purchases made in person, a purchasing card credit slip (customer copy) or a cash register tape <b>signed by the purchasing cardholder</b> normally is acceptable. If the merchandise purchased is not itemized on the signed document, the purchasing cardholder must request and obtain a cash register tape or a written itemized receipt from the vendor. This must be done at the time of purchase.</p> <p>b. <u>Mail, telephone, or Internet orders</u> To document mail, telephone, or Internet orders, the department must obtain pricing/billing information on a document created when the order was placed (e.g., a printed, faxed, or emailed order confirmation) or that accompanies the shipment of items (e.g., a packing slip, vendor invoice, vendor acknowledgement). The document must provide enough information to allow verification of the items purchased.</p> <p><u>P&amp;PM 350-22, Section III.I.</u></p>			
<p>48. For transactions on the daily transaction report, does the reviewer ensure that the expenditure was properly authorized? <i>Reviewer: Examine a sample of the transactions to determine if they were properly authorized.</i></p> <p><u>P&amp;PM 350-22, Section IV.C.2.a.</u></p>			
<p>49. Are there adequate descriptions of the expenditures on at least one supporting document (e.g., "miscellaneous supplies" is not sufficient) and are the expenditures allowable for departmental purchase?</p> <p>50. <u>P&amp;PM 350-22, Section IV.C.2.b.</u></p>			
<p>51. Is there evidence, such as a packing slip, indicating that the items listed were received?</p> <p><u>P&amp;PM 350-22, Section IV.C.2.c.</u></p>			
<p>52. Are expenditures billed through the purchasing card system not also submitted to Accounting &amp; Financial Services for payment?</p> <p><u>P&amp;PM 350-22, Section IV.C.2.d.</u></p>			

	Yes	No	N/A
<p>53. Have the use-tax accruals made by Accounting &amp; Financial Services for out-of-State vendors not been duplicated with California State sales tax collected by the vendor at the time of purchase?</p> <p><u>P&amp;PM 350-22, Section IV.C.2.e.</u></p>			
<p>54. Are transfers of expenses to other accounts made using a DaFIS Restricted Error Correction (REC) document or a DaFIS Feed Payment Distribution (FPD) may be automatically initiated for each posted transaction?</p> <p><u>P&amp;PM 350-22, Section IV.C.2.f.</u></p>			
<p>55. Is a certification log of the transactions kept as evidence that the transactions listed on the purchasing card daily transaction report have been verified?</p> <p>The certification log shall include the following statement at the top:          “I verified that the expenditures listed on the Purchasing Card daily transaction report were properly authorized, have adequate descriptions, are indicated as having been received, were not also submitted to Accounting &amp; Financial Services for payment, did not result in the payment of both sales and use tax, have been moved to the appropriate account as necessary, and were appropriate both in general terms and with regard to the specific fund used.”</p> <p>The certification log shall also include the period of transactions reviewed, the review date, and the reviewer's signature.</p> <p><u>P&amp;PM 350-22, Section IV.C.3.</u></p>			
<p>56. Are disputed and erroneous charges tracked and followed-up with the Bank, by the department?  <i>Reviewer: Examine all documents related to disputes. Is the documentation adequate? Have copies of all dispute forms been sent to the Campus Purchasing Card Administrator?</i></p> <p><u>P&amp;PM 350-22, Section IV.D.</u></p>			
<p>57. Have fraudulent charges or misuse of the purchasing card occurred? If fraudulent charges occurred, were the Bank and University Police notified? Were misuses of the card reported in accordance with P&amp;PM Section 330-95?</p> <p><u>P&amp;PM 350-22, Section IV.D.</u></p>			
<p>58. Are Statement data, proofs of reconciliation, and source documents kept on file by the department (the office of record) for a period consistent with the record retention requirements of the UC Records Disposition Manual?</p> <p><i>Typically this is five years after the close of the fiscal year in which the purchase was made unless the funding source dictates retaining it longer than five years (e.g., five years after the close of a contract or grant). The purchasing cardholder may choose to retain copies of these records as well, but it is not required.</i></p> <p><u>P&amp;PM 350-22, Section V.</u></p>			