

ADMINISTRATION AND FINANCE GUIDING PRINCIPLES

WELL-BEING *and* SUSTAINABILITY

INNOVATION *and* DISCOVERY

SERVICE EXCELLENCE *and*
ACCOUNTABILITY

EQUITY *and* JUSTICE

RESPECT *and* INTEGRITY

Corporate Purchasing Card (PCard) Refresher Training

CMAS • SSAS



Training Objectives

- Program Introduction
- Oversight/Audits and Consequences
- Purchasing Compliance
- Card Maintenance
- Authorized Reviewer Expectations
- Reconciliations, Reviews and Reallocations

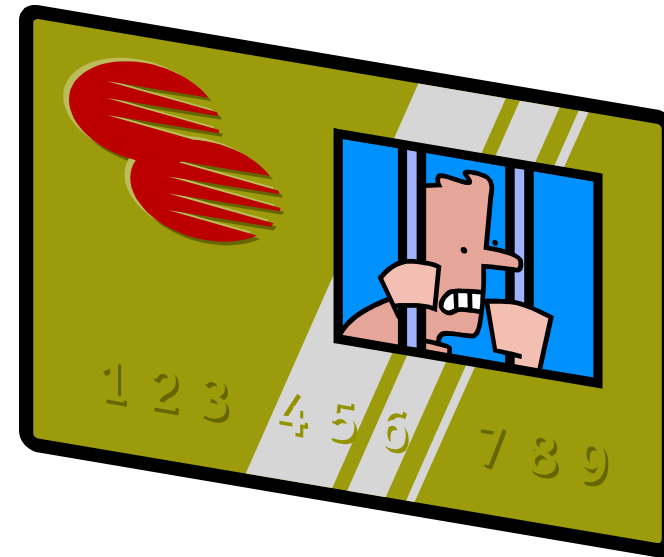


PCard Program Intro

- PCard Program administered by the State of Maryland Comptroller's Office, General Accounting Division (GAD)
 - UMB User's Guide designed to comply with GAD requirements
 - We have minimal flexibility regarding requirements set by State.
Example - Blocked Merchant Category Codes (MCCs) include but not limited to:
 - Restaurants
 - Liquor Stores
 - Transportation (Airlines, Local Commuter Transit, etc.)
 - Personal Services (Spas, Barber Shops, Funeral Services, Tax Preparation etc.)
 - Entertainment (Movie Theaters, Bowling Alleys, Amusement Parks, etc.)
- UMB's program is managed by SSAS
 - Keith Gagnon AVP
 - Purchasing Card Program Administrator (PCPA)
 - *position vacant, Jenna Antos currently filling role*
 - PCard-admin@umaryland.edu



Oversight and Consequences



Who Is Looking and Why?

UMB is one of highest PCard users in the State (> \$40 Million a year)

We buy **WEIRD** stuff!!!

- "Level 3 Data – Merchant provides descriptions of items purchased to bank, auditors see this data

General Accounting Division, Comptroller of Maryland

- Sends list of questionable vendor transactions monthly
- Occasional site visits

University System of Maryland Internal Auditors

- Sends list of questionable item transactions monthly
- Numerous department specific reviews annually

Office of Legislative Audits

- Audit every 3 years – due back summer/fall 2024

Management Advisory Services

- Perform UMB's PCard compliance monitoring function – various ongoing reviews



Consequences

University Level

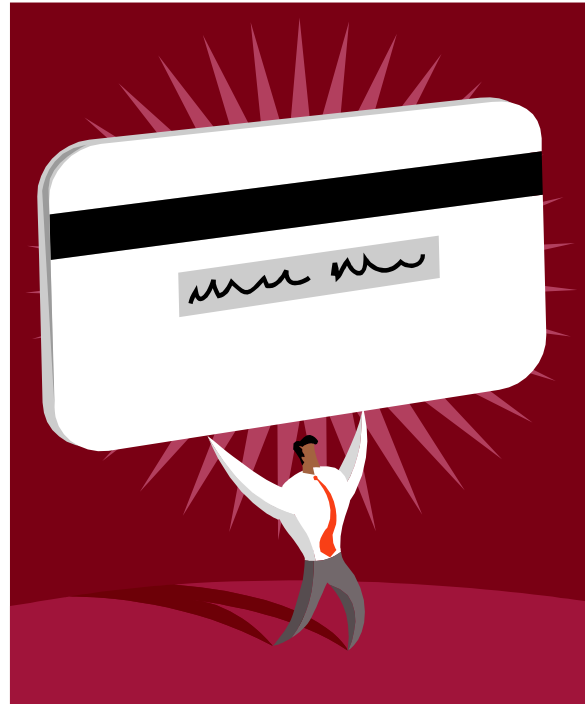
- Most recent OLA audit had PCard findings
 - Issues are scrutinized more closely during follow up review
- Audit findings
 - Can trigger negative press
 - Can result in loss of funding (via damage to sponsor confidence or withheld general funds)
 - Create more work for everyone ☹️

Cardholder Level

- Policy violations
 - May necessitate expense reimbursement (Foundation or personal funds)
 - Can result in permanent loss of card privileges (for serious or repeated offenses)
 - In some cases, loss of card can even result in loss of job
- Purchasing card abuse
 - Could result in referral to law enforcement / criminal prosecution



Purchasing Compliance



Compliance Overview

Every purchase on the PCard must:

- “Further the business of the State”
- Be adequately documented
- Comply with the PCard User’s Guide and other related Policies/Procedures
- Be \$4,999 or less

****NO GIFT CARDS UNDER ANY CIRCUMSTANCES****



Business Purpose

- GAD requires that purchases “Further the business of the state”
- Purchase must be **reasonable** and **necessary**.
 - Consider: is expense directly related to a specific and justifiable business purpose?
 - Note: GAD policy requires that the purchase price be evaluated for reasonableness.
- Examples purchases unallowable for lack of valid business reason:
 - Personal use items (coffee/cutlery for general use in employee breakroom)
 - Social Events (holiday or retirement parties)
 - Gifts (bereavement flowers, employee giveaways/prizes)
 - Personal conveniences/preferences (airport lounge admission or Global Entry membership)



Business Purpose Documentation

- The business purpose **must** be clearly documented
 - Detail needed varies by purchase:
 - Example 1 – Fisher Scientific purchase of Pipettes described as “lab supplies”
 - Example 2 – Sally Beauty Supply purchase of nail polish described as “lab supplies”
 - Example 3 – Sally Beauty Supply purchase of nail polish described as “supplies used to affix samples to slides for examination under microscope in lab”
 - Detail needed varies by department:
 - Example – Treadmill purchase
 - cardholder in URecFit **vs.** cardholder in School of Medicine
 - Allowability for same item can vary based on intended use:
 - Example – UMB logo T shirts
 - Prizes for student participants at campus event **vs.** gifts to department staff
 - **If you are asked to buy something and you don’t know what it is for, ask!**



Adequate Documentation

- Transactions must be supported by itemized invoice/receipt:
 - Must show what was purchased, how many, unit price, etc.
 - Examples of insufficient documents:
 - Payment confirmation with no detail (emailed autopay notice, credit card slip, etc.)
 - Order confirmation not listing all items (e.g., “your Amazon order of HP toner and 3 other items...”)
 - Hotel reservation confirmation showing estimated total (may need guest “folio”)
 - Receipt total must exactly match amount charged
 - Shipping / convenience fees can cause mismatch – obtain updated invoice or additional documents
- Record Retention
 - Maintain records 3 years or until audited by OLA (whichever is longer)
 - Longer retention period may be required for grant-related purchases



Related Policy Compliance

Purchases must follow all UMB policies

- Food Policy – catering must be:
 - Approved,
 - for an allowable event (caution: residents/fellows don't count as students!),
 - well documented with the purpose of the function and list of attendees by name and affiliation.
- Travel Policy – hotel charges:
 - must be supported by a printed TAR form approved **before** reservation is made,
 - may not include incidentals or upgrades (e.g., room service, movie rentals, Club Level)
- Ensure purchases of Non-Capital Assets are:
 - tagged
 - Recorded into inventory as required
- PCard may not be used for:
 - employee's mandatory fees not covered by tuition remission
 - employee relocation expenses (this is paid via payroll)
 - employee's supplemental pay
- Furniture purchases must be made from MCE unless waiver is obtained from SSAS

See Policy & Procedures Library for full list



Miscellaneous Purchasing Issues

- Vendor Incentives (e.g., free gifts with purchase)
 - Avoid when possible (decline, remove from shopping carts)
 - Involve supervisor and document disposition (convert to business use, return or destroy)
- Caution re: [Paypal](#)
 - Often audited, ensure payments are well documented
 - May check out on website or pay invoice, **may not** “send money”
 - Be wary of conflicts of interest (real or perceived) and of employment relationships
- Caution re: Off Campus Shipping Addresses
 - Off campus UMB sites should be explained. Non-UMB sites must be approved by SSAS
- Taxes
 - UMB is exempt from MD sales tax. If sales tax is paid in error, make reasonable attempts to obtain a refund and document unsuccessful attempts.
- Don't sign Terms and Conditions!
- Check for [Campus Contracts](#)
- Consider buying from [MBE Vendors!](#)



Split Purchases

- Single purchase limit is \$4,999 (*\$5k for simplicity*)
 - Imposed by State (*UMB cannot lift*)
 - Enforced by USBank
- “Split Purchase” – artificially dividing larger purchases into smaller amounts to circumvent the single purchase limit
- Audit Impact
 - Testing for Splits is part of standard audit programs
 - Current findings from both OLA and USM internal audit
 - Very simple to identify
 - Using Excel data analysis tools, USBank “Decline” report, etc.

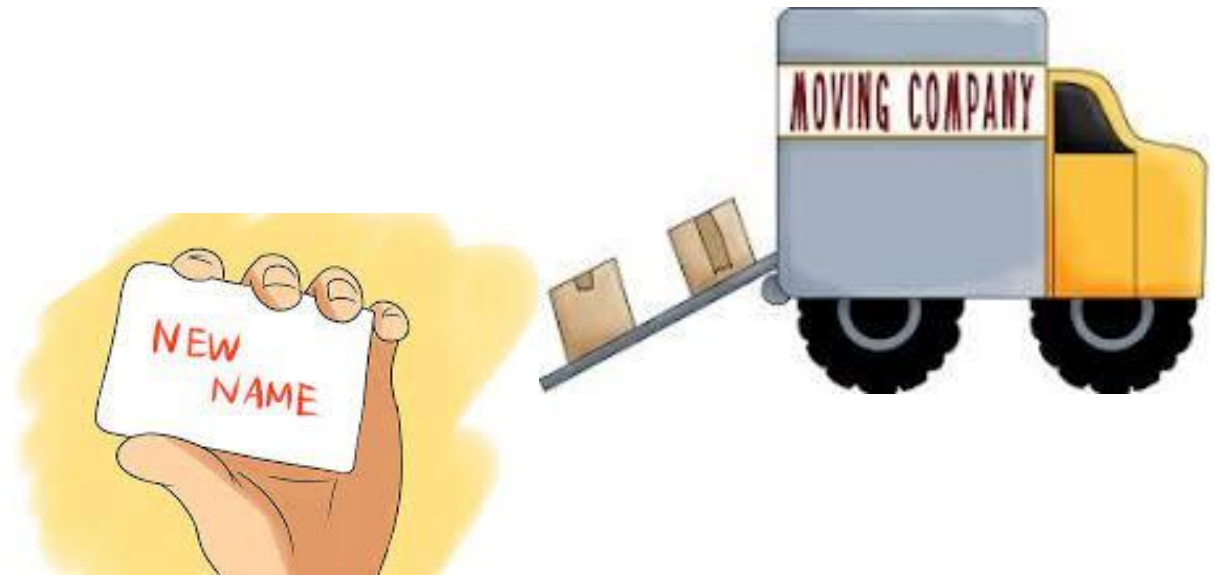
Split Purchases

What did you know and when did you know it?

- If at the time of purchase, initial amount does not exceed \$5k but later that same day another order requested from same vendor will bring total > \$5k – OK to proceed
 - Document the time/date of each request and order to show the orders were requested and placed independent of one another
 - Same premise applies with when late billing/payment processing results in single day payments >\$5k, just need to document
- If at the time of purchase, you expect total will exceed \$5k – do not use PCard, contact SSAS for further assistance
 - Be wary of shipping costs/other fees tipping order past limit
 - Premise may apply to separate same day orders from same vendor or different day payments for the same order/project



Card / Account Maintenance



Card Security

- Never share the card or card number with anyone
 - Not even your authorized reviewer should know your cc#
- Always secure the physical card
 - Locked safe/drawer to which only you have access
 - Acceptable to carry in wallet/safeguard as own
- Card number / expiration date etc. must be kept confidential
 - Ensure number is not included in PCard files
 - Examples: registration forms, membership renewal forms, hotel authorization forms
 - Note: Once documents are uploaded in Quantum they cannot be removed!
- Promptly report lost/stolen/compromised card (to SSAS and USBank)



Account Maintenance

- Active PCards must have an accurate Authorized Reviewer on file with SSAS at all times
 - Reviewer must be cardholder's immediate supervisor or Business Manager (or staff with equivalent responsibilities)
- SSAS must be notified *promptly* regarding:
 - Changes to authorized reviewers
 - Updates to Cardholder legal name or address/contact info
 - Cardholders (or reviewers) on extended leave
- Best Practice: Each cardholder should have at least one delegate assigned

Report any changes to SSAS via completion of [Account Maintenance Request Form](#) (as well as [Authorized Reviewer Form](#) and/or [Delegate Access Form](#) as applicable)



PCard Closeout

- SSAS **must** be notified **timely** whenever a cardholder leaves the University
- PCard [Closeout](#) Process is outlined on the SSAS website. Follow these procedures any time cardholder intends to surrender card.
 - Reduce card usage, reassign or cancel any recurring charges, ensure all documentation is gathered/procedures followed for final month of activity
- If cardholder fails to follow procedures outlined above responsibility for completion of final month's documentation falls with Authorized Reviewer.
 - Reviewers accept this duty when they sign the Authorized Reviewer Form

IMPORTANT: Any cardholder changing departments should be treated the same as a termination (card must be surrendered and new card must be requested)



Reviewer Responsibilities



Authorized Reviewer Responsibilities

- Understand the User's Guide and monitor compliance with all policies / procedures!
- Remember, authorized reviewer is primary line of defense against non-compliant and potentially fraudulent purchases!
 - No one else assesses the reasonableness of every transaction
- Monthly email sent by SSAS prompts all authorized reviewers to report instances of noncompliance.
 - A non-response to this email certifies that all supporting documentation has been reviewed for the billing cycle and that all transactions are compliant.
 - SSAS must report the results of this monthly reminder process to GAD. This is an important part of the PCard monitoring process that should be taken seriously!

Audit reports have referenced lack of adequate reviews when cardholder non-compliance has been noted.



Reconciliation, Reallocation & Review



QUANTUM
FINANCIALS



Transaction Logging

- *Transaction Log is Still Required!*
- Use the State approved Transaction Log
 - may add columns to capture additional info but may not remove!
- Fully complete all relevant columns
 - i.e., delivery date, business purpose/description
- Promptly record transactions as they occur (not at the end of the month!)
 - especially important to log expected refunds (returns, tax credits, disputed transactions, etc.)



Reconciliation

- Complete reconciliation within 7 days of receiving Bank Statement
- Trace each transaction from the Bank Statement to the Transaction Log
 - ✓ Complete the “Reconciled to Bank Statement” column for each transaction matching the statement
 - ✓ Any transactions on the Transaction Log but not the Bank Statement **must** be recorded on a new log for the following month
 - ✓ Any transactions on the Bank Statement but not the Transaction Log must be **promptly** investigated. If unexplained, immediately inform the bank.
 - Window to dispute transactions is 60 days. If attempting to resolve with vendor, we strongly recommend using a tickler (outlook calendar reminder, etc.) to mark the deadline.
- Sign **and** date both Transaction Log **and** Bank statement
 - if log includes multiple pages, initial each page and sign last page.

If a refund due to UMB is not successfully obtained, something likely broke down in transaction logging/reconciliation process!

Reallocation

What is Reallocation?

- Process of moving charges from default account combo (SOAPF) to the applicable funding account (SOAPF) or Project
- Take care to use appropriate object codes (e.g, lab vs. office supplies, non-capital assets)

Frequency

- Can create one or multiple Expense Reports each month
- Transaction Log and Bank Statement must be attached (header level) to at least one Expense Report each month

Documentation Uploads

- Receipts may be attached to individual line items or in one bulk scan at header level.
 - Best Practice: If bulk scan at header method is used, documents should be numbered in order matching log/statement

Note: Departments/Reviewers may set internal requirements



Review / Approval

- ✓ Document review of reconciliation by signing and dating Transaction Log and Bank Statement.
 - Note any open issues/questions and track to ensure proper resolution
 - Recycling Expense Reports back to the cardholder in Quantum can be an effective tool to track open issues!

- ✓ Entire review process, including approval of Quantum reallocation, should be completed by 25th of the following month
 - **Transactions do not fully post until approval is complete and overnight accounting process successfully runs**
 - Late reallocations can have serious impact on accuracy of budget reports and can even result in lost grant funding

QFN130 Report

PCard Transaction Report – QFN130

- Recommend use at least monthly
 - cardholders, reviewers, administrators
- Effective way for management to easily verify
 1. Reallocations are being completed timely
 2. Terminated cardholders fully resolved
 3. Authorized Reviewers are accurate
- Run prompts include:
 - billing cycle, status of expense report, org, cardholder, merchant



QUANTUM FINANCIALS

Jennifer Thompson
Share thoughts with your colleagues.

1 Conversations | 0 Following | 0 Followers

- Me
- Collections
- Receivables
- Invoices
- Auditing
- My Dashboard
- Tools
- Reports**

Reports

Dashboard

Financials	Procurement	Account Combo/Hierarchy
General Accounting GL Trial Balance (QFN170)	Requisition Status Report (QFN232)	Activity Hierarchy (QFN234) Object Hierarchy (QFN191) Organization Hierarchy (QFN190) Project SOAPF Combo (QFN129) Purpose Hierarchy (QFN235) SOAPF Combo (QFN122)
Payables Invoice Status (QFN205)		
Receivables CBS Customer List (QFN098) SPON Receipt Application Details (QFN237)		
Expenses PCard Transactions (QFN130)		

QFN130 - Quantum PCard Transactions

As of Transaction Date 02-08-2023

Merchant Name All

Billing Cycle DEC-2022

Status of Expense Report All

Org All

Cardholder McGee-Chavis, Shelvia

Apply

QFN130

Org of Cardholder	Cardholder	Report Created By	Approver	Status of Expense Report	Invoice Status	Expense Report Number	Transaction Amount	Description	Merchant Name	Billing Cycle	Transaction Date	Account Combo	POETAF	Default Expense Account
06504022-CASS Administration	McGee-Chavis, Shelvia		Navales, Glosenda	Paid	Paid	EXP000062983108	\$146.04	Monthly copier rental	IPX*ACCOUNT SERV PRO	DEC-2022	12/09/2022	3717-115-03400000-000000		3916-105-06504022-000000
06504022-CASS Administration	McGee-Chavis, Shelvia		Navales, Glosenda	Paid	Paid	EXP000062983108	\$425.00	Science Workshop CEC part						30-00
06504022-CASS Administration	McGee-Chavis, Shelvia		Navales, Glosenda	Paid	Paid	EXP000062983108	\$325.56	Monthly machine						30-00

Selected

- Approval Complete
- Awaiting Receipts
- Hold Pending Receipts
- Invoice Canceled
- Manager Rejected
- Manager Requested More Information
- Not Created
- Paid
- Partially Paid
- Pending Expense Auditor Approval
- Pending Individual Approval
- Pending Individual Response
- Pending Manager Approval
- Pending System Administrator Action
- Ready For Payment
- Rejected By Individual
- Returned
- Saved
- Submitted
- Withdrawn

> Move
 >> Move All
 < Remove
 << Remove All





If you don't know, ASK!

[MAS: MAS-help@umaryland.edu](mailto:MAS-help@umaryland.edu) / SSAS: PCard-admin@umaryland.edu



Helpful Links

- Procurement Card website for general PCard information:
<http://www.umaryland.edu/procurement/corporate-purchasing-card/>
- Procurement Card User's Guide: <http://www.umaryland.edu/media/umb/af/procurement/UserGuide.pdf>
- PCard Program Forms (for changes to cardholder acct, reviewers, etc):
<http://www.umaryland.edu/procurement/forms/>
- OOTC Policies/Procedures: <http://www.umaryland.edu/financialservices/policies-and-procedures/>
- Non Capital Assets Policy: <https://www.umaryland.edu/policies-and-procedures/library/financial-affairs/policies/viii-110a.php>
- Food and Business Meals Expense Procedures:
<http://www.umaryland.edu/media/umb/af/fs/policies/FoodBusinessMealsExpense.pdf>
- Office of Community Engagement – Local Food Connection Program
<http://www.umaryland.edu/oce/local-food-connection/>
- Office of Legislative Audits: <https://www.ola.state.md.us/Search/Report>

