

Purchasing Card Internal Controls Procedure

Blue Ridge Community & Technical College

I. Introduction

This manual contains the internal controls for the West Virginia Purchasing Card (P-Card) Program at Blue Ridge Community & Technical College (BRCTC).

A. Scope

BRCTC utilizes the State of WV P-Card to provide the most efficient and effective payment method for certain expenditures. The card effectively decreases expenses and cuts program costs by offering increased control and monitoring of payments while reducing the time and paperwork associated with the use of purchase orders. Cardholders agree to comply with BRCTC purchasing policies, P-Card internal controls as set forth in this manual, and WV State Auditors' Office Policies and Procedures.

II. Administration of P-Card Program

A. CFO Responsibilities

The CFO is responsible for the administration of the P-Card program. Responsibilities include the following:

1. Reviewing, on a quarterly basis, the compliance of the P-Card program with the internal controls and procedures of the agency.
2. Requiring any staff member finding an instance of unlawful use, possible fraud, misappropriation, or mismanagement with the P-Card to report such discovery to the CFO immediately. The CFO shall report all aforementioned instances to the Executive Director of the State Auditor's Office P-Card Division within 24 hours of his or her discovery.

B. Designation of Agency Coordinator

The CFO shall designate the agency P-Card Coordinator. The agency may have multiple coordinators. Each coordinator shall hold a position of knowledge and experience of the responsibilities delegated to them by the CFO. Any change in the coordinator position that requires user changes in the P-Card software or reporting tools, which are administered or set up solely by the P-Card Division staff, must be preceded by submission of a Coordinator Authorization Form to the State Auditor's Office P-Card Division.

Upon designation by the CFO, the Coordinator must receive training, education and certification designed and approved by the State Auditor's Office P-Card Division within 30 days of assuming the duties of the position.

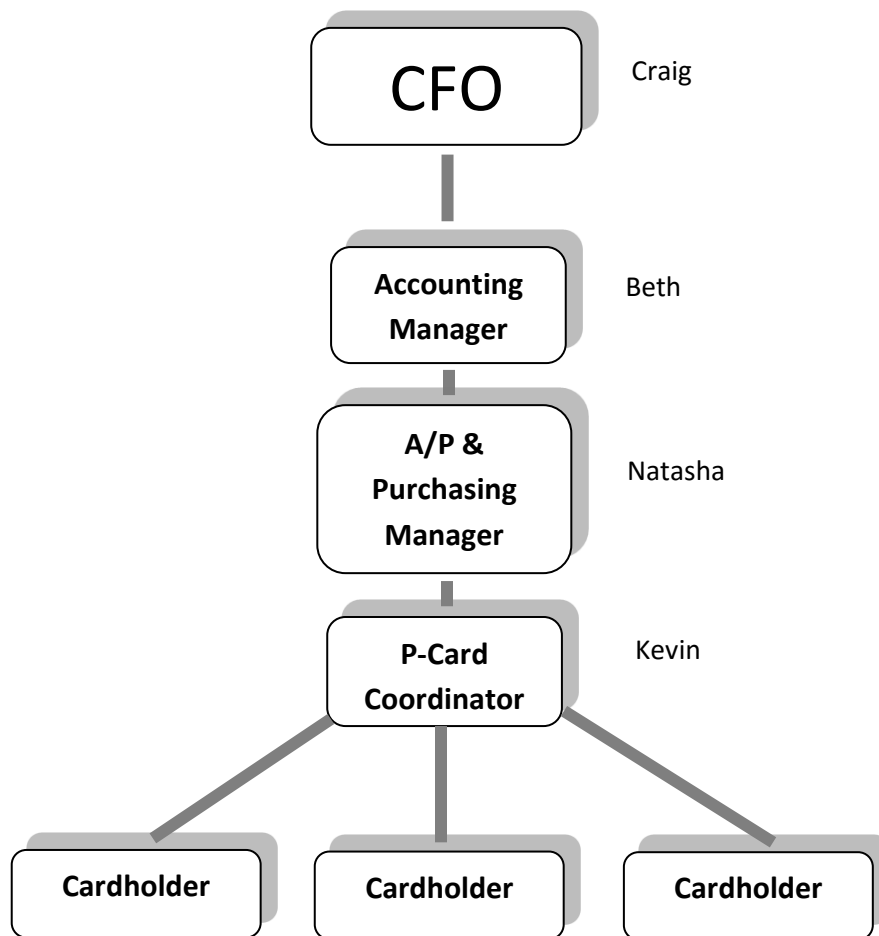
Except in the instance where there are five (5) or fewer cardholders, no cardholder shall be their own coordinator unless the agency receives a written waiver from the State Auditor's Office P-Card Division. The CFO will approve the Coordinator's monthly statement reconciliation. The CFO may delegate the approval process to DOP.

C. Coordinator Responsibilities

1. The Coordinator is required to complete training/education annually and to obtain certification confirming that training. Training shall include P-Card policies, purchasing policies, ethics training, and/or emergency P-Card or travel training as appropriate.
2. Other responsibilities include the following:
 - a) Monitoring and overseeing the program to ensure that internal controls are in place to prevent misuse
 - b) Verifying potential cardholders' eligibility to obtain a P-Card
 - c) Ensuring proper completion of initial training requirements before submitting requests for new cardholders and monitoring completion of on-going training requirements
 - d) Determining or verifying the following: credit limit, single transaction limit, number of daily transactions, and number of monthly transactions
 - e) Maintaining cardholder agreement forms
 - f) Reconciling master statements or electronic payment files
 - g) Ensuring prompt payment of the master statement/account
 - h) Ensuring cardholders follow all P-Card policies and procedures
 - i) Disseminating updated P-Card information to cardholders
 - j) Activating P-Cards
 - k) Ensuring that P-Cards are cancelled and destroyed upon termination or separation from employment
 - l) Providing updated contact information to the State Auditor's Office P-Card Division
 - m) Identifying possible ethics law violations related to inappropriate activity by cardholders and vendors including the possession of gifts, bribes, etc.
 - n) Conducting periodic reviews of transactions to ensure they are appropriate expenditures and that budgetary permission and/or supervisory authorization are part of the approval process

- o) Ensure that all personnel assigned to monitor P-Card transactions have access, either electronically or manually to the transactions made by any cardholder under their purview
- p) Addressing and establishing additional controls/policies, in a timely manner, as recommended by external or internal audits and reviews
- q) Maintain documentation in a centralized location concerning the resolution of each disputed transaction submitted
- r) Maintain all P-Card documentation including, but not limited to receipts, receiving reports, logs, monthly statements, and payment records in a secure location.

D. P-Card Organizational Chart



III. Responsibilities of Cardholders

A. General Instructions

1. The P-Card is the preferred method of payment for certain designated transactions or dollar amounts. All applicable laws, rules and regulations, P-Card Policies and Procedures, Purchasing Policies and Procedures and other governing instruments must be followed, regardless of the method of payment.
2. Any questions concerning purchasing rules, policies, or procedures should be referred to the P-Card Coordinator or Director of Purchasing.
3. The P-Card may be used to make payments for goods, services, and travel that are not prohibited by P-Card Policies & Procedures and/or Purchasing Policies and Procedures. Personal charges are prohibited.
4. Any returned goods must be credited to the P-Card. Debit cards, gift cards or cash are not an acceptable method of receiving refunds for returned goods. Any deviation from this policy will be reported to the State Auditor's Office P-Card Division.

B. P-Card Security

1. The P-Card must be kept secure. The individual cardholder is accountable for every charge made by or authorized by the cardholder that appears on his or her card.
2. P-Cards should only be used on secured internet sites. A secured site has a closed "lock" on the screen.
3. All cardholders are required to sign the back of their card upon receipt.

C. Tax Exempt Status

1. The State of West Virginia is tax exempt and should not pay tax to in-state vendors. Cardholders should remind vendors that the State of WV is tax exempt before initiating a transaction. The words "Tax Exempt" and BRCTC's tax identification number are printed on the P-Card. The cardholder is required to provide the vendor with a copy of BRCTC's tax exempt certificate.
2. Tax will sometimes be charged in cases when purchasing culinary items such as beverages (sodas or alcoholic). This tax cannot be disputed.
3. Pursuant to our contract with the State approved credit card vendor, we may not dispute sales tax or shipping and handling charges. It is the cardholder's responsibility to ensure charge accuracy. Sales tax or shipping charges should be addressed immediately with the vendor by the cardholder.
4. Vendors outside of the State may elect to give BRCTC a tax exempt status, but it is not required. If possible, and beneficial, try to make all purchases within the state to avoid sales tax.

D. Documentation

All documentation is to be submitted to the P-Card Coordinator by the **date set by the P-Card Coordinator** for the respective billing cycle.

1. Receipts

- a) An itemized receipt must be obtained for each transaction placed on the card. The purchaser is required to obtain a legible, itemized receipt or listing detailing the goods or services purchased, the vendor name, and the date of purchase.
- b) Receipt documentation may be hard copy and shall be retained by BRCTC.
- c) A receipt description which only states "Miscellaneous" or "Merchandise" or only includes a vendor's stock or item number is not acceptable.
- d) Documentation marked "Sales Proposal" or "Quote" is not an acceptable form of receipt documentation.
- e) The goods and services should be received by a Certified Receiver within the guidelines outlined in the BRCTC Receiving Procedures. Cardholder shall also acknowledge purchase and receipt of the merchandise by his or her signature on the receipt. The Organization Manager whose budget is being charged for the expense must also sign the receipt. Use of the "Invoice Received" stamp with signatures on the blue line is the preferred method of approval. P-Card receipts should also be stamped with the red "P Card" Stamp.
- f) In the event that a cardholder misplaces a receipt, he or she must contact the vendor to retain a replacement receipt. The replacement receipt must satisfy all the requirements of a receipt as listed above. The State approved credit card vendor can provide a replacement receipt, however, be advised that this may take several weeks.
- g) In the event that an acceptable form of receipt is not available, the purchaser shall create an itemized list which satisfies the requirements set forth in this subsection. The purchaser's signature shall be affixed to the form; inclusive of the date the goods were received, along with whatever receipt is available. This is acceptable in limited extenuating circumstances only.
- h) Cardholders are required to keep copies of all receipts for their records.
- i) Cardholders should submit receipts to the P-Card Coordinator within 10 business days of the purchase. This minimizes the risk of misplacing receipts, as well as assuring the timely posting of expenses.

2. **Receiving Reports**

Receiving reports will be completed by a Certified Receiver. However, the Cardholder is responsible for ensuring items are received in accordance to BRCTC Receiving Procedures. P-Card “receiving reports” include: itemized receipts, packing slips or other forms approved by Finance.

3. **Hospitality Forms**

- a) Food purchased for hospitality must have a hospitality form completed and attached.

4. **Log Sheets**

- a) Each cardholder is required to maintain a monthly log sheet containing the date, vendor name, item description, transaction amount and Fund, Org and Account for each purchase.
- b) Cardholders who reconcile their OWN receipts may submit a signed USB Statement in-lieu of submitting a monthly log sheet.
- c) Log sheets/Statements must be signed by the cardholder and coordinator acknowledging that all entries have been reconciled and are legitimate.

5. **Statements**

- a) Cardholders will receive an individual statement detailing all P-Card activity. Cardholders/Proxies are required to reconcile their receipts to each statement.
- b) Statements are forwarded to the Coordinator after cardholder reconciliation is complete.

E. Business-Related Travel Purchases

1. Approved business expenses generated while engaged in job-related activities away from the regular place of employment may be placed on the P-Card. These expenses include, but are not limited to the following:
- Registration fee payments
 - Airline ticket payments
 - Vehicle rental payments
 - Gasoline for rental vehicles
 - Other transportation tickets
 - Hotel folio payments including business related costs such as business
 - phone charges and business internet access
2. Travel expenses that are not approved as P-Card purchases include the following:
- Food expenses
 - Gasoline for personal vehicles
 - Personal expenses on hotel folios such as phone charges, movies, room service
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F. Usage Restrictions

1. Except where otherwise exempted by statute, rule, or waiver from the State Auditor's Office P-Card Division, the P-Card may not be used to obtain cash, cash credits, or cash advances.
2. Upon prior approval from the State Auditor's Office P-Card Division, the P-Card may be used for the purchase of gift cards, where authorized by applicable law, rules and regulations, or other governing instrument.
3. Fixed assets may only be purchased by Finance. A fixed asset is any single item greater than \$5000.00 and has a useful life greater than one year.
4. Budgeted funds must be available before a transaction is initiated.

G. Ordering

1. Payments may be made with the P-Card by phone, fax, mail, secured internet site, or in person.
2. When paying by phone, fax, mail, or internet, the vendor should be provided with a complete shipping address. Shipping and Handling charges must be included in the stated price and the total charge may not exceed the cardholder's assigned transaction limit. If the total charge is greater than the cardholder's limit; the purchase cannot be made until a requisition has been completed and approved by Finance.
3. When placing the order, the vendor should be instructed to provide an itemized invoice or receipt. The vendor may not charge the account until the merchandise has been shipped.
4. The entity shall make all P-Card payments directly to the financial institution. The financial institution should receive payments within twenty-five (25) successive calendar days after the billing cutoff on a standard monthly payment cycle. The State Auditor's Office Local Government P-Card Director will determine the most effective manner in which payments shall be submitted by the Entity.

H. Prohibited Activities

1. Delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation includes allowing an individual other than the cardholder to:
 - a) Have physical possession of the P-Card to make payments to point of sale vendors
 - b) Have access to the P-Card number and expiration date to make payments via telephone, internet, or in person;
 - c) Have access to receipts or invoices that display the P-Card number and expiration date.

2. Stringing is prohibited. Stringing is defined as manipulating ordering, billing, or payment processes in order to circumvent established cardholder transaction or credit limits.

I. Ethics & Vendors

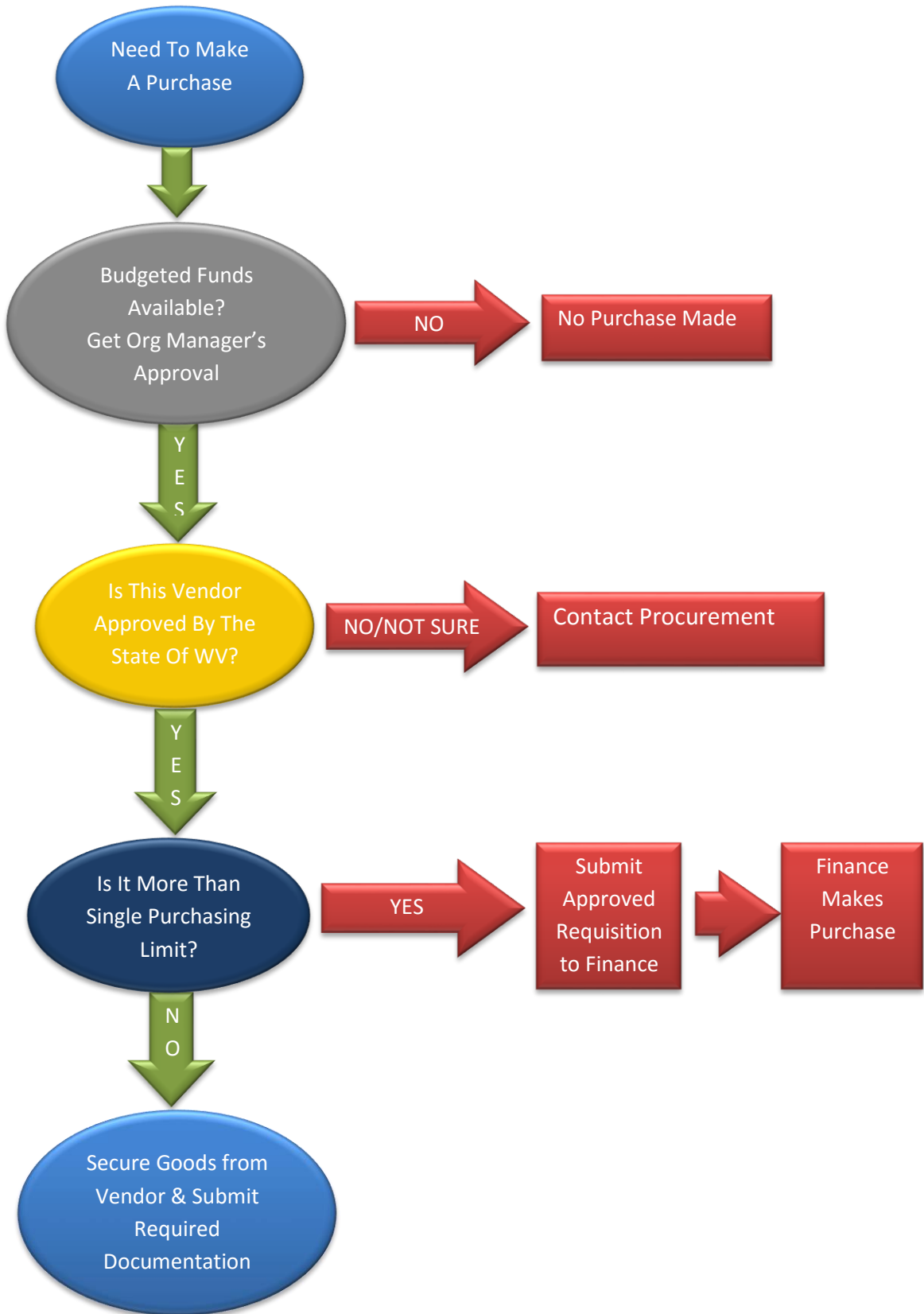
1. Employees of BRCTC may not accept bribes, gratuity, or kickbacks from vendors.
2. Gifts from vendors may only be accepted if they are of a nominal value, they are unsolicited, and they are shared or distributed fairly throughout the organization. Gifts may also be donated to charities.
3. Any gift in excess of the amount noted in the State's Ethics Act, (WV Code 6B-1-1, et seq) "The Ethics Act," should be returned to the vendor if possible and reported to the State Auditor's Office P-Card Division.

IV. Purchasing Procedures

All Purchasing Procedures apply to purchases made with the P-Card.

- A.** Purchases for less than the cardholder's limit may be made using the P-Card. If using a vendor that has not been used by BRCTC before, contact Procurement. All vendors must be approved by the state before a purchase is made. Purchases that are greater the cardholder's limit require a requisition and may only be made with the P-Card with prior approval from the CFO or by the DOP **AND** VP.
- B.** Org managers are responsible for monitoring, reviewing and approving all purchases that affect their budget.
- C.** Cardholders are encouraged to restrict purchases to their own department. If a cardholder is asked to purchase products or services outside of one's department, refer them to Finance.

D. Purchasing Procedure Flow Chart



V. Card Issuance and Limits

- A. Cards are issued based on one's need according to their job description. This is reviewed on a case by case basis.
- B. Non-Finance employees must be employed by BRCTC for a minimum of 90 days to be eligible for a P-Card.
- C. Limits are reviewed periodically by the CFO and are subject to the State Auditor's approval. Limits are determined by factors such as budget restraints and frequency of use.

VI. State Training

- A. All cardholders must successfully complete P-Card training modules set forth by the State Auditor's Office P-Card Division.
- B. Training modules are web-based and must be completed biennially. Coordinators are to repeat training every year.
- C. Training records are retained by the coordinator.
- D. In-House training is required annually.

VII. Fraud, Misuse and Abuse

Failure to comply with P-Card Policies and Procedures, rules, and law associated with the State P-Card Program may result in revocation or limitation of P-Card privileges, a period of probation, or mandatory P-Card training in addition to any other disciplinary action deemed necessary or appropriate. Fraud, misuse and abuse are prohibited.

A. Definitions

- 1. Fraud: A deception deliberately practiced in order to secure unfair or unlawful gain.
- 2. Misuse/Abuse: The improper, unlawful or incorrect use, compromise or misapplication of the P-Card.

B. Examples

- 1. Fraud: Intentional use of the P-Card to make purchases for personal use or non-state business.
- 2. Misuse/Abuse: Failure to maintain security protecting your P-Card.
- 3. Misuse/Abuse: Paying for items in which the P-Card is not authorized for payment
- 4. Misuse/Abuse: Purchase of authorized goods or services at terms (e.g. price, quantity) that are excessive.

VIII. Failure to Follow P-Card Policies and Procedures

Individuals who fail to properly follow the P-Card Policies, rules, and laws associated with the Institutional P-Card Program will be subject to disciplinary action up to and including revocation or limitation of P-Card privileges, a period of probation and/or mandatory P-Card training. Misuse of the P-Card will be handled promptly and uniformly for all cardholders.

A. Individuals using the P-Card to knowingly pay for items intended for personal use will be subject to disciplinary action up to and including termination and prosecution under State law, and may be subject to civil action by the credit card company for personal liability.

B. Fraud will result in the immediate revocation of one's P-Card, and further disciplinary action may be taken.

C. The first validated violation of P- Card policy will result in a written warning/notification to the cardholder and their direct supervisor. The content of this warning will include the nature of the violation and any and all documentation supporting the claim. Additional training may be required of the cardholder.

D. A second offense within a one year time frame will result in a formal Notice of P-Card Violation memo from the P-Card Agency Coordinator sent to the cardholder and their direct supervisor. The cardholder will be placed on a 6 month probationary period which will include a reduction in the monthly credit limit to the CFO's desired amount, and a reduction of the transaction limit. Any infraction during that period may result in the immediate revocation of the P-Card. Additional training may be required of the cardholder.

E. A third violation, regardless of time frame will result in a formal Notice of P-Card Violation memo from the P-Card Agency Coordinator to the cardholder, direct supervisor and CFO noting current and past violations and any additional training that was provided. At this time it may be determined that all card privileges will be revoked or other disciplinary action determined by the P-Card Coordinator and CFO.

BRCTC reserves the right to suspend a cardholder's P-Card privileges at any time if it is deemed to be appropriate, pending the completion of any investigation, or if the severity of the violation warrants such action.