Purchasing Card
Refresher Training Series

Things Every Approver Should Know
Agenda

• Approver duties
• Questionable Transactions
• Spotting Red Flags
• Best practices for departmental controls
APPROVER DUTIES
Approver’s Job Description

• Oversee P-Card and approve single purchase limit increases or monthly limit increases.
• Review reconciled packets to ensure that all purchases on P-Card are in-line with Policies and Procedures and that all required documentation is included and sign statement.
What do these sayings have in common?

Measure twice, cut once.

A stitch in time saves nine.

Look before you leap.

Fools rush in where angels fear to tread.

They all remind us to THINK before we take action.
The Meaning of a Signature

• The Approver’s signature on the front of a packet means that to the best of their knowledge all transactions are:
  – Allowable
  – Appropriate
  – In the best interest of the department and the University as a whole
Definitions

• **Allowable** means expenditures comply with applicable University, state, federal or sponsor-imposed terms and conditions.

• **Appropriate** means expenditures should be paid because the costs are reasonable and benefit the purpose for which the funds were given.
The Approver is the gatekeeper of the P-Card program for their department.

- No one is better equipped to review the charges for a department than the person who is directly responsible for that group.
- An individual review of each transaction and its documentation is essential to a successful Purchasing Card Program.
• **NEVER** give a Cardholder or Reconciler permission to sign your name.

• **NEVER** give a Cardholder or Reconciler access to send email from your address.
TIPS FOR SPOTTING MISUSE AND FRAUD
Card Misuse vs. Fraud

**Cardholder Misuse**
- Misuse is defined as using the card in a way that is not in compliance with University Policies and Procedures.
- Violation points are assessed to help us track cardholder misuse.

**P-Card Fraud**
- P-Card Fraud involves using the card for personal gain by employing deceitful means including providing false or fabricated documentation.
- P-Card Fraud is a felony.
Questionable Transactions

When reviewing P-Card Packets, there are certain transactions that warrant careful consideration.

- Transactions in this category may be legitimate, but they require more detailed explanation.
- Proceed with caution
Questionable Transactions

Travel and Conferences

• All travel should be pre-approved.
• Make sure that travel is for University purposes, not personal.
• In-State travel is prohibited as an allowable charge on the P-Card. UA Travelers must pay In-State travel out-of-pocket and file a claim for a reimbursement based on $75 per diem.
• The P-Card may be used to pay Out of State travel expenses including: lodging, airfare, shuttle service, parking.
• Rental cars are permitted on the P-Card, but may not be allowable in all situations.
Questionable Transactions

Holidays and Weekends
• Be aware of purchases made on Holidays or Weekends. Why was this necessary?

Sales Tax
• The University is state sales tax exempt.
• If tax is charged, has a credit been requested?

Electronic Items (Cameras, TV’s, DVD Players)
• Verify that these types of items are for department use and easy to locate.
Questionable Transactions

**Books, CD’s, DVD’s**

- Make sure these types of items are for your department and can be located.

**Appliances**

- Items such as refrigerators, microwaves, and coffee pots may only be purchased with an acceptable and valid business purpose statement.
- Where will these items be used and why?
Red Flags

There are certain types of transactions and practices that raise concern to a higher level.

- These types of transactions and practices can be associated with employee misuse or fraud.
- They may be legitimate when explained properly.
Red Flags

**Missing, Altered or Fraudulent Receipts**
- The easiest way to cover up misuse is to “lose” the receipt.
- Does the Cardholder have a habit of “losing” receipts?
- Does the receipt look legitimate? Has it been altered in any way?

**Food/Restaurants**
- Was food absolutely necessary for the event?
- Was an entertainment expense form completed?
- What was the purpose of the meal?
- Who attended?
Red Flags

Transactions that are unusual for the Cardholder

• Example: A cardholder who normally handles only office supplies suddenly starts purchasing electronics or booking travel.
• Why? Has this person taken on new responsibilities?

Too many Items Purchased

• Extra items may be for personal use. This is a tactic that can be used to “hide” items ordered meant for personal use.
Red Flags

Reconcilers that are “Too Helpful”

• The Cardholder and Approving Official should never be asked to sign the Bank of America statement until it is attached to a reconciled P-Card packet for proper review of all transactions and supporting information.

• Reconcilers should give the Cardholder and Approving Official sufficient time to review the entire packet without standing over their shoulder.
Red Flags

Disputed Transactions

• If there are a large number of disputed charges, it could mean that the Cardholder is trying to postpone discovery of personal purchases by ‘hiding’ them.
Red Flags

Struggling Reconcilers

When packets are consistently late or a specific reconciler seems to have trouble obtaining appropriate documentation, it can signal that there is a problem.

• Disorganization, mind-set issues, or burn-out
• Lack of support or cooperation from the Cardholder or others in the department to provide supporting documentation in a timely manner.
• Waiting until the last minute to get started.
IMPLEMENTING DEPARTMENTAL CONTROLS
Departmental Controls

• Department heads may use their discretion in implementing their own set of controls based on the needs of their unit.

• Individual Department's policies can be more restrictive than the University's policies.
Best Practices

• Give yourself time to work.
  – Require completed packets to be turned in for your review a few days prior to the P-Card due date.

• Give your faculty/staff the tools they need.
  – Put cards in the hands of the people who need them.

• Set reasonable limits.
  – Require purchases over a set dollar amount to be pre-approved.
Best Practices

• Keep yourself informed and require others to do the same.
  – Attend in-person training or complete the online course.
  – Invite guest speakers to your regular faculty/staff meetings to cover specific topics.

• Inspect what you expect.
  – Make sure others know that you are actually looking at what they turn in.
Help is Available!

- Our Website is full of resources to help you make informed decisions.
- Visit us at: [http://www.fa.ua.edu/pcardservices/](http://www.fa.ua.edu/pcardservices/)
- Our P-Card Services Staff members are always happy to answer any questions you may have.
- Policies and Procedures training is available online. In-person sessions are also available on a monthly basis.
- We welcome the opportunity to speak at departmental meetings as well.
Questions?