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|  <p><b>Category:</b><br/>Financial</p> <p><b>Policy applicable for:</b><br/>Faculty/Staff</p> | <p><i>Policy Title:</i><br/><b>Purchasing Card Violations</b></p> <p><b>Effective Date:</b><br/>07/06/2016</p> <p><b>Prior Effective Date:</b><br/>09/20/2010, 05/01/2009, 02/01/2008</p> <p><b>Enabling Act(s):</b></p> | <p><i>Policy Number:</i><br/><b>2.8.1</b></p> <p><b>Policy Owner:</b><br/>Sr. VP for Administration and Finance</p> <p><b>Responsible Office:</b><br/>Purchasing</p> |
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## BACKGROUND

Issuance of a Purchasing Card is based on business need. Cardholders must use the card responsibly and in a manner consistent with the university's mission and ethical practices and applicable laws. Misuse, abuse, and/or fraudulent use of the card may result in progressive administrative and/or disciplinary action, including criminal prosecution.

## POLICY

Purchasing Card cardholders, card verifiers and independent reviewers are expected to stay current with and abide by the Purchasing Card Policies and Procedures Manual, including the duties of their roles in appropriate card use enforcement.

## DEFINITIONS

Any and all terms used in this policy (2.8.1) have the same meaning as in the Purchasing Card Policies and Procedures Manual, which can be found by following the Related Links listed at the end of this policy.

## PURCHASING CARD ROLES

*Independent Reviewer:* The independent reviewer within each department is responsible for sampling and testing Purchasing Card transactions to verify that they are appropriate and supported by adequate documentation. Cardholders may not be their own independent reviewers and, whenever possible, the independent reviewer should not be a subordinate to the cardholder.

*Card Verifier:* The card verifier signs the memo statement from the bank each month indicating they have completed the verification process and that the transactions are appropriate to the operations of their department. Once the card verifier signs the memo statement of a cardholder, they are attesting to the validity of the cardholder's purchases.

*Cardholder:* The cardholder is the university employee whose name appears on the Purchasing Card and who is accountable for all charges made with that card. The cardholder should review and sign their memo statement each month. A cardholder can be granted the ability to allocate charges to non-default accounts in UC Flex; however, the cardholder can not act as a card verifier for their own Purchasing Card.

Account Allocator. Account allocators have the ability to allocate individual charges to various non-default departmental accounts in UC Flex. The account allocator role can be used in conjunction with the cardholder, card verifier or independent reviewer roles.

For more information on Purchasing Card roles and information about the Purchasing Card program, see the Purchasing Card Policies and Procedures Manual.

## **GENERAL TYPES OF PURCHASING CARD VIOLATIONS**

The general types of Purchasing Card violations include abuse, misuse, negligence and fraud. Abuse, misuse and negligence are violations for which no personal gain results. Note that any cash withdrawals or advances from a Purchasing Card, for any reason, amounts to misuse of the Purchasing Card and may result in progressive administrative and/or disciplinary action, including criminal prosecutions. Fraudulent violations are those in which deception was deliberately practiced for unfair or unlawful gain.

### **ABUSE/MISUSE/NEGLIGENCE VIOLATIONS**

Examples of abuse, misuse, and negligence include, but are not limited to:

- Buying products from a source other than the university's contracted vendor(s) (see University Contracted Vendors link);
- Intentionally splitting a purchase to circumvent delegated authority or transaction limits;
- Failing to maintain original receipts and other documentation, or obtain approvals;
- Cash withdrawals or advances from a Purchasing Card account; and
- Other breaches of policies and procedures specified in the Purchasing Card Policies and Procedures Manual.

Standard administrative actions in response to these violations are outlined below. At the time of the 2<sup>nd</sup> and 3<sup>rd</sup> violation for abuse, misuse and/or negligence, Purchasing reserves the right to review the severity of the violation and length of time leading up to the warning before activity is interrupted.

### **ABUSE/MISUSE/NEGLIGENCE ADMINISTRATIVE ACTIONS**

1<sup>st</sup> Violation – The independent reviewer or Purchasing Card administrator shall send a warning letter to the cardholder and their organizational unit head. If a warning is issued by an independent reviewer then the Purchasing Card administrator must be copied.

2<sup>nd</sup> Violation – The independent reviewer or Purchasing Card administrator shall send a second warning letter to the cardholder and organizational unit head. If a warning is issued by an independent reviewer then the Purchasing Card administrator must be copied. The cardholder's account may be suspended for 30 days following a review by the Purchasing Card administrator.

3<sup>rd</sup> Violation – The independent reviewer or Purchasing Card administrator shall send a letter to the cardholder, the organizational unit head, and also copy Internal Audit, Purchasing, and the appropriate senior administrator (senior vice president, vice president, dean or higher), stating that the cardholder may no longer participate in the university Purchasing Card program. The cardholder's account may then be terminated following a review by the Purchasing Card administrator. Reinstatement of a level-three violator as a cardholder may be authorized following a review and approval by the Purchasing Card administrator and the appropriate senior vice president or vice president.

## **FRAUDULENT USE OF THE PURCHASING CARD**

Use of the Purchasing Card for personal or non-university purchases will result in termination of the Purchasing Card account and the cardholder may be subject to potential disciplinary action up to and including termination of employment and criminal prosecution. All reports of personal use of the Purchasing Card will be referred to Internal Audit to determine which circumstances warrant discussion with Human Resources, Public Safety and General Counsel. Public Safety and General Counsel will determine which cases warrant criminal prosecution.

*Organizational units may institute policies more, but not less, restrictive than this policy (2.8.1) if desired.*

### **Related links:**

[Purchasing Card Policies and Procedures Manual](#)  
[University Term Contract Vendors](#)

### **Phone Contacts:**

Purchasing  
Unit Business Administrator

556-6742