

Financial Internal Controls Initiative

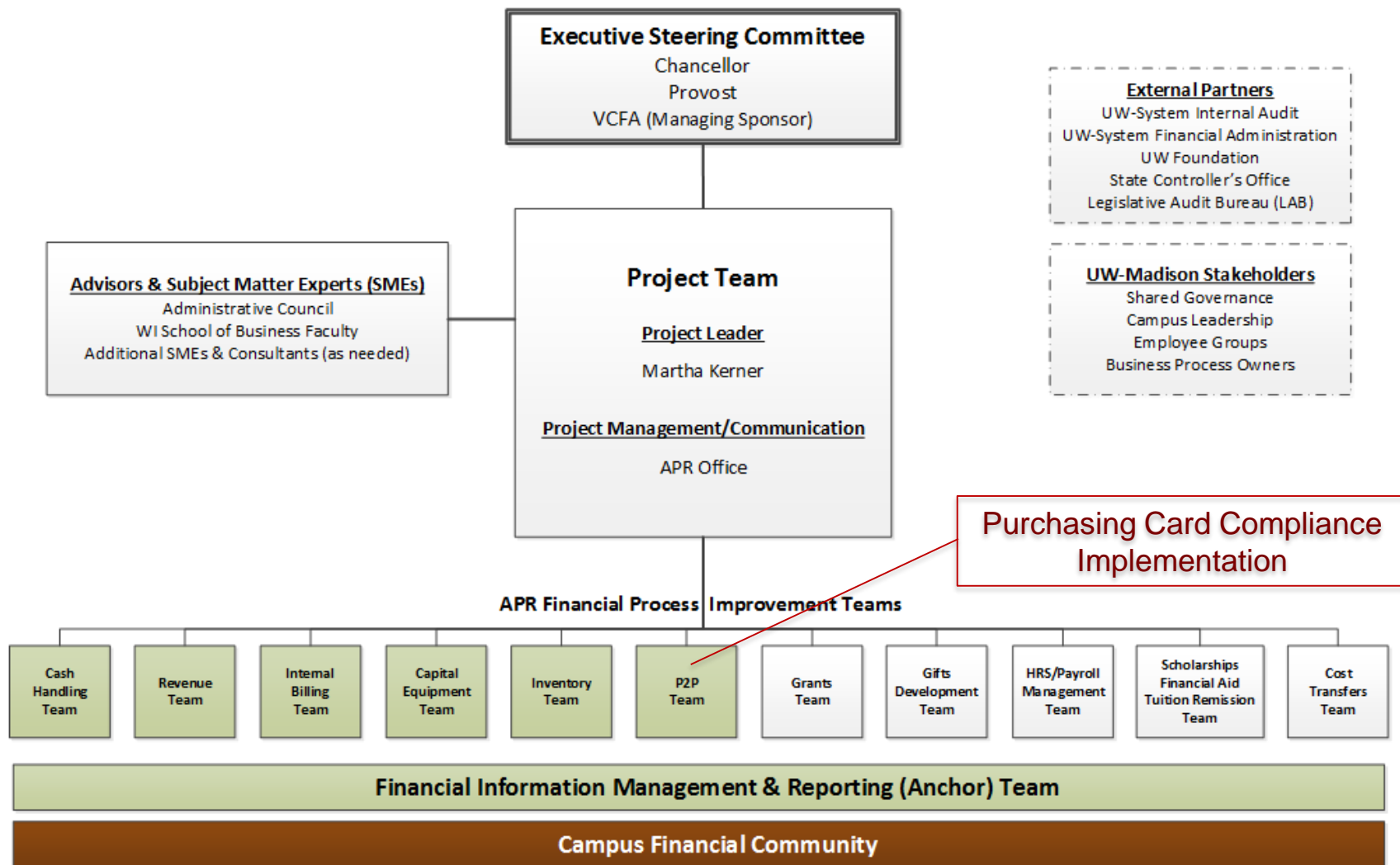
Purchasing Card Compliance Implementation

Financial Management Meeting
February 14, 2017

Agenda

- Background
- The new process for addressing noncompliance issues
- Next steps

Financial Internal Controls Project Structure



Updated January 2017

Background

- The Procure-to-Pay (P2P) process improvement team submitted recommendations in June 2016, which were presented to the Administrative Council and VCFA Directors in July 2016
www.bussvc.wisc.edu/intcntrls/communications.html
- Recommendations included restructuring the Purchasing Card Program and developing new policies and procedures
- A team was launched in November 2016 to implement these recommendations

Purchasing Card Compliance Implementation Overview

Objective: Stronger Internal Controls

Phase 1

Address purchasing card compliance issues

Phase 2

Move to a 1:1 purchasing card relationship

Phase 3

Eliminate use of purchasing cards for internal purchases

Compliance Errors

Serial purchasing/split transaction: Splitting purchases into several smaller transactions to circumvent single purchase limits and/or \$5,000 best-judgement purchase limit *Note: the majority of infractions are in this category*

Lack of adequate business purpose: Supporting documents lacking a clear business purpose

Gift cards policy violation: Gift card purchases out of compliance with policy or lacking required documentation

Site Manager approval: Cardholder statement missing site manager signature and/or date as verification of reconciliation

Shipped to a personal residence: Purchased items lacking justification for shipping to an off campus address

Lack of shipping information: Missing shipping documentation

Phase 1: Address Purchasing Card Compliance Issues

New 2-step process for noncompliance

- Establishes cardholder accountability for improper purchasing card use identified during auditing and monitoring
- Initially, the Purchasing Card Program Office will use results from UWSA internal audits to implement the new process
- The new process will begin May 1, 2017

1st compliance error	Compliance error after written warning
Written warning	Revocation of purchasing card(s)

Written Warning

Warnings will be kept on file in the Purchasing Card Program Office for two years.
After two years, warnings will be expunged.

Revocation

All purchasing cards issued to the cardholder will be revoked.
The cardholder may reapply for a purchasing card one year after revocation.
If the application is approved, training will be required.

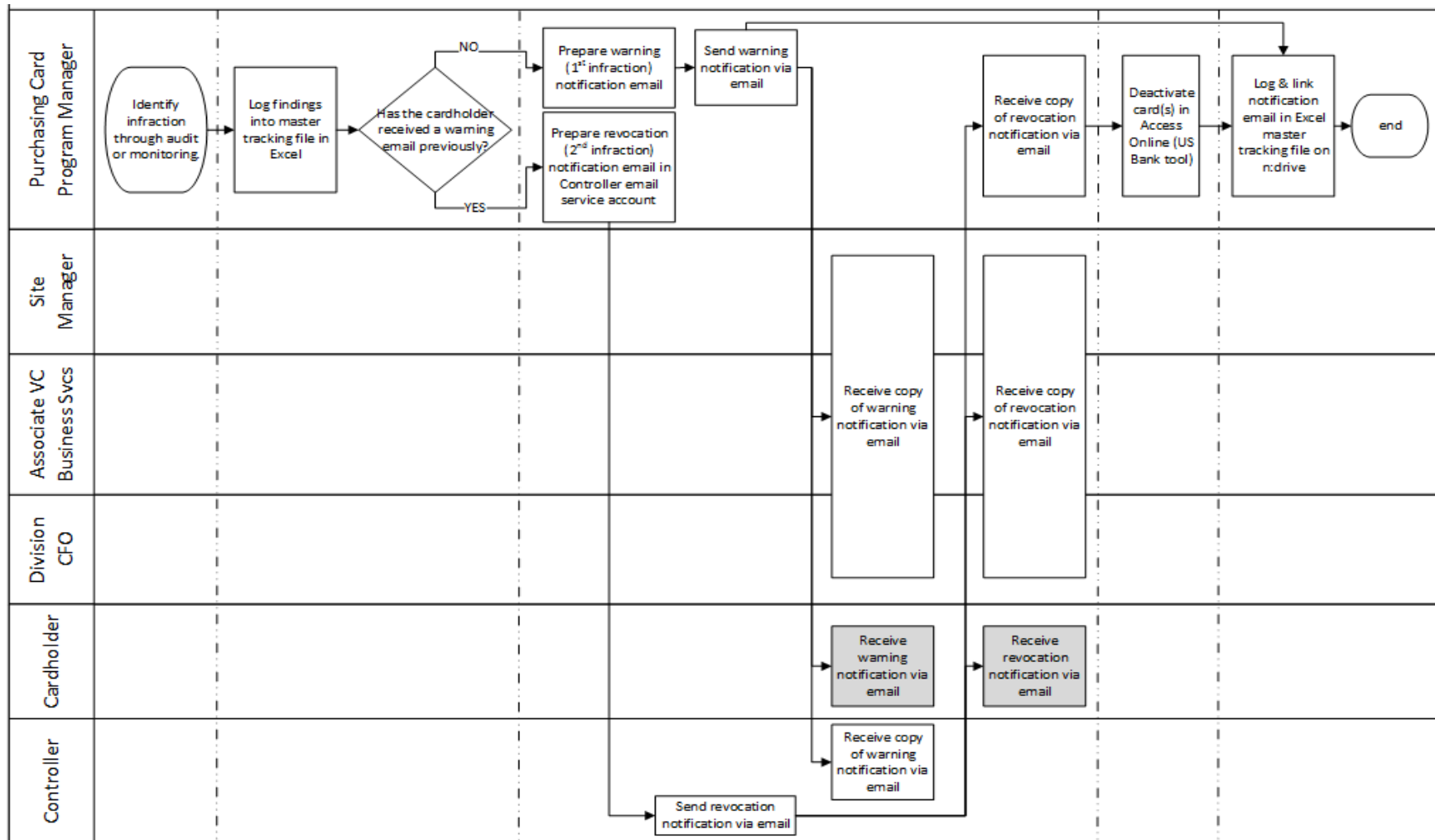
Estimated Impact of New Warning and Revocation Process Based on Past Audits

Division	Division Name	Warnings	Revocations
2	GENERAL SERVICES	4	0
7	COLLEGE OF AGRICULTURAL & LIFE SCIENCES	6	0
10	DIVISION OF INTERNATIONAL STUDIES	1	0
17	SCHOOL OF EDUCATION	3	0
19	COLLEGE OF ENGINEERING	2	1
34	VC FOR RESEARCH AND GRAD EDUCATION	2	0
45	LAW SCHOOL	2	0
48	COLLEGE OF LETTERS AND SCIENCE	4	2
53	SCHOOL OF MEDICINE AND PUBLIC HEALTH	4	0
54	SCHOOL OF NURSING	1	0
63	OFFICER EDUCATION	1	0
71	FACILITIES PLANNING AND MANAGEMENT	1	0
85	UNIVERSITY HOUSING	2	0
87	SCHOOL OF VETERINARY MEDICINE	1	0
88	WIS VETERINARY DIAGNOSTIC LABORATORY	3	0
96	WISCONSIN UNION	1	0
	Campus Totals	38	3

Warning and Revocation Communication

- Cardholder
- Site Manager
- Division CFO
- Controller
- Associate Vice Chancellor for Business Services
- Purchasing Card Program Manager

The New Process Map



Implementation Team's Next Steps

- Email new process notification to cardholders, CFOs, Deans, Directors and site managers in February 2017
- Share new policy draft with stakeholders in April 2017
- Begin sending warning letters May 1, 2017

Your Next Steps

- Familiarize yourself with the information you received today
- Reinforce communication within your division at staff meetings and via other channels when the opportunities arise
- Continue to help frame this new process as part of the overall Financial Internal Controls initiative supported by the VCFA

Reminder – the full list of active purchasing cards is on the website at http://www.bussvc.wisc.edu/acct/purchcd/Active%20Card%20List_01-24-17.pdf.

Questions?

Information on the Financial Internal Controls initiative is available at
<http://www.bussvc.wisc.edu/intcntrls/intcntrls.html>