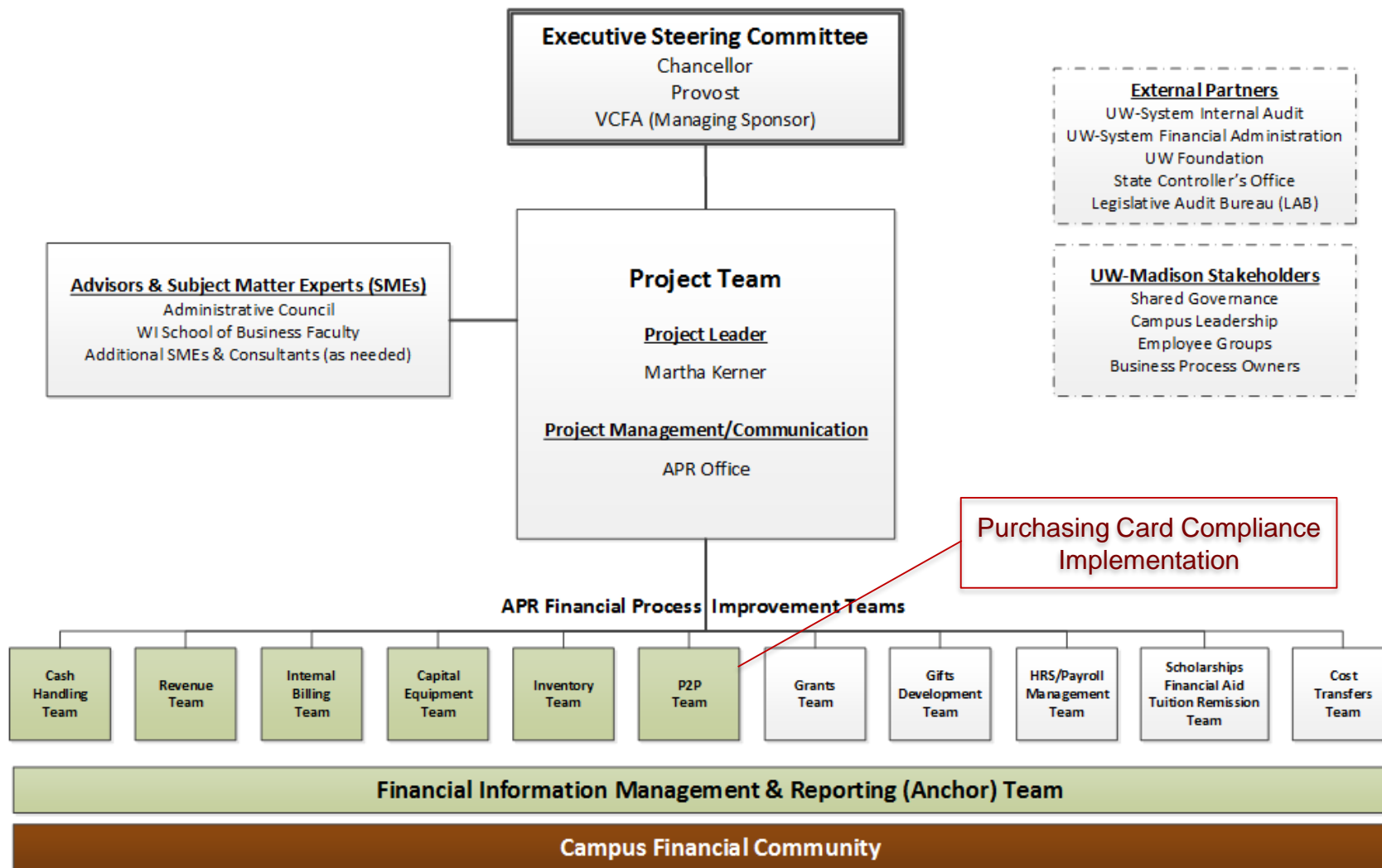


# Financial Internal Controls Initiative

## Purchasing Card Compliance Implementation

Financial Management Meeting  
April 11, 2017

# 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](http://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

## April 2017

- Additional updates will be presented to Administrative Council and VCFA Directors.
- New policy will be shared with stakeholders.
- Additional information will be distributed to campus units to aid in developing plans for transitioning away from designated use:
  - Summary of feedback provided by campus units regarding alternatives to designated use.
  - Suggested first steps in developing a transition plan.

## By May 1, 2017

- New purchasing card policy will go into effect.
  - New policy and procedures will be published.
  - Purchasing card website will be refreshed.
  - Applicant agreement for new cardholders will be revised.
  - In-person training will be updated.
  - Designated User Form will be obsoleted; removed from website.
- Compliance tracking and enforcement for will begin for purchases posted on or after May 1.
- No new purchasing cards with designated users will be issued.

Also by May 1, 2017

- Cardholders with designated users should be in the process of transitioning to an alternative so they are prepared for a mass reissue of purchasing cards with no designated users in mid-December.



## By July 1, 2017

- Project team will share new plans to approve all purchasing cards for travel and to consolidate purchasing card training.

## August 1 - October 31, 2017

- Updated online refresher training will be available:
  - Training will reflect all new policy and procedures.
  - Travel training and purchasing card training will be combined.



## December 15-31, 2017

- All purchasing cardholders will be issued new cards.
  - New cards will have new account numbers, expiration dates, and CVV codes.
  - **No** new cards will be set up with designated users.
- Any cards reissued before this time will be reissued as usual under the current process: card number will remain the same and expiration date and CVV code will change.

***Note:** Timing of mass reissue is deliberate: it is a quiet time for travel and aligns with the beginning of enforcement of Phase 2.*

# Compliance Errors During Current Audit Cycle

- We are currently in the middle of an audit cycle (11/5/16 - 3/10/17).
- No transactions from the current audit cycle will result in a warning, however, compliance issues will be communicated to the cardholder, site manager, and Divisional Business Office.
- Starting with the next audit cycle, any transactions with a posting date of 5/1/17 or later will be subject to the warning and revocation process for non-compliance.

1 <sup>st</sup> compliance error	Compliance error after written warning
<p style="text-align: center;"><b>Written warning</b></p> <ul style="list-style-type: none"> <li>• Warnings will be kept on file in the Purchasing Card Program Office for two years.</li> <li>• After two years, warnings will be expunged.</li> </ul>	<p style="text-align: center;"><b>Revocation of purchasing card(s)</b></p> <ul style="list-style-type: none"> <li>• All purchasing cards issued to the cardholder will be revoked.</li> <li>• The cardholder may reapply for a purchasing card one year after revocation.</li> <li>• If the application is approved, training will be required.</li> </ul>

# Next Steps

## P-Card Compliance Implementation Team

- Present updates to Administrative Council and VCFA Directors.
- Share new policy with stakeholders.
- Communicate updates via Purchasing Card Newsletter.

## Financial Managers

- 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.

# Questions?

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