

QUALITY ASSURANCE PLAN/REVIEW POLICY FOR REVIEW OF DELEGATED PROCUREMENT

Introduction

University departments now have the opportunity to make small purchases with increased dollar limits as a result of delegation of authority from the Department of Procurement and Supply. The increased limits allow departments to satisfy needs for goods and services that fall within the delegation faster and more efficiently. The tools available to make these purchases include the VISA Purchasing Card, Delegated Small Procurement Orders and Master Contract Releases.

The purpose of this quality assurance plan/review policy is to establish review procedures for the campus community to ensure compliance with State laws and regulations, and University policies, procedures and guidelines when purchasing within their delegated authority perimeters. Reviews will be performed by on-site assistance visits, abridged visits and off-site monthly reviews of transactions. In addition, the plan has customer education focus to assist department personnel in understanding appropriate use of their delegated purchasing and to obtain ongoing feedback. This quality assurance review augments the audit function performed by Internal Audit and the Comptroller's ongoing review of accounts.

Responsible Department

Procurement and supply is the responsible for conducting reviews of delegated procurements.

What Will Be Reviewed

- A minimum number of total transactions for each category (purchasing card, small orders, master orders) will be reviewed based on the following sample size.¹

<u>Total # of Transactions</u>	<u>95% Level of Confidence +/- 10%</u>
500	81
1,000	88
1,500	91
2,000	92
3,000	94
5,000	95
10,000	96

- The review will include a summary of:
 - The number of transactions processed in the review period
 - The total dollar amount of all transactions in the review period
 - The number of transactions actually reviewed
 - The total dollar amount of transactions actually reviewed

¹ Designing and Conducting Survey Research, Louis M. Rea and Richard A. Parker, 1997, p. 121, Table 7.2, Minimum Sample Sizes for Selected Small Populations

- Transaction reports will be reviewed to identify questionable purchases. The term “questionable purchase” will identify any that may be in violation of a State law or regulation, University policy, procedure or guideline. The review will include an analysis of all transactions sorted by vendor name and by vendor classification to identify any transaction of a suspicious nature.
- Require copies of receipts and documentation for expenditure
 - Review compliance with State laws, regulations, as well as University policies and procedures
 - Review cardholder monthly credit limits by comparing to historical spending
 - Ensure appropriate Reviewer is assigned to cardholders
- Monthly credit limits exceeding \$15,000 will be reviewed bi-annually
 - Review spending history of cardholders with monthly credit limits exceeding \$15,000 and adjust as necessary
- Cardholders with multiple cards will be reviewed bi-annually
 - Monitor need for cardholders to have more than one card and adjust or justify as necessary

Results of Review

The results of the review will be compiled in summary format and will

- Determine compliance or non-compliance
- Notify department representative of review conclusions
- Commend in writing if in compliance, take necessary actions if not in compliance
- Continually educate users in the appropriate use of their delegated purchasing authority

Methodology for Electronic Review

Every month electronic reports are received from General Accounting Division of the State’s Comptrollers Office (GAD) identifying questionable purchases which may be in violation of a State law or regulation or University policy and procedures. The Delegated Purchasing Team researches and identifies justification for each purchase and submits report back to GAD. Back up documentation for any questionable purchase is required and filed in the Delegated Purchasing Team area.

Methodology for On-Site Assist Visits and Compliance Reviews

On-site departmental assist visits will be conducted. The goal is to visit the largest departments (measured by the top 10% of annual purchase card volume, without a repeat for 2 years) and all departments where problems have been identified. The balance of on-site reviews will be to departments selected randomly and departments that ask for or need assistance. On-site visits and compliance reviews (that consist of reviewing purchasing card records only) will be performed.

Results

A written report summarizing the results of the review is given to the department and a file is maintained in the Department of Procurement and Supply.

Review Policy for Delegated Authority

Purpose

The purpose of this review policy is to establish review procedures for the campus community to ensure compliance with State laws and regulations, and University policies, procedures and guidelines when purchasing within their delegated authority perimeters. Reviews will be performed by on-site assistance visits and off-site bi-monthly reviews of transactions.

Methodology

The following methodology will be used for on-site assistance visits and off-site compliance reviews. For this review policy, the term “questionable purchase” will identify a purchase that may be in violation of a State law or regulation, University policy, procedure or guideline.

- Review transaction reports to identify questionable purchases
 - Search by vendor name
 - Search by vendor classification
- Require copies of receipts and documentation for expenditure
 - Review compliance with State laws, regulations, as well as University policies and procedures
- Determine compliance or non-compliance
- Notify department representative of review conclusions
- Commend in writing if in compliance, take necessary actions if not in compliance
- Continually educate users in the appropriate use of their delegated purchasing authority

Scheduled Reviews

Identify the largest (by department size and dollar value) users of SMs, Miscellaneous Payment Requests, and PCard to perform scheduled reviews.

- Perform initial on-site review while educating the business manager and cardholders in the proper uses of delegated procurement
- Hold off-site compliance reviews by requesting back-up documentation via email, voice mail, fax or campus mail

Random Reviews

Identify the smaller (by department size and dollar value) users of SMs, Miscellaneous Payment Requests, and Pcard to perform random reviews.

- Perform random off-site reviews by reviewing SM and Pcard reports and requesting back-up documentation from user via email, voice mail, fax or campus mail

Review specific to P Card,
SMs and Master Contracts

Department:
Date:

1. Are the cards and documents revealing the card account number properly secured?
2. Are transaction logs properly completed?
3. Have the transaction logs been approved and signed by reviewer?
5. Have the transaction logs been electronically reviewed?
6. Is there evidence that the transaction logs have been reconciled with the VISA statement?
7. Is documentation (detailed receipts, credits, notes, VISA statement) attached to transaction log?
8. Are purchases in accordance with State laws and regulations?
 - a. Furniture
 - b. Gifts of sentiment
 - c. Alcohol
 - d. Personal purchases
 - e. Gift cards or any form of cash equivalent
9. Are purchases in accordance with University policies and procedures?
 - a. Lodging
 - b. Modifications to building structure
 - c. Deliveries to non-University address
 - d. Telecommunication services
 - e. Hazardous materials
 - f. Signing of agreements, licenses and contracts
 - g. Stringing of orders to avoid the single transaction limit
10. Is the reviewer the cardholders' immediate supervisor?
11. Are credit limits appropriately assigned to each card (based on monthly usage)?

Small Procurement Orders

1. Were SMs issued only when the purchasing card was restricted?
2. Are purchases in accordance with State laws and regulations?
 - a. Furniture
 - b. Gifts of sentiment

- c. Alcohol
 - d. Personal purchases
3. Are purchases in accordance with University policies and procedures?
- a. Lodging
 - b. Modifications to building structure
 - c. Deliveries to non-University address
 - d. Telecommunication services
 - e. Hazardous materials
 - f. Signing of agreements, licenses and contracts
 - g. Stringing of orders to avoid the single transaction limit

Master Contracts

- 1. Are Master Order Releases tied to a Master Order Contract?
- 2. Are purchases within delegated authority and in conjunction with Master Order Contracts purchased on the purchasing card?

Miscellaneous Payment Requests

- 1. Has the department issued MPRs that are outside their delegated procurement authority?