
INTERNAL AUDIT SERVICES

PURCHASE CARD (P-CARD)

AUDIT PREPARATION
& BEST PRACTICES



GENERAL GUIDANCE

All P-Card expenditures are governed by University policy, and State and Federal law.

University funds, regardless of their source, are public funds. Prior to making a purchase, carefully consider if it is a prudent use of public funds. (Imagine the purchase as a headline in the Herald Journal or Salt Lake Tribune)

All travel-related expenses, including the University Inn, are prohibited on the purchase card. Please use a *Travel Authorization* (TA) and a travel card or submit a claim for reimbursement of travel expenses.

We recommend that University employees voluntarily contribute to personal gifts, e.g., wedding, baby shower, birthday, etc. for their coworkers.

Cardholders have the responsibility to remind vendors of the University's tax-exempt status. Any sales tax paid represents an unnecessary expense to the University.

P-CARD AUDIT PREPARATION

Organization is critical to a smooth audit. We encourage cardholders or business offices to keep statements in chronological order with the supporting documentation attached to the statement.

Every statement must be reconciled, dated and signed by the cardholder. An administrative reviewer, e.g., supervisor, business manager, fund manager, etc. must review and verify the transactions are appropriate and sign and date the statement.

THE AUDIT

The auditor reviews transactions for compliance with University policy; verifies statements are reconciled, signed and reviewed by administrative reviewers; ensures supporting documentation is retained; and evaluates the overall control environment.

DOCUMENTATION

Without an itemized receipt, the details of what was purchased are not listed. A charge slip shows only the total amount of the purchase. Therefore, it is impossible to determine if sales tax or a prohibited purchase was charged to the University.

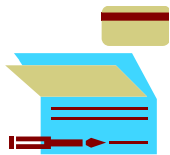
We recommend that cardholders or card managers retain itemized receipts for at least 5 years. **Please note:** P-Cards linked to contracts or grants may have longer record retention requirements. Please contact Office of Sponsored Programs for more information.

RECONCILIATIONS

1. Enter the purchase details in the log (recommended).
2. Retain itemized receipts/forms with the log.
3. Compare monthly statement to the log and receipts. Check-off all the correct transactions.
4. If there are discrepancies, contact the vendor to dispute the erroneous charge. Be sure to follow-up to ensure a credit has been issued.

If the dispute cannot be resolved with the vendor, call 1-800-344-5696 and complete a Cardholder Dispute Form as directed by U.S. Bank. The charge must be disputed within 60 days of the original transaction.

5. Attach the receipts and log to the statement. Sign and date the statement, confirming that reconciliation is complete.



6. Forward to the administrative reviewer for approval.
7. The administrative reviewer validates the reconciliation is complete and the purchases are appropriate. And then, signs and dates the statement.

MEALS & ENTERTAINMENT

The most frequent area of confusion for using the P-Card is food purchases.

Per the Internal Revenue Service, purchases of food must be both ordinary and necessary and meet one of two tests: Directly-related or Associated Tests (please refer to *Meals & Entertainment Policy 516* for details).

Business meals and entertainment expenses must be documented and substantiated to meet requirements of the Internal Revenue Service regulations and prudent business practices.

Documentation required by these activities is: Business reason for the activity (please be specific, not just “meeting”) and the individuals involved in the activity, including their title and affiliation; and the dates of the activity.

All costs should be supported by the itemized actual receipts (not just a credit card receipt) and listed by the provider, location, date, and amount of the expense.

If the expense cannot be properly documented, the employee must bear the cost of the business and/or entertainment. Otherwise, it may be considered subject to income reportable on the employee’s W-2.

REFERENCES & LINKS:

Internal Audit Services:

<http://www.usu.edu/ias/>

Purchasing Card Policies and User Guidelines:

<http://www.usu.edu/purchsvs/p-card.html>

Missing Receipt Form:

http://www.usu.edu/purchsvs/P-CARD_Missing%20Receipt%20orm.pdf

Meals & Entertainment Policy:

<http://www1.usu.edu/hr/policies/516.htm>

U.S. Bank:

Call 1-800-344-5696 and complete a Cardholder Dispute Form as directed by U.S. Bank.

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