



## **Accounting and Administrative Manual**

### **Section 100: Accounting and Finance**

**Procurement (Pro) Card Controls**  
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General:

To establish and maintain an effective internal control structure for the Procurement (Pro) Card program, the following elements must be in place.

#### **1. Application Form**

The application form is completed when a pro card is requested. The application form designates the default fund, org, and account for the card, establishes the cardholder's information, and establishes limits for the card. The application form is signed by the cardholder's approving official, and the unit's dean/director/department head, or designee and the pro card administrator.

The unit's dean/director/department head, or designee and the pro card administrator must exercise professional judgment to determine 1) the number of cards necessary and appropriate for a unit/department, 2) whether there is sufficient activity to warrant a card, and 3) that the credit limit is appropriate for the business needs.

#### **2. Cardholder Agreement**

The cardholder agreement outlines the pro card rules and expectations, signed by the cardholder upon card issuance. The purpose of the agreement is to inform cardholders of their responsibilities.

#### **3. Training**

Pro card administrators provide training to cardholders to familiarize the cardholders with the pro card process and their responsibilities. New cardholders are required to complete training.

#### **4. Approving Official**

The approving official is generally the cardholder's supervisor. Each cardholder must have an approving official. An approving official may not be a peer or subordinate to the cardholder. Approving officials are required to sign an agreement acknowledging their responsibilities, approve changes to the cardholder account, and review the cardholder's monthly statement.

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**5. Limits**

Pro cards have two key types of limits:

- I. Single Purchase Limit – A limit restricting the amount that can be spent on individual transactions. The default limit is \$2,500.
- II. Monthly Cycle Limit – A limit restricting the amount that can be spent over a period of time. The default limit is \$10,000.

Limits in excess of default amounts must be justified in writing, and approved by the unit's dean/director/department head, or designee, and the pro card administrator.

Monthly credit limits of \$25,000 and greater must be approved by the regional chief finance officer. Credit limits of \$75,000 and greater must be approved by the vice president for finance/chief finance officer.

**6. Verification**

Once a week the transaction data in the bank's system posts to the university's accounting system. On a timely basis (before each week's posting) transactions should be reviewed by the cardholder or a designated department reviewer to verify that the transactions will post to the university's accounting system with the correct fund, organization, and account codes. After each week's posting, cardholders should review charges to ensure that they have posted correctly. Incorrect items should be corrected via journal voucher as soon as possible. All efforts should be taken to minimize journal vouchers, which is why verifying the transaction data before it posts is important.

**7. Supporting Documentation**

The cardholder maintains supporting documentation in the form of receipts, or other evidence of purchase. These documents facilitate reconciling, to ensure the university is not paying for goods and services it did not purchase and helps track the receipt of goods ordered, to ensure the university does not accidentally purchase the same goods twice, that all items ordered were received, and ordered items are charged correctly.

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**8. Cardholder Statement Review and Approval**

The cardholder statement is required to be printed on a monthly, or more frequent basis, and signed by the cardholder and approving official. Great care should be taken by the approving official to examine the transactions and verify that they are appropriate, have a business purpose and agree in amount and description to the supporting documentation. Reviews must be complete within 45 days of month end. Exceptions must be documented.

**9. The Pro Card Administrator**

Each of the three universities has a pro card administrator. Pro card administrators:

- a. Oversee the distribution of pro cards
- b. Provide customer service to university staff
- c. Act as a liaison between the university and the bank
- d. Collaboratively, maintain the university's pro card manual
- e. Provide training to staff and answer staff questions
- f. Assess and authorize waiver requests
- g. Adjust cardholder information in the bank's system (Payment Net)
- h. Periodically audit cardholders and review transactions

**10. Written Procedures**

The university maintains a pro card manual, which outlines the pro card processes rules and expectations in a manner especially useful for cardholders and approving officials. The pro card manual shall be the same for all of the University of Alaska system. Changes to the manual should be coordinated through the controller's office.

**11. Annual reviews**

Annually, as of March 31, each university shall assess the appropriateness of credit limit levels and examine the necessity of low activity cards and the number of cards per unit/department. Any adjustments must be complete by June 30. Nothing in this section prohibits adjustments taking place more frequently.

**12. Violations**

Violations of internal controls and procedures may be cause for disciplinary action and/or removal of pro card privileges.