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October 16, 2000

MEMORANDUM

TO: CSU Presidents

FROM: Charles B. Reed
Chancellor

SUBJECT: Executive Order No. 760 - Procurement Cards

The attached Executive Order reaffirms California State University's policy regarding the use of procurement cards.

The campus president shall comply with all applicable law, policies and procedures of the Board of Trustees and the chancellor, which may include but are not limited to financing, physical planning, and procurement.

In accordance with policy of the California State University, the campus president has the responsibility for implementing Executive Orders where applicable and for maintaining the campus repository and index for all Executive Orders.

CR:pd

Attachment

Distribution: Chief Financial Officers
Chancellor's Office Divisional Heads

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210

Executive Order No.: 760
Title: Procurement Cards
Effective Date: October 16, 2000
Supersedes: No Prior Executive Order

This Executive Order is issued to reinforce California State University's policy regarding the use of procurement cards. This Executive Order establishes minimum standards for use of procurement credit cards to ensure appropriate safeguards are in place.

Authority

The delegation of authority for the use of the procurement card is vested with the president of each campus.

Responsibility

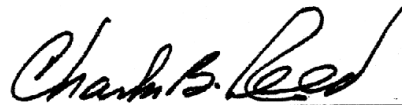
The chief financial officer of each campus is responsible for developing and maintaining policies and procedures governing the use of the procurement card. Campus practices should insure strong internal controls that mitigate procurement card abuses, comply with Trustee policy, ensure observance of good business practices and provide appropriate checks and balances. Since procurement discretion may involve the application of the State's conflict of interest laws, attention should be given to compliance with those laws in light of the potential impact that the exercise of procurement discretion may have on a personal financial interest.

Policy

Campus procurement card policies and procedures must, at a minimum, include the provisions contained in this order. Related management and staff training should also be a part of campus administration of a credit card program.

1. Card Usage Controls – General procurement card controls should include written procedures that include the following:
 - Prohibited purchases including splitting purchases to circumvent purchase limits.

- Defined role of the approving official to insure that a cardholder's subordinate or peer is not designated as approving official. Approving officials should not approve their own purchases.
 - Ensure duplicative payments do not occur.
2. Monitoring Activities - Campus procurement card procedures should include practices such as periodic post-audits, to insure compliance with the CSU procurement credit card policies.
 3. Enforcement - Campus policies must clearly identify sanctions for improper use of the procurement card. Such sanctions may include required reimbursement for personal charges including any applicable transaction fees, and suspension of the procurement card delegation when warranted.
 4. Processing Credit Card Payments - The processing of credit card payments must include a complete review and analysis of the monthly credit card charges. In support of the review, the campus departments should be required to submit complete supporting documentation in a timely manner. The review should include the following:
 - a. Supervisor or management approval
 - b. A follow-up of disputed charges from the prior months
 - c. A review of the completeness of the documentation supporting the monthly credit card invoice
 - d. Clearance of outstanding delinquent invoices
 5. Return of Cards - Personnel clearing procedures must specifically include a final card reconciliation and return-of-card process.



Charles B. Reed, Chancellor

Date: October 16, 2000