

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 and off-site bi-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 signed transaction logs for all questionable purchases, require receipts and documentation for expenditures to Third Party Financial Vendors.
 - Review compliance with State laws, regulations, as well as University policies and procedures
- Monthly credit limits exceeding \$75,000 will be reviewed bi-annually
 - Review spending history of cardholders with monthly credit limits exceeding \$75,000 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
- Review of cardholder monthly credit limits by comparing to historical spending will be performed during assistance visits

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 reviewed for questionable purchasing card usage that may be in violation of a State law or regulation or University policy and procedures. Back up documentation for any questionable purchase is required. Identifying the questionable purchases is performed by the General Accounting Division (GAD) of the State of Maryland Comptroller’s Office. The review is completed by the Delegated Purchasing Unit, a report is submitted to GAD and back up documentation is retained in the Delegated Purchasing Unit file.

Methodology for On-Site Assist Visits

On-site departmental assist visits will be conducted monthly. 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. Approximately 40 on-site visits will be held each year.

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.