**Objective:** To determine if the unit follows standard policies/procedures in the purchase of goods and services through purchase orders, Health eShop, contracts and the procurement card (P-Card).

**Risk Level/Potential Impact:** High; Results in violations of state laws and/or institutional and BOR policies and procedures if good purchasing practices are not followed.

**Criteria:** State Purchasing Laws; Institutional and BOR policies and procedures; Best business practices.

**Frequently Observed Weaknesses/Deficiencies:**
- Inadequate segregation of duties in purchasing processes.
- Inappropriate purchases.
- Processing requisition using expired quote.
- Purchasing items on statewide contract from unauthorized sources.
- Failure to use Health eShop.
- Purchases coded to incorrect account codes.
- Failure to ensure proper receipt of goods and services purchased.
- Failure to review and resolve open purchase orders.
- Split purchasing.
- Lack of approval and/or appropriate level of approval for purchases and on physical P-Card statements.
- Lack of electronic approval (in Works) for P-Card purchases leading to the transactions being swept by the P-Card office.
- Inadequate reconciliation processes.
- Failure to preclude sales tax charges.
- Lack of receipts to support purchases.
- Improper authorization for purchases.
- Sharing p-cards.
- Failure to obtain prior approval from the P-card Office for p-card purchases requiring such.

**Helpful Tools:**
- PeopleSoft Budget Transaction Detail Report
- Open Encumbrance Report

**Helpful Tools Continued:**
- Health eShop Training
- PeopleSoft Requisition Training
- HR Training and Education Courses
- Enterprise Supply Chain - http://www.gru.edu/supply/index.php
- University Purchasing - http://www.gru.edu/supply/purchasing
- Department of Administrative Services – http://doas.ga.gov/Pages/Home.aspx
- P-Card Dos & Don’t’s – http://www.gru.edu/supply/pcard/

**GRU Contact Office and Information Resource(s):** Enterprise Supply Chain – University Purchasing: (706-721-2216); P-Card Office (706-721-9441); Health eShop (706-721-2986).

**Best Business Practices:**
1. Designate an individual(s) as the unit’s central authority for handling the purchase of goods and services. This individual should understand and be apprised of all purchasing activity for the unit as well as understand purchasing policies and procedures.
2. Identify a back-up employee for purchasing in the event this individual is absent.
3. Develop internal purchasing business processes if necessary, and communicate to all unit employees.
4. Ensure individuals comply with institutional purchasing policies and procedures.
5. Attend procurement trainings and meetings.
6. Ensure adequate segregation of duties or compensating controls exist.
   - Functions are divided so that one person does not have control over all aspects of a purchase: authorization of purchase, ordering, receiving, record keeping, and reconciliation.
   - A p-card holder may reconcile their own p-card activity; however, the cardholder and reconciliation approver must never be the same person. Additionally, an individual purchasing through requisition should not approve financial reconciliations. An appropriate level of management, i.e. department administrator, chairman, etc., should approve (sign-off) reconciliations.
Best Business Practices Continued:
7. Obtain competitive pricing on institutional purchases equal to or greater than $5,000.
8. Ensure purchases remain within dollar transaction limits.
9. Review and resolve open purchase orders periodically.
10. Order items that are on statewide contract from approved sources.
11. Renew all maintenance contracts and agreements as necessary. Ensure timely response to Purchasing Department on such.
12. Ensure approval from the appropriate respective office for the following special approval commodities: equipment purchased with sponsored funding, IT equipment and some software, radioactive material, live animals and ads for classified and faculty positions.
13. Retain all appropriate supporting documentation to validate purchases, credits and other transactions.
14. Ensure disputed charges/discrepancies and errors are resolved in a timely manner.
15. Provide adequate safeguarding of goods received.
16. Ensure safeguarding of p-cards; prohibit the sharing of p-cards.
17. Ensure goods/services are charged/allocated to appropriate account codes/chart field combinations.
18. Reconcile all purchase activity at least monthly (including p-card activity) promptly following up on noted exceptions.
19. Ensure reconciliations are approved by an appropriate level of management.
20. Ensure purchase documentation, receipts and reconciliations are maintained for identified BOR and/or institutional retention period. [http://www.usg.edu/records_management/](http://www.usg.edu/records_management/)
<table>
<thead>
<tr>
<th>Self-Assessment of Internal Controls for Procurement</th>
<th>Yes</th>
<th>No</th>
<th>N/A</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Are employees familiar with institutional and unit specific procurement policies and procedures?</td>
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<tr>
<td>Does the unit have an individual(s) responsible for the unit’s purchasing activity?</td>
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<tr>
<td>Does the unit have a back-up individual identified in the absence of the above designated individual?</td>
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<td>Is Health eShop used as a first resort?</td>
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<tr>
<td>Have p-card holders and approvers received p-card training?</td>
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<tr>
<td>Are p-card holders familiar with what can/cannot be purchased with their p-card?</td>
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<tr>
<td>Is the sharing of p-cards prohibited?</td>
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<tr>
<td>Is the individual who reviews and approves purchases different from the individual who reconciles financials/purchasing activity?</td>
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<tr>
<td>Is the p-card holder different from the approver of p-card reconciliations?</td>
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<td>Are the P-Card holder and approver signing off in Works and signing the BOA monthly statement?</td>
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<td>Are purchases valued at $5,000 or above processed through the Purchasing Department?</td>
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<td>Is appropriate approval obtained for special approval commodities?</td>
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<td>Are purchasing errors/discrepancies corrected in a timely manner?</td>
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<td>Are goods received adequately safeguarded?</td>
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<td>Are routine purchases monitored for unusual trends?</td>
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<td>Does the unit monitor open encumbrances periodically?</td>
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<tr>
<td>Are procurement documents and reconciliations retained for the appropriate time period as prescribed by institutional and BOR policies?</td>
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