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Violations and Prohibited Transactions

Prohibited Transactions

CASH

Cardholders cannot use the Procurement Card to obtain cash, such as money orders or traveler's checks. Cardholders are not to receive cash as a credit for the return of an item.

CASH-LIKE TRANSACTIONS

Cash-like transactions, such as gift cards, are only allowable if purchased in accordance with the following Procedural Statements: Gift Cards; Recognition and Training; and, Study Subject Payments.

CASH SHARING/PEER-TO-PEER PAYMENT APPS

Cardholders cannot use the Procurement Card to fund payments through cash sharing apps such as Venmo-Personal Payments, PayPal-Personal Payments and Cash App for *payments to individuals*. These payments fail to generate necessary documentation required for audit and tax purposes under IRS Accountable Plan rules.

DOCUMENTATION FAILURE

Failure to provide, within 30 days of the transaction date, the required receipt or sufficient documentation:

Cardholders are required to provide receipts for each purchase, unless the transaction amount is $25 or less and is not for an official function. If the Cardholder is unable to obtain a valid receipt, they may add a comment to the report, explaining why the receipt was unobtainable. Multiple missing receipts may result in a violation.

FETAL TISSUE PURCHASES

Cardholders cannot use the Procurement Card to purchase human fetal tissue.

FOREIGN COMPANY PURCHASES

Procurement Cards may be used to make payment to foreign companies only for purchase (not rental) of the following goods and services:

- Supplies and other tangible personal property
- Services performed entirely outside the U.S.

INAPPROPRIATE PURCHASES

All purchases on the Procurement Card must follow the Finance Procedural Statement Sensitive Expenses [1] and (if appropriate) Official Functions [2]. Departments contemplating purchases of official functions, gifts, flowers, alcohol, memberships, contributions, and/or other sensitive items should refer to those policies for clarification.

IT PURCHASES (INCLUDING HARDWARE, SOFTWARE AND SERVICES)

Effective 9/1/2025: Cardholders are prohibited from using the Procurement Card to purchase IT goods or services that are covered under an existing university agreement. This could be an enterprise-wide or campus-wide agreement, a mandatory price agreement, or a master services agreement. Additionally, cardholders cannot use the Procurement Card to make any IT purchases further prohibited by their campus.

Existing IT agreements can be reviewed on the PSC's IT Procurement page, as well as on the campus-specific page links listed below. Cardholders are expected to review existing agreements as well as information on campus-specific restrictions and allowability when considering making any IT purchase on their card.

Any IT purchase that is eligible to be made on the Procurement Card must have all associated security, compliance, or contractual components reviewed before payment is completed. These completed contracts and reviews should be attached to the expense report on which the purchase is reconciled. Refer to the PSC's IT Procurement webpage [3] for additional guidance.

- CU Anschutz [4]
- CU [5]Boulder [6]
- UCCS [7]
- CU Denver [4]
- CU System Administration [8]

LIQUOR STORE PURCHASES

Cardholders cannot use the Procurement Card to purchase alcohol or other items at liquor stores.

MANDATORY PRICE AGREEMENT SUPPLIERS

Cardholders are not to use the Procurement Card to purchase items otherwise covered by a mandatory price agreement. Mandatory price agreements include multiple furniture suppliers, Xerox and Konica Minolta for copiers and multi-function devices, and several suppliers providing specific temporary labor services.

A complete list of goods and services covered by such agreements, and additional information on how to buy these goods and services, see the PSC's Commodity Listing [9] page.

Mandatory price agreements should be leveraged from the participating suppliers in CU Marketplace, and ***not on the Procurement Card***.

PERSONAL PURCHASES

Cardholders must immediately report any inadvertent personal purchase to their AOs and must immediately either reimburse the University or arrange for a credit transaction from the merchant. Documentation shall include proof of reimbursement by employee or credit by merchant.

Card abuse/employee fraud

Personal purchases not reported by Cardholders to their AOs immediately may be considered Suspected Fiscal Misconduct and may result in termination and possible prosecution. Any suspected fiscal misconduct or abuse of the card for personal purchases must be reported immediately to both PSC Commercial Card Administration and the CU System Department of Internal Audit.

PHONE CARDS/LONG-DISTANCE AND PAY-PHONE CALLS

The purchase of telephone calls is prohibited where there is no billing available from the merchant itemizing the calls.

PRE-PAID PARKING OR METER KEYS

Cardholders are not to use the Procurement Card to purchase Pre-Paid Parking or Meter Keys unless they are purchased directly from the University.

SHARING THE CARD

Cardholders shall not share their cards or card numbers with other individuals for use. Only the designated Cardholder is allowed to use his or her Procurement Card.

SPLIT PURCHASES

Under University Procurement Rules and State of Colorado Fiscal Rules, it is prohibited to split a purchase in order to circumvent Procurement Card limits. A split purchase is defined as:

- The purchase of a single item costing over $5,000 (including shipping) with the purchase being divided (split) into more than one transaction; or,
- The purchase of a group of items totaling over $5,000 (including shipping) for a single purchase need. A single purchase need identifies a group of items that are similar enough in nature to be purchased from a single source and that are all known to be needed at the time of the first purchase transaction. Purchases cannot be different delivery locations, differing functionality of the items, etc. For example: a Cardholder shall not purchase two $2,700 computers from a single source using two separate transactions if both computers are known to be needed at the time of the purchase (and, therefore, the total purchase need is known to be $5,400).

Exceptions

- The single purchase need maximum limit of $5,000 does not apply to purchases from University departments. For example: It is acceptable for a department to place orders exceeding $5,000, using multiple transactions, with internal campus vendors (CU Imaging Services, CU Continuing Education, etc.).
- Multiple conference registrations or training classes are not considered to be violations under the split purchases policy. Rather, event registration fees are considered to be the total of the individual registration fee. For example: It is acceptable for a Cardholder to register six people (six individual registrations), at $1,000 per registration, using six different transactions.
- Exceptions up to $10,000 single purchase limit may be granted on a limited basis with approval from the campus controller.

TAX ON PURCHASES

Cardholders are required to inform each merchant of the University's status as a tax-exempt organization. Taxes being charged consistently on a Cardholder's transactions may indicate the Cardholder is not letting vendors know that the University is tax exempt.

TRAVEL AND TRAVEL-RELATED EXPENSES

The purchase of most travel-related expenses for both employees and non-employees is prohibited on the Procurement Card. This includes:

- Airfare;
- Meals while in travel status;
- Car Rental; and,
- Lodging.

Exceptions

The Procurement Card may be used for the following travel-related expenses:

- Pre-travel expenses:
    - Conference/Event registration fees. Registrations that include a lodging deposit as part of the registration may be purchased on the Procurement Card. Separate charges for lodging - that is, lodging that is not included on the conference registration form - cannot be paid on the Procurement Card.
    - Visa fees (if needed to enter a foreign country).
    - Passport fees (if needed to enter a foreign country).
    - Vaccination fees (if needed to enter a foreign country). Requires evidence of requirements for vaccine/medicine. Charge for doctor’s office visit is not allowable.
- Ground transportation for groups or for individual non-employees. This includes taxi services, shuttle services, bus passes, vehicle and driver services, other transportation services, and parking.
- Lodging from University of Colorado-owned facilities for either employees or non-employees.

- Restaurant meals if the meal is part of an Official Function and is in accordance with the Finance Procedural Statement Sensitive Expenses.

UNALLOWABLE SPONSORED PROJECT PURCHASES

Cardholders are not to use the Procurement Card to purchase any items that will be charged to a sponsored project unless those items are in accordance with the terms of the specific grant or contract.

UNSUBMITTED TRANSACTIONS

All transactions are required to be assigned to a report and submitted to an Approving Official within 30 days of the transaction date. The Commercial Card Office will run a report once a month of all unsubmitted charges and issue violations accordingly.

Violation Points

All departmental procurement card program participants - Cardholders, Delegates, and Approving Officials - are required to know and follow Commercial Card Program policies, including those defining program violations and their consequences.

Department Review for Violations

It is the responsibility of the AO (sometimes with the assistance of the department's delegates) to review transaction documentation in order to identify possible violations in card use. This review must be conducted for all transactions in each cycle period.

- With the exception of Unsubmitted Transactions, If the AO determines that a violation has occurred, he or she must issue a Violation Notification form to the Cardholder. The form must be signed by the AO, faxed to Commercial Card Office, and retained in the department's files. Unsubmitted transaction violations will be issued directly by the Commercial Card Office.
- If the AO feels uncomfortable asking a Cardholder to sign the Violation Notification form, the AO can send in the form without the Cardholder's signature. AOs (or other University personnel) may also contact PSC Commercial Card Administration directly and confidentially.
- PSC Commercial Card Administration regularly audits transactions for possible violations and requests specific documentation to determine if a violation has occurred.

Consequences: Violation Points

PSC Commercial Card Administration will issue 50 points to the Cardholder for each of the following types of Procurement Card violations.

- Cash Transactions
- Contracts Without an Authorized Signature
- Inappropriate Purchases
- Personal Purchases (Card abuse/Employee Fraud)

- Phone Cards/Long-Distance and Pay-Phone Calls
- Pre-Paid Parking and Meter Keys
- Sharing the Card
- Split Purchases
- Travel and Related Expenses
- Unallowable Sponsored Project Purchases

Other violations may only warrant a violation warning unless chronic abuse is noted by the Commercial Card Administration. If chronic abuse is noted, violation points will be issued. The PSC Commercial Card Administration will use their discretion to determine whether chronic abuse exists and how many violation points will be issued. In severe cases, cards may be immediately suspended or revoked.

- Cardholders with 150 or more violation points will have their cards suspended for a period of six months and will be required to complete Procurement Card Cardholder training before their cards can be reinstated.
- Cardholder points will be eliminated 2 years after the points were assessed.
- Violation points will remain in effect even if the Cardholder transfers to a different department.

Groups audience:
Procurement Service Center
Right Sidebar:
PSC - Procurement Card Handbook

Source URL:https://www.cu.edu/psc/violations-and-prohibited-transactions

Links
[1] https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-sensitive-expenses [2] https://www.cu.edu/controller/procedures/finance-procedural-statements/finance-procedural-statement-official-functions [3] https://www.cu.edu/psc/procurement/sourcing/it-procurement
[4] http://www.cuanschutz.edu/offices/fiscal-compliance/resources/it-procurement
[5] http://oit.colorado.edu/software-hardware/standard-computer-hardware-and-software
[6] https://oit.colorado.edu/software-hardware/standard-computer-hardware-and-software
[7] http://oit.uccs.edu/services/personal-computing-and-devices/facstapurchasing
[8] https://www.cu.edu/security [9] https://www.cu.edu/psc/procurement/sourcing/commodity-listing