

TRANSACTION AUTHORIZATION CARD (TAC) PROCESS DESCRIPTION

Purpose

In accordance with decentralized responsibility center management and “Financial Policy #2701- Internal Control Policy” the responsibility for and operation of a variety of controls must be within the Schools/Centers. One such control is the authorization to purchase goods and services and the related approval of transactions. The preferred methods for procuring goods and services, other than Travel related procurement, are via Purchase Orders and Purchasing Cards. See Financial Policy Sections 2300 and 2350 for Procurement and Travel. If it has been determined that the preferred methods cannot be utilized, the Transaction Authorization Card Process is used to subsequently document both the procurement authorization and the related disbursement approval.

This document describes the Transaction Authorization Card Process. It does not establish or replace the aforementioned procurement policies.

Transaction Authorization Card (TAC) Process

The TAC process is maintained by the Office of the Comptroller on behalf of the Schools/Centers. TAC cards are initially issued and renewed based on requests and supporting documentation submitted by the Schools/Centers. The “Transaction Authorization Card Request” form is located on the Office of the Comptroller website under “Forms” (<http://www.finance.upenn.edu/comptroller/forms/>).

School/Center procurement internal control, authorization and subsequent disbursement approval has been assigned in a manner recognizing that the decentralized operating environments differ.

The Senior Business Administrator of each School/Center and/or Chief Operating Officer (e.g. Deans or equivalent) is ultimately responsible for determining which personnel should be given TAC cards and the dollar limit that is delegated to them. Such determination should consider the following:

- The Purchasing Card and Purchase Order process should be utilized whenever possible. The Purchase Order process has the following benefits:
 - Ensures that terms and conditions are formally documented
 - Ensures that fraud-preventing vendor due diligence is performed by Purchasing Services
 - Ensures that purchases \$5,000 or greater are reviewed by Purchasing Services for competitive pricing and terms and conditions

- Prevents unauthorized purchase commitments via electronic routing to appropriate parties for review
- Facilitates timely vendor invoicing directly to accounts payable, timely vendor payment and avoids costs associated with paper processing
- Unlike the preferred Purchase Order process, the TAC process is based on delegated authority limits. The delegated authority limits authorize the assigned individual to purchase goods and services at that limit or below **without any other review**. In addition, such purchase commitments can be made orally- in other words without written vendor terms and conditions and without any vendor due diligence by Purchasing Services
- The limits within an organization cascade down from the Senior Business Administrator and/or Dean or equivalent having the highest authorization level. It is important that the Senior Business Officer delegates his/her authority to others in a manner that is commensurate with the individual's title, pay grade, and span of control within a School/Center. This includes delegation to the School/Center TAC Coordinator.
- As a general rule when someone is absent, the authorization should be obtained from someone with a higher authorization level.

The Office of the Comptroller will retain the Transaction Authorization Card request documents and issue the cards. The cards are effective for up to two years unless the School/Center requests deletion, change, or replacement. At the end of each two-year cycle, a list of TAC card holders and their limits will be sent to both the Senior Business Administrator and the School/Center TAC Coordinator, requesting verification prior to the issuance of renewal cards. Cards are to be collected and destroyed by School/Center personnel for changes and terminations.

The Accounts Payable "completeness check" is limited to verifying that the purchase/disbursement amount does not exceed the card limit. If the limit is exceeded, the disbursement will not be processed and will be returned to the School/Center TAC Coordinator for investigation and resolution.