

Procurement Card Policy and Procedures

Purpose

Limitations on Using the Procurement Card

Prohibited Transactions

Obtaining a Card

Making a Purchase / Obtaining Receipts

Reviewing Statements and Coding Charges

Problems

Canceling Cards

Audits

Purpose:

The procurement card program has been established to provide a more efficient, cost-effective alternative for departments to make purchases. University employees, who are issued a procurement card, as approved by their respective Vice President, are provided the ability to make purchases on behalf of their department up to the spending limits imposed by the card. Cardholders are expected to make sound business decisions in the best interests of the university, perform their duties competently, and comply with the policies and procedures as set forth below. The Department head, however, retains ultimate responsibility for purchases with procurement cards and the administration of the program within his or her department. The department head, therefore, is expected to make reasonable efforts to select appropriate employees as cardholders and ensure that these employees use the cards in a proper manner and in compliance with university policies.

Limitations on Using the Procurement Card:

Unique controls have been developed for the P-Card programs that do not exist in a traditional credit card environment. Limits will be placed on the cards, as deemed appropriate by the Department head and the Controller, which establish certain restrictions, such as the maximum dollar amount for a single purchase, daily purchases, and monthly maximums. Transactions may not be split to avoid the dollar limitations. Other restrictions placed on P-Cards prevent its use for certain types of purchases (e.g., cash advances, gambling, travel) or types of vendors (e.g., bars, pawnshops, financial and related institutions). These controls help ensure that the card is used only for specific purposes and within specific dollar spending limits.

Prohibited Transactions:

Procurement cards are for business use only. Any purchases that do not clearly show a university business purpose must be explained. Any personal charges found on your card may be deducted from your paycheck, as outlined in the cardholder agreement that must be signed before a card is

issued. Additionally, travel and meals are generally not allowed on the p-card, except for VP's and certain authorized individuals who travel frequently.

Examples of unallowable purchases include:

- Personal Use
- Transactions exceeding card limits
- Cash Advances / Cash Refunds
- Gift Cards
- Travel and Meals (unless specifically authorized on the application)
- Purchases from other University Departments (i.e. bookstore, post office, etc)
- Alcoholic beverages (except as stated in MU Alcohol policy)
- Purchases lacking a legitimate business purpose

Obtaining a Card:

To receive a card, employees must complete the Procurement Card Application. The Department Head and appropriate Vice-President will approve the application. The Controller will provide final approval for the card, its spending limitations, and vendor restrictions. The Card Account Manager will order the card. Once it is ordered, it may take up to ten business days for the card to arrive. The Card will not be activated until the cardholder and approver have received the required training and signed the cardholder agreement form. Contact the Procurement Services Department to schedule training.

Making a Purchase / Obtaining Receipts:

The cardholder must find a vendor who accepts VISA and provides the best value to the university. A valid receipt must be obtained for each transaction. Acceptable receipts include vendor invoices, charge slips, cash register receipts, packing slips, or printout of e-mail or web page transaction confirmation, provided they include the following information:

- Itemized description of goods or services purchased, including unit price
- Vendor name
- Transaction date
- Transaction total
- If the business purpose is not evident, notate the business purpose on the receipt

Receipts that do not clearly list the required information described above, or that are not originals will not be considered adequate documentation. In such cases, attach a supplemental receipt form to the available documentation detailing the required information. Note: a supplemental receipt form alone does not constitute an adequate receipt.

If the purchase was made by telephone, proper controls require that the credit card receipt note the purchase was a “telephone order”. For on-line or faxed orders, a confirmation of order form should be obtained.

Restaurant receipts, if your p-card is authorized for travel and meals, should identify the items purchased. If they do not, use a supplemental receipt form.

Reviewing Statements and Coding Charges:

Each procurement card is assigned a default department expense account. Charges posted to the card will be uploaded to the university’s financial system to this default account daily, so that it is reflected in your budget report as soon as possible. Typically the default account will include general ledger code 5999 – Procurement Card Suspense.

The cardholder, or a person designated for the cardholder, will access Visa’s website to *reallocate* the charge to the correct general ledger code. The reallocation will be uploaded to the university’s financial system daily, reversing the default entry and charging the correct code. All reallocations must be performed before the 20th of the month following the end of the card billing cycle.

At the end of the billing cycle, VISA mails statements to each cardholder. The statement, along with the receipts for each transaction, must be reviewed and approved by the department head, or Vice President as appropriate, and forwarded to the Procurement Services Office.

Audits:

Departments are subject to periodic audits of procurement card activity. Significant failure to comply with university policy in the use or administration of the card may result in cancellation of a card, and/or disciplinary action, including employee termination.

Canceling Cards:

In the event it is necessary to cancel a procurement card, the cardholder must return the card to the Card Account Manger in the Controller’s Office. The Card Account Manager will notify the bank of the cancellation. A procurement card should be cancelled if the cardholder suspects the card number has been or may be used without authorization (i.e. stolen), the cardholder is no longer employed by the University, the cardholder goes on leave without pay, or the cardholder is requested to surrender the card due to violation of polices. In addition, the university has the right to cancel the card of any employee at its discretion.

Problems:

- Declined Purchase – if a purchase is not approved by VISA, the vendor can call the bank directly to determine the reason, or the cardholder may call the bank at the customer service number on the back of the card.
- Returning an item – For a purchase made in person, return the item directly to the vendor and obtain a credit receipt. Cash refunds are prohibited. For purchases by phone, mail, etc, contact the vendor for return instructions, and obtain a return reference number.
- Incorrect charges – contact the vendor first to resolve the disputed item. If the vendor does not resolve the discrepancy in a timely manner, you may dispute the transaction with the bank by calling the customer service number on the back of the card, or mailing or faxing a dispute form (located on MU website at http://www.methodist.edu/facstaff/business_affairs.htm).
- Fees for paying with Visa - when using Visa to pay invoices, vendors sometimes attempt to tack on a surcharge or fee for paying with Visa, rather than by cash or check. In most cases, this is not allowed per Visa regulations. There are two types of fees - surcharges (also called checkout fees) and convenience fees. Surcharges, which are often a percent of the invoice, are not allowed per Visa. Convenience fees, which are a flat fee and must be disclosed to you up front, are only allowed in certain instances where the vendor is using a third party to process credit card payments. If a vendor attempts to charge you a fee for using your Visa, please notify Rhonda Harris in the Accounting Office at 7594 for guidance.
- Lost or stolen card – the cardholder should contact the bank immediately at the customer service number on the back of the card. Then notify the Card Account Manager in the University Controller's office. The bank will block further use of the existing card and issue a new card and account number.