Utah Tech University Policy

222: Purchasing Cards

I. Purpose

1.1   The purpose of the Utah Tech University ("the University") purchasing card policy is to provide overall guidance in the use of purchasing cards. In addition, it is intended to mitigate the increased risk associated with the use of these cards.

II. Scope

2.1   This policy applies to designated employees and others who have been granted the privilege and trust of using a purchasing card and/or administering purchasing card activities to ensure continued purchasing card program success.

III. Definitions

3.1   *Purchasing Cards:* Utah Tech University Purchasing Cards (PCards) are University – liability credit cards issued in the name of authorized individuals to purchase eligible goods and services in support of the University.

3.2   *PCard Administrator*: The person or persons who are responsible for training and issuing the PCards. (Director of Purchasing or Purchasing Specialist).

3.3   *Cardholder:* Authorized individual who is issued a University PCard(s) used to purchase authorized business supplies and services.

3.4   *Coordinator:* Authorized individual who is issued a Banner INB user ID, ensures Cardholder's purchases are recorded, collects and files documentation, and verifies that the purchase is within budget and that

University purchasing card policy is followed.

3.5 *Budget Administrator:* Authorized budget administrator who verifies that the purchase is an appropriate business expense and documentation is on file, approves the expense, and addresses inappropriate purchases with the cardholder.

3.6 *Original Documentation:* Itemized receipts providing detailed information about the purchase, including what was bought, how many items were purchased, and the total amount charged or credited.

3.7 *Violations:* Non-compliance with Federal and State laws and University policies.

IV. Policy

4.1 Purchasing Cards are used for approved University purchases not to exceed single transaction limits and monthly cycle limits. Only eligible University business expenses may be charged to a PCard; personal purchases are strictly prohibited. All PCard transactions must be supported by original itemized receipts. Documentation must be approved by a person other than the cardholder. Violations of the PCard Policy may result in disciplinary action up to and including termination of employment.

4.2 This policy and the associated procedures explain proper PCard practices including the following:

4.2.1 Responsibilities of cardholders, coordinators, budget administrators and dean/department head

4.2.2 Obtaining, requesting changes, and lost PCards

4.2.3 Allowable and unallowable purchases

4.2.4 Support documentation and reconciliation requirements

4.2.5 Improper use, auditing, and violations

V. References

5.1 Utah Code: 63G-6a: Utah Procurement Code, General Procurement Code

5.2 University Policy 221: University Procurement

VI. Procedures

6.1 Responsibilities of cardholders, coordinators, budget administrators, and dean/department head:

    6.1.1 Cardholder Responsibilities

        6.1.1.1 Familiarity with allowable transactions as defined by Utah State Law and University Policy 221.

        6.1.1.2 Understand what CAN and CANNOT be purchased with the PCard, (See procedure 6.3).

        6.1.1.3 Understand how University policies impact PCard use.

        6.1.1.4 Understand that all card use is subject to review and audit.

        6.1.1.5 Obtain itemized receipts/invoices for EVERY purchase and every credit.

        6.1.1.6 Submit all itemized receipts or a missing receipt form to the coordinator.

        6.1.1.7 Immediately dispute any charges with the vendor and if unresolved, file a formal dispute with the card issuing bank within 60 days of the transaction.

        6.1.1.8 Ensure the physical security of the PCard and protect the account number.

        6.1.1.9 Whenever possible, see that Utah State sales tax is not charged on purchases made within the State of Utah.

        6.1.1.10 Each transaction receipt must be manually signed, or electronically approved within Banner Workflow.

        6.1.1.11 Accept responsibility for the proper use of the PCard.

        6.1.1.12 Notify PCard Administrators immediately of department changes or end of employment with the University. (Director of Purchasing Services or Purchasing Specialist.)

        6.1.1.13 Cardholders must complete the PCard training and quiz. Upon completion, turn in the "Purchasing Cardholder's Agreement" form to the PCard Administrators before receiving a PCard.

6.1.2   Coordinator Responsibilities

    6.1.2.1   Notify the cardholder if a receipt has not been received for a transaction in Banner.

    6.1.2.2   File all itemized receipts and support documentation for the transaction.

    6.1.2.3   Ensure all information is entered into Banner.

    6.1.2.4   Reallocate the transaction to the appropriate index and account code(s).

    6.1.2.5   Verify that all University policies are followed and the transaction is within budget.

6.1.3   Budget Administrator Responsibilities

    6.1.3.1   Verify that the transaction is an appropriate business expense.

    6.1.3.2   Verify that all required support documentation is on file.

    6.1.3.3   Approve the transactions by signing the cardholder statement.

    6.1.3.4   Address inappropriate transactions with the cardholder.

6.1.4   Dean/Department Head

    6.1.4.1   Notify PCard Administrators of changes in PCard Coordinators and/or Budget Administrators.

    6.1.4.2   Notify PCard Administrators of transferring or terminating Cardholders.

6.2   Obtaining, requesting changes, and lost PCards.

6.2.1   Obtaining a University PCard

    6.2.1.1   Training must be completed, a short test will be given, and a signed Agreement Form must be completed in order to obtain a PCard.

    6.2.1.2   Complete and submit a PCard Application Form to PCard Administrators in the Business Services Department. (Plan on 10 business days after submitting the application before

receiving a card.)

      6.2.1.3   PCard Administrators will notify the cardholder when the card has been delivered.

  6.2.2   Requesting Changes on a PCard

      6.2.2.1   To request a change on an existing PCard, return a completed change of information for purchasing card form to the PCard Administrators, (Purchasing Director or Purchasing Specialist), to inform them of the change(s). Only include the last 6 digits of the card's account number.

  6.2.3   Lost Cards

      6.2.3.1   All PCards are the property of the University. If a card is lost or stolen, please do the following:

          6.2.3.1.1   Immediately notify one of the PCard Administrators and US Bank Customer Service (1-800-344-5696). US Bank will block additional use of a lost/stolen card upon telephone notification. Prompt action in these circumstances can reduce the University's liability for fraudulent charges.

6.3   Allowable and unallowable purchases

  6.3.1   Allowable Purchases

      6.3.1.1   The University PCard can be used wherever VISA is accepted.

      6.3.1.2   All purchases must be made in compliance with University purchasing policies. (Refer to the policies on the the University's website.)

      6.3.1.3   Only the authorized cardholder may use the card.

      6.3.1.4   University employees may request a PCard (or use their current PCard) to use for their own University-related travel. Employees may not use their PCard to pay the travel expenses of another traveler unless it qualifies as group travel. Expenses for travel may include airfare, lodging, shuttles, taxis, rental car, fuel for rental car, and conference registration. Meals for individual travel are never allowed on a PCard. Meals will be reimbursed based on current per diem

rates or actual receipts based in accordance with the University travel policy. For further information regarding PCards and travel please refer to University Policy 223, Travel, Meals, Entertainment and Relocation Section 4.8.3.1.

6.3.2   Unallowable Purchases

6.3.2.1   Personal purchases of any kind

6.3.2.2   Wines or liquors

6.3.2.2   Gifts and gift cards, rewards

6.3.2.3   Computers, including laptops and desktops

6.3.2.4   iPads (or similar tablets)

6.3.2.5   Cell Phones and cell phone equipment

6.3.2.6   iPods (or similar MP3 players)

6.3.2.7   Local meals

6.3.2.8   Utah State Sales Tax (unless it is mandatory, i.e., tax on hotels, meals, etc.)

6.3.2.8.1   The University is tax exempt. The sales tax exemption number is printed on the face of the card (12020247-002-STC). It is the cardholder's responsibility to ensure that tax is not charged. If tax is charged, contact the merchant and request a credit for that amount.

6.4   Support documentation and reconciliation required

6.4.1   Support Documentation

6.4.1.1   Appropriate source documentation is original itemized receipts. These provide detailed information about the purchase, including what was bought, how many items were purchased, and the total amount charged or credited.

6.4.2   PCard Transaction Reconciliation

6.4.2.1   Reconciling itemized receipts to transactions reported on the credit card statement allows the Cardholder to make sure that all purchases have been reported, that any credits have been received, and provides the opportunity to resolve any

discrepancies.

6.5 Improper use, auditing, and violations

    6.5.1 Improper Use of a PCard

        6.5.1.1 For questions regarding whether a PCard can be used for a certain type of purchase, please contact one of the PCard Administrators for assistance.

        6.5.1.2 The PCard Program is administered in accordance with policies and procedures established by the University. Purchasing Services is authorized to suspend or revoke PCard privileges for cardholders considered to be in violation of University purchasing and PCard policies and procedures.

    6.5.2 Audits of PCards

        6.5.2.1 All PCard transactions are audited as part of a formal review process. The formal review will be conducted by Internal Audit. Deficiencies and violations are assessed by the internal auditor. The review process will generally follow the outline below.

            6.5.2.1.1 Cardholders and Budget Administrators are contacted when there are questions regarding the audited transactions in their area.

            6.5.2.1.2 After the audit is completed, cardholders are notified regarding any deficiencies found and given the opportunity to correct the deficiency depending on the circumstances.

            6.5.2.1.3 Cardholder's supervisor will be notified of unresolved audit violations, points assessed and suspended PCards.

            6.5.2.1.4 The Board of Trustees Audit Committee will be informed of fraudulent use of PCards.

    6.5.3 PCard Violations

        6.5.3.1 The University uses a points system to assess employee PCard violations. Points are assessed by the Internal Audit Department and are based on the nature of each violation. A cardholder may only accumulate a certain number of points

before their card is suspended/revoked. For additional information relating to the points system see the Purchasing Card or Internal Audit web sites.

6.5.3.2   Below are some violations and definitions:

6.5.3.2.1   An unreported personal purchase is any purchase made with a University PCard that is not specifically for University purposes and is discovered by anyone other than the cardholder.

6.5.3.2.2   Lending Purchasing Card is any time the Purchasing Card is being used by anyone other than the authorized cardholder. However, administrative assistants may use a supervisor's PCard to make travel reservations for the supervisor, only.

6.5.3.2.3   A split transaction is any transaction where the cardholder asks a vendor to run multiple transactions as a way of circumventing the transaction limits assigned to the card. It can also be a conscious decision by the cardholder to make multiple purchases from a vendor in a short period of time as a way of circumventing transaction limits or other procurement guidelines.

6.5.3.2.4   Failure to provide supporting documentation is when a cardholder fails to provide a "receipt" substantiating a purchase made or a credit received. The receipt must include, at a minimum, the date of the purchase/credit, vendor name, and an itemized listing of what was purchased and the price of each item.

6.5.3.2.5   Failure to provide required approval signatures is when, at the time of audit, the cardholder has not acquired the appropriate approval signature from the budget administrator or the budget administrator's expressly designated supervisor for purchases made. Designee authorizations must be in writing and state the period of time that the approval has been authorized.

6.5.3.2.6   An unapproved purchase constitutes a purchase made by the cardholder that was not approved by the appropriate budget administrator or violates University procurement and purchasing card policies and

procedures. Contact the PCard Administrator if you have questions.

6.5.3.2.7   Each card is assigned a single transaction limit and monthly cycle limit. Purchases over these limits will be considered a purchase exceeding single/cycle limit. To learn more about PCard limits contact the PCard Administrators.

6.5.3.2.8   Improper coding of transactions is when the coordinator posts any transaction to an inappropriate index code or expenditure account code.

6.5.3.2.9   Failure to reallocate transactions in a timely manner is when the coordinator fails to follow the transaction reallocation process before a transaction is posted to the institution's finance system. Departments are given 7 calendar days to appropriately describe and code each transaction (both index and expenditure account code) before transactions are posted. All transactions must be moved out of the default account code. Once posted to the finance system an expenditure transfer request is required to appropriately code each transaction.

6.5.3.2.10   Personal purchase transactions are never appropriate when using a PCard and may result in the suspension of the card. If a personal purchase occurs, it must be corrected by paying the cashier's office the amount of the purchase. The Cashier will need to know which index and account code to credit. The receipt from the cashier must be attached to the bank statement along with a short explanation of why the error was made.

VII.   Addenda

7.1   N/A

Policy Owner: Vice President of Administrative Affairs
Policy Steward: Executive Director of Business Services

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