PURCHASING CARD - POLICY AND PROCEDURES
SLIPPERY ROCK UNIVERSITY OF PENNSYLVANIA
PA STATE SYSTEM OF HIGHER EDUCATION

1.0 PURPOSE

To establish a methodology for use and to define the limits of use of University issued purchasing cards provided to certain University employees in order to make purchases of goods. The card program is for OFFICIAL UNIVERSITY USE ONLY.

2.0 ATTACHMENTS

1 Sample “Cardholder Enrollment Form”
2 Sample “Purchasing Card Primary Cardholder Agreement”
2a Sample “Purchasing Card Secondary Cardholder Agreement”
3 Sample “Purchasing Card Transaction Log”
4 Sample “Purchasing Card Missing Receipt Form”

3.0 GENERAL

3.1 ABBREVIATIONS

3.1.1 AP Accounts Payable
GL General Ledger
MCC Merchant Category Code (used to block prohibited acquisitions)
PC or P-Card Purchasing Card (a credit card for official university acquisitions)
PO Purchase Order
VPC Visa Purchasing Card

3.2 DEFINITIONS

3.2.1 Act 57: The [Pennsylvania] Commonwealth Procurement Code, all provisions of which are incorporated herein by reference.

3.2.2 “Additional Approval Required” items: Also referred to as items that requires “Technical Standards Approval”, such as computers. See the “Purchasing Manual” for complete listing of such items. For the purpose of the Purchasing Card program, a department may acquire such advance approvals via e-mail and then attach a copy of the approval document to their receipt document for end-of-month reconciliation of purchasing card purchases, explained in further detail below.

3.2.3 Bank: The banking or financial institution which issues or arranges the issue of cards based upon Enrollment Forms approved by the University. This institution fulfills contractual obligations of the Purchasing Card Program in accordance with a separate contract instrument with the University and the State System of Higher Education.
3.2.4 **Cardholder:** Employees who have been issued purchasing cards and who are authorized to make purchases in accordance with these procedures.

3.2.5 **Card Program Administrator:** The person responsible for management of the program, including approval or coordination of approval for all policies, procedures and requests for card issuance. The Director of Purchasing shall serve in this capacity and delegate assignments as needed.

3.2.6 **Level I, II and III data:** Varying degrees of specificity in the description of items reflected on card system generated documents or reports, ranging from very limited detail (I level) to much more detailed (III level). The level of data actually obtained is dependent in large part on the quality of card reader equipment at the point of sale (i.e., merchant location).

3.2.7 **Merchant:** A vendor from which a cardholder is purchasing goods or services under the provisions of this procedure.

3.2.8 **Official Use:** The Purchasing Card is for “official university use only”. It may NOT be used for personal use in any manner whatsoever. It may not be used to acquire any goods or services for personal use with the intent of reimbursing the University for such purchases. Card is not to be used for purchases for other university related entities and organizations such as the Foundation, Athletic Association, Co-op, etc.

3.2.9 **Org Manager:** A manager of a unique, SRU organizational unit with authority and responsibility for allocation and expenditures of funds from and within the limits of the unit’s approved budget for official university purposes. This individual serves as the primary cardholder for a specified “org” and shall review and approve a cardholder’s monthly statement of account.

3.2.10 **Requisitioner:** An employee who has a need for goods or services that can only be fulfilled by a vendor. Under this Purchasing Card Program, a requisitioner may be a cardholder.

3.2.11 **Reimbursement Purchases:** (STRICTLY PROHIBITED) Employees may NOT Make purchases with these cards for personal use goods or services, nor may the cards be used to make such acquisitions with the intent to reimburse the University.

3.2.12 **Statement of Account:** This is the monthly listing of all transactions by the cardholder, issued by the bank directly to the cardholder.

3.2.13 **Single Purchase Limit:** A dollar amount limitation of purchasing authority delegated to a cardholder. This dollar limit may vary from cardholder to cardholder.

### 4.0 **PROCEDURE**

4.1 **INTRODUCTION**

4.1.1 This program is being established in order to provide a rapid turnaround of requisitions for low dollar value goods, and to reduce paperwork. By using the Purchasing Card Program the traditional requisition - pricing inquiry - order placement - delivery of goods - invoice - voucher review - payment cycle is greatly reduced. Those requisitioners who have been issued purchasing cards may now initiate transactions in-person or by telephone or internet, within the limits of this procedure, and receive goods. Payments to vendors are made via the VISA settlement system. Accounts Payable will make monthly settlements in SAP.
4.2 RECEIVING A PURCHASING CARD

4.2.1 Org managers may propose employees to be cardholders by:

a) contacting the Card Program Administrator to obtain a Cardholder Enrollment Form (see attachment).

b) submitting the completed Cardholder Enrollment Form to the Card Program Administrator for review and approval. Following approval, the Card Program Administrator shall:

1) notify applicant of any requests denied or requiring additional information.

2) forward approved applications to the Bank Card Project Lead for processing.

4.2.2 The proposed Cardholder shall be issued a copy of this procedure and shall be required to sign a Cardholder Enrollment Form and an Employee Agreement (see attachments for sample forms). The Employee Agreement indicates that the Cardholder understands the procedure and the responsibilities of a Purchasing Card Program cardholder. The Enrollment Form indicates all information needed to set the Cardholder up properly in the purchasing card system, and shall be submitted to the Bank by the Card Project Lead.

4.2.3 All cards issued by the Bank shall be received and inspected by the Card Program Administrator, and then issued to the cardholder.

4.3 AUTHORIZED PURCHASING CARD USE

4.3.1 The Purchasing Card shall only be used by University employees who have been provided training, provided a copy of the University’s applicable Purchasing Card Policy, and who have signed a Primary or Secondary Cardholder Agreement acknowledging receipt of the above and willingness to comply with all provisions therein.

a) The Purchasing Department shall provide training sessions and documents to employees in order to fulfill the above mandatory requirement.

b) Primary cardholders (org or cost center supervisors) who allow subordinate employees to use cards assigned to them (in their department’s name) accept full responsibility for training their subordinates, providing them with the current policy documents, and for obtaining a signed Secondary Cardholder Agreement from the subordinates, a copy of which must be forwarded to the Card Program Administrator’s office. Primary cardholders may request the Purchasing Department provide such training, but in any event, employees shall not use cards unless properly trained and authorized.

4.3.2 All purchases of hazardous materials that trigger regulatory reporting requirements or require specialized handling or disposal must obtain written authorization from the Department of Environmental Health & Safety before the purchase is made. Examples of these materials include but not limited to lead-based paint, asbestos-containing products, and chemicals identified as extremely hazardous by the Pennsylvania Department of Labor and Industry Worker and Community Right-to-Know regulations.

Materials regulated by the Environmental Protection Agency and the Pennsylvania Department of Environmental Protection which include, but not limited to pesticides, herbicides, insecticides, radioactive, and chlorofluorocarbons materials must be purchased for
and handled by only those authorized University employees who hold current license and/or certifications for the use and handling of these materials.

4.3.3 The unique purchasing card that the Org Manager (primary cardholder) receives has his/her department’s name embossed on it and shall ONLY be used by persons (secondary cardholders) authorized by the Org Manager within his/her department. NO OTHER PERSON IS AUTHORIZED to use that card. The Org Manager may make transactions on behalf of others in their department, and may authorize persons within the department to use his/her card for official university transactions. However, the Org Manager is responsible for all use of his/her card.

4.3.4 Official Use: The card is for “official university use only”. It may be used to acquire goods and services that will be used directly and immediately for the benefit of official university activities, events, or operations. It may NOT be used for personal use in any manner whatsoever. It may NOT be used to acquire any goods or services for personal use with the intent of reimbursing the University for such purchases.

4.3.5 Use of the Purchasing Card shall be limited to the following conditions:

a) The total value of a transaction shall not exceed a Cardholder’s single purchase limit. Payment for a purchase MUST NOT be split into multiple transactions to stay within the cardholder single purchase limit

b) All items purchased “over the counter” must be immediately available at time of credit card use. No backordering of merchandise is allowed.

c) Spending limits must be adhered to.

4.3.6 The Cardholder shall inform the Vendor that the goods are NOT to be taxed. Cardholders are provided with a blank tax exempt certificate which may be copied and provided to merchants as needed for university purchases.

4.3.7 The items or services that may be procured by using the credit card are limited by Section 4.4.

4.4 UNAUTHORIZED PURCHASING CARD USE

4.4.1 The purchasing card SHALL NOT BE USED for the following:

a) Personal purchases or use of the card for personal identification. The card shall not be used to authenticate your personal identity for non university business purposes. The card is intended for official university business purposes only, i.e., it is not to be used in any manner for personal purposes. (Strictly Prohibited)

b) The purchase of items for personal use with the intention of reimbursing the University after the purchase. (Strictly Prohibited)

c) A single purchase that exceeds the lower of $500 or the Cardholder’s single purchase limit.

d) Meals, travel or entertainment expense, or travel related registration (fees) for conferences or workshops.

e) Cash Advances

f) Telephone calls/monthly service
g) Development, printing and/or distribution of any official University document or publication (with official name, seal or logo) without first securing approval from the Publications Office, or official public advertising without the consent of the Public Relations Office.

h) Restricted items, such as alcohol, weapons, drugs [controlled substances], hazardous materials, and other restricted goods and services as enumerated in the University’s “Purchasing Guidelines”.

i) Purchases of items that will require support or advance, additional approvals by other divisions of the University as defined in “Purchasing Manual” such as:

<table>
<thead>
<tr>
<th>Item</th>
<th>(Additional Approval By:)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td>(Prohibited)</td>
</tr>
<tr>
<td>Computing hardware/software</td>
<td>(Information Technologies)</td>
</tr>
<tr>
<td>Hazardous materials</td>
<td>(Envir. Health &amp; Safety)</td>
</tr>
<tr>
<td>Publications, use of logo, etc.</td>
<td>(Publications Office)</td>
</tr>
<tr>
<td>Grants/Sponsored Research</td>
<td>(Restricted Funds Office)</td>
</tr>
</tbody>
</table>

j) Any other type of purchase prohibited by law, policy or regulation as referenced in the Purchasing Guidelines or during cardholder training.

4.4.2 **Restricted Vendors**: The Card Program Administrator shall, upon review of purchasing card applications, determine if the University’s card program should exclude some vendor classifications, in which cases certain Merchant Category Codes will be blocked (embedded) in the card to be issued. For example, an administrative office would not have authority to make purchases from an automotive body shop and thus, the codes for that category merchant would be blocked from use. Attempts to make a purchase from a merchant of a “blocked” category would be rejected at the point of sale (during “velocity check” process). When a merchant applies for credit card processing capability, the merchant identifies the category name and code they feel is most appropriate to their business.

a) Cardholders who experience problems with card acceptance by merchants should immediately notify the Card Program Administrator when such problems occur.

b) Non-Acceptance of VPC. If a merchant (that you would routinely like to do business with) simply does not accept cards, the Card Program Administrator should be notified so that attempts can be made to encourage or assist the merchant acquire credit card processing capability.

c) Until such a time as the card acceptance issue is corrected, the Cardholder must use non-card procedures to obtain the required goods, such as submitting a purchase request for signature and issuing of a purchase order to the vendor.

4.4.3 A cardholder or subordinate authorized to use the card, (i.e., the card user) that makes unauthorized purchases or carelessly uses the credit card may be liable for the total dollar amount of such unauthorized purchases plus any administrative fees charged by the Bank in connection with the misuse. The cardholder or card user may also be subject to University disciplinary action.
4.5  MAKING A PURCHASE

4.5.1  Employees are reminded that, it is their responsibility to:

- Ensure purchase costs are reasonable.
- Protect public funds as if they were your own.
- Make official University business purchases only.
- Remind vendors of the University’s tax exemption.
- Maintain records for audits and public scrutiny (minimum of 3 years).
- Avoid prohibited purchases (such as alcohol and entertainment).
- Report inappropriate sales or purchase activities by any card user immediately to your superior or the University’s Card Program Administrator for further investigation. The Commonwealth Procurement Code, Act 57 requires that any breach of standards be reported to the State Ethics Commission and Attorney General. Purchases made with purchasing cards or travel cards are subject to that code or standards referenced therein.
- Adhere to General Ethical Standards of the Commonwealth, which may be viewed at http://www.ethics.state.pa.us/.
- Whenever possible, utilize preferred suppliers who have entered into master contracts or pricing agreements established by the Purchasing Office. (see Section 4.5.2a below).

4.5.2  Cardholders should utilize the following "checklist" when making a purchase:

a)  Check the Preferred Suppliers List available on the Purchasing Department website.

b)  Whenever possible, utilize Minority/Women and Small Business Enterprises. Minority/Women Business Enterprise information is available at the Purchasing Office to determine which firms may be able to provide the particular goods or services that are needed by your department.

c)  Once a vendor is selected and the vendor confirms that the goods or service is available, meets the specification and delivery requirements, etc.:

1.  Confirm that the vendor agrees to accept VISA.

2.  Direct the vendor to include the following information on the shipping label and packing list:

    Slippery Rock University
    Cardholder’s name;
    Complete cardholder’s delivery address;
    The words "Purchasing Card Purchase";
    Slippery Rock, PA  16057

3.  Ask the vendor to include the receipt with the goods when shipping the product.

4.  It is extremely important that all purchases be sent to the cardholder ordering the merchandise as this will ensure that the documents necessary for the record keeping listed in Section 4.6 are readily available to the cardholder.
5. If necessary, advise the individual within your area who receives merchandise, of the vendor’s name and anticipated delivery date, number of boxes expected, carrier (UPS, Fed Ex, etc.) and to notify the Cardholder when delivery is made.

CAUTION: Cardholders should make prudent selection of shipping options. The cost of shipping heavier packages and/or routine packages via Federal Express or UPS overnight or 2-day express can be very expensive. Such priority handling or expediting of shipments should only be utilized when absolutely necessary. As with all expenditures of public funds, prudence must be demonstrated and expenses justified.

4.6 CARDHOLDER RECORD KEEPING

4.6.1 Whenever a purchasing card purchase is made, either over the counter or by telephone or Internet, documentation shall be retained as proof of the purchase. Such documentation will be used to verify the purchases listed on the Cardholder's monthly statement of account.

4.6.2 When the purchase is made over the counter, the Cardholder shall retain the invoice and “customer copy” of the charge receipt. The Cardholder is responsible to check that the vendor lists the quantity, fully describes the item(s), and has EXCLUDED sales tax, prior to the Cardholder signing the slip. The transaction's details shall also be added to the cardholders' "Purchasing Card Transaction Log" (see attachment). If there is an error or dispute, see section 4.7.7 for details.

4.6.3 When making a purchase by telephone, fax or internet, the cardholder shall also document the transaction on the "Purchasing Card Transaction Log". If the Cardholder instructs the vendor to deliver any items via the Central Receiving Department of the University, the CARDHOLDER MUST NOTIFY Central Receiving immediately regarding the anticipated shipment and receipt of goods. Items received at that location without advance notice of a valid purchase order or purchasing card order will be returned to sender. Purchasing card items received via the Central Receiving Department are treated as “pass through” or “mail handling” transactions, i.e., they will not be inspected nor will receiving reports be generated by Central Receiving for any Purchasing Card purchases.

4.6.4 When the goods are received after placing the telephone, fax or internet order, retain all shipping documentation.

4.7 REVIEW OF MONTHLY STATEMENT

4.7.1 At the end of each [monthly] billing cycle, the Cardholder shall receive from the Bank his/her monthly statement of account listing the Cardholder’s transactions for that period.

4.7.2 The Cardholder shall check each transaction listed against his/her purchasing log, receipts and any shipping documents to verify the monthly statement.

The original sales documents, (packing slip, invoice, cash register tape and credit card slips, etc.) for all items listed on the monthly statement MUST be enclosed in the procurement order log envelope attached to the statement in chronological order. This data attachment is critical to provide audit substantiation. The careful matching of complete support documents to the log and then to the statement is vital to the successful use of this program.

After this review, the Cardholder shall sign the envelope, and present the envelope to his/her approving Org Manager for approval and signature. The Org Manager shall verify that the reviewed and approved statement is forwarded to the Card Program Administrator, for incorporation with other cardholders' statements to be reconciled with a monthly summary provided by the bank.
4.7.3 The approving Org Manager shall check the Cardholder monthly statement and purchasing log and confirm the following items as a minimum:

- Receipts and shipping documents exist for each purchase.
- The goods were received or the services were performed.
- The Cardholder/s has/have complied with applicable procedures, including this Purchasing Card Program procedure and Purchasing Guidelines.

The Approving Org Manager’s signature/approval of a Cardholder monthly statement indicates that the Cardholder was authorized to make those purchases and those purchases were made in accordance with the applicable procedures.

4.7.4 The Cardholder (if other than the Org Manager) shall review the monthly statements and secure his/her Org Manager’s approval within eight (8) working days of receipt. Approved monthly statements and appropriate logs & documents shall be forwarded to the Card Program Administrator within the allowable timeframe.

4.7.5 If the Cardholder does not have documentation of a transaction listed on the monthly statement, he/she shall attach a “Purchasing Card Missing Receipt Form” (see attachment) for each missing receipt that includes a description of the item(s) purchased, date of purchase, Vendor’s name and reason for the lack of supporting documentation.

4.7.6 Purchasing Card Returns - If an item is not satisfactory, received wrong, damaged and/or defective, duplicate order, etc., the cardholder must make contact with the vendor to explain the problem and inquire about return policies.

4.7.7 Errors and Dispute Resolution – If you do not agree with a charge posted to your monthly statement, dispute the charge directly with the vendor. If the error cannot be resolved with the vendor, then contact J P Morgan Chase Bank Commercial Card Services at 866-646-6880 to resolve the matter. Your next statement should be reduced by the amount of the disputed items.

4.7.8 If an item has been returned and a credit voucher received, the cardholder shall verify that this credit is reflected on the monthly statement.

If purchased items or credits are not listed on the monthly statement, the appropriate transaction documentation shall be RETAINED by the Cardholder until the next monthly statement. If the purchase or credit does not appear on the statement within 60 days after the date of purchase, the Cardholder or Org Manager shall notify the Card Program Administrator.

4.7.9 If items purchased by the use of the credit card are found to be unacceptable, the Cardholder is responsible to obtain replacement or correction of the item as soon as possible. If the Vendor has not replaced or corrected the item by the date the Cardholder receives his/her monthly statement, then the purchase of that item will be considered in dispute.

4.8 MONTHLY ACCOUNT SUMMARIES
4.8.1 Monthly Account Summaries, listing all transactions, shall be issued by the Bank to the appropriate Card Program Administrators. These listings will allow the tracking of cardholder activities; act as a checklist for the Card Program Administrator to anticipate which approved monthly statements are due from which cardholders; and provide information to monitor transaction activity and University policy compliance.

4.9 **CARD SECURITY**

4.9.1 It is the Cardholder's responsibility to safeguard the purchasing card and account number to the same degree that a Cardholder safeguards his/her personal credit information.

The Cardholder must not allow anyone to use his/her account number for other than authorized purposes. A violation of this trust will result in that Cardholder having his/her card withdrawn and disciplinary action may be taken.

4.9.2 If the card is lost, misplaced, stolen or damaged the Cardholder shall immediately notify Commercial Card Services at 866/646-6880. Representatives are available 24 hours a day.

The Card Program Administrator is also to be notified immediately.

This phone number may also be used for emergency closure of cards or accounts, or dispute process inquiries.

4.9.3 A new card shall be promptly issued to the Cardholder after the reported loss, damage or theft. A card that is subsequently found by the Cardholder after being reported lost or stolen shall be forwarded to the Procurement Card Administrator.

4.10 **CARDHOLDER SEPARATION, TRANSFER or TERMINATION**

4.10.1 Prior to separation, transfer or termination from University employment, the Cardholder shall surrender the purchasing card and current receipts and the current purchasing card transaction log to his/her Org Manager. Upon its receipt, the Org Manager shall review, approve and forward to Card Program Administrator the month end Memo Statement with receipts and the destroyed card (cut in half).

The University’s Card Program Administrator must confirm notification (to the Bank) of “End of Employment” or “End of Card Authorization” within 2 business days of the ending date. Failure to recover cards, documentation and provide prompt notice increase the University’s potential liability for card misuse.
4.11 POLICY VIOLATIONS

4.11.1 The Policies and Procedures for Procurement Cards must be strictly adhered to. Violations defined as minor and major include but are not limited to the following:

Minor Violations:
- Non-listed, unauthorized user purchases
- Payment of Sales Tax (must be credited the following month)
- Missing Documentation including receipts, transaction log, etc.
- Other non-compliant activities not listed.

Major Violations:
- Split purchases to avoid authorized single transaction limits
- Untimely submission of monthly reconciliation packets.

411.2 Fraudulent Charges are defined as willful intent to disregard rules, policies and procedures (i.e. knowingly making personal purchases). Violations of a fraudulent nature will result in immediate card cancellation. The circumstances and/or severity of the violation will determine the appropriate action up to and including termination of employment and the filing of criminal charges.

4.12 POLICY VIOLATION PENALTIES

412.1 Minor Violations: Cardholder will be notified of the minor violation and will be afforded the opportunity to remedy the defect within seven (7) calendar days. If after seven (7) days the defect has not been corrected then the violation penalty will be enforced.

Major Violations: Penalties will be assigned as listed below.

- 1st Time Violation – Cardholder and supervisor are sent a memorandum from the Card Program Administrator specifying the violation. Cardholder is cautioned that another occurrence will cause the card to be inactivated.

-2nd Time Violation – The card is immediately placed in an inactive status. The card will not be reactivated until the cardholder’s supervisor sends a memorandum to the card program administrator requesting reinstatement and assuring the program administrator that the cardholder will follow proper procedures in the future.

-3rd Time Violation – The card will be cancelled and the cardholder will lose all card privileges for a period of one year. After one year cardholder will be eligible for reinstatement.

Each violation will be removed from the cardholders file after one year of audits where no findings are recorded.