

Utah Valley University



Purchasing Card Procedures Manual

The procedures in this manual apply to, and shall be followed by, anyone authorized to use the UVU VISA Purchasing Card. Additional information and all necessary forms can be found on the Purchasing Card website at:

Overview

The purpose of the UVU Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and paying for low-dollar transactions. The Purchasing Card is the preferred purchase/payment tool for low-dollar purchases (**under \$1,000**).

All cards are issued at the request of your department head. Card usage may be audited and/or rescinded at any time. **You are the only person authorized to use your card.**

This manual provides the guidelines under which you may utilize your Purchasing Card. Please read it carefully. Your signature on the Cardholder Agreement indicates that you understand the intent of the program and agree to adhere to the guidelines established.

Record keeping will be essential to ensure the success of this program. This is not an extraordinary requirement – standard reimbursement policies require retention of itemized receipts and other documentation. As with any charge card, you must retain itemized receipts for your protection.

Finally, remember you are committing University funds each time you use the UVU Purchasing Card. This is a responsibility that should not be taken lightly.

To obtain a card

It is recommended that you read this manual in its entirety before requesting your UVU Purchasing Card. The manual provides a variety of information about the process, the types of purchases that can and cannot be made, who will accept the card, the records that must be maintained and reconciled on a monthly basis, and other miscellaneous information about the program.

After you have read this manual and understand the outlined procedures, you will be asked to complete the Purchasing Card Application to request a card. The application must be filled out in its entirety and submitted to the Purchasing Card Administrator.

Once the form has been submitted to the Purchasing Card Administrator, a card will be ordered. It generally takes 7-10 business days to receive the card. Upon receipt of the new card by Procurement Services, the new cardholder is required to attend a training meeting and sign a Cardholder Agreement before they are able to receive their new card.

When you receive your card, immediately sign the back of the card and call the 800 number to activate it. **Always keep the card in a secure place.** Although the card is issued in your name, it is the property of UVU and is only to be used for UVU purchases as defined in this manual.

Because personal credit is in no way involved in the Purchasing Card program, the use of the cardholders Social Security Number is not required. Instead, the cardholders UV ID will be used for all Purchasing Card documentation. Also, due to the fact that the cardholder's Social Security Number is longer than their UV ID by one digit, all UV ID's will be padded with a preceding zero for the Purchasing Card only. This means that a UV ID of 12345678 would be changed for the purpose of the Purchasing Card program to 012345678 on Purchasing Card documentation only.

General Information

- This program helps to eliminate the use of low-dollar purchase orders, petty cash, check requests, limited purchase checks, and employee reimbursements.
- This program is not intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the program complements the existing processes available.
- This program is not intended to replace our current travel and entertainment procedures and should not be used for travel reimbursement expenses.
- The card is not to be used for personal purchases.
- This program can be used for in-store purchases as well as for mail, internet, telephone and fax orders.

You are responsible for the security of your card and the transactions made with the card. The card is issued in your name, and it will be assumed that any purchases made with the card will have been made by you. A card continuously used out of compliance with the guidelines established for this program will result in severe consequences, up to and including termination of employment.

Examples of when the Purchasing Card may be used:

- Purchases **under \$1,000 (including shipping and handling)***
- Computer supplies and software (completion of the Software Registration Form is required)
- Maintenance agreements and repair materials
- Subscriptions
- Seminars
- Books (Books for student or employee classes should not be purchased)
- Office Supplies

- Registrations (Unless a membership fee is included)

***Transactions shall not be split to avoid the \$1,000.00 single transaction limit.**

Examples of when the Purchasing Card may not be used:

- Any purchase **exceeding \$1,000** (**including shipping and handling**)
- Alcoholic Beverages
- Capital Equipment or Fabricated Equipment
- Cash Advances
- Cell Phone Bills, Phones, and Accessories
- Clothing; including monogrammed articles
- Computers, Laptops, and Projectors (must be campus standard)
- Construction or remodeling (must be campus standard)
- Donations
- Employee Benefits: entertainment, tuition, gifts, or flowers
- Fines, late fees, penalties, (including parking tickets)
- Food and Meals; including candy, office meals, office parties, doughnuts, bagels, pizza, etc.
- Furniture and Blinds (must be campus standard)
- Gas or oil for any vehicles
- Gifts or Gift Certificates
- Holiday Decorations
- Memberships
- Office Party items
- Personal Purchases
- Printing (must be campus standard)
- Rental or lease of vehicles, facilities, buildings or equipment
- Services that would be considered either Payroll (PAF) or Independent Contractor Payments (Contractual Services Form)
- Student events, tuition, scholarships, or stipends
- Travel-related transportation, lodging, meals, etc.

Contact the Purchasing Card Administrator at ext. 7416 or the Director of Procurement Services at ext. 8303 for special needs or exceptions.

Built-in Restrictions

Each card has been assigned an individual monthly credit limit, which is based on previous purchasing activity. If you find over time that the limit is too low to accommodate your monthly requirements, please contact your Director/Department Chair to re-evaluate your limit. If your Director/Department Chair agrees that it would be appropriate to raise your limit, they should contact the Purchasing Card Administrator so that the appropriate maintenance can be performed by U.S. Bank personnel. U.S. Bank will not change your credit limit without the approval of the Purchasing Card Administrator.

Some supplier's Merchant Category Code's (MCC) have been "blocked" from usage in the program. If you present your card to any of these suppliers, the transaction will be declined. Most suppliers you currently utilize as a source for products or services will accept your card. If your card is declined and feel the decline should not have occurred, call the 800 number on the back of your card. U.S. Bank Customer Service will determine if you were declined because of merchant blocking or if you are exceeding the monthly credit limit or single-purchase limit imposed on your card.

If you contact US Bank, you will only be informed of the reason for the decline. US Bank will not give authorization to make a purchase if it is "blocked" unless they first received authorization from either the Purchasing Card Administrator or the Director of Procurement Services.

Making a Purchase

You are required to retain all itemized receipts for goods and services purchased! If you make a purchase via phone, fax, e-mail, or other electronic means, ask the supplier to include your name/VISA on the shipping label (e.g. Bonnie Johnson/VISA) and an itemized receipt with the goods when the product is shipped to you. This itemized receipt is the only original documentation specifying whether or not sales tax has been paid against the purchase.

Suppliers are paid within three days of your business transaction. **Please indicate to suppliers that an invoice should NOT be sent to the UVU Accounts Payable office, as an invoice could result in duplicate payment. However, you should always request an itemized receipt.**

Log of Transactions

The Log of Transactions is an ongoing record of information about the transactions made on your card. The form is simple and easy to use and requires a minimum amount of time to maintain.

Individual receipts typically itemize merchandise purchased. The log allows management to review the types of goods and services purchased on the card and determine where the card is being used. It also provides a record of activity enabling you to reconcile your Monthly Statement. In addition, the receipts retained, in conjunction with the log, provide the documentation necessary when there is an audit.

In the log, record the date of the transaction and the name of the supplier. Identify the merchandise purchased, business purpose, and the dollar value of the sale. A separate line item is required for each purchase. Indicate if the order was placed via phone, fax, mail, email or in person.

Payment of Monthly Statements

The U.S. Bank Purchasing Card Program carries corporate, not individual, liability. Invoices will be paid by Accounts Payable and you will not be required to pay your Monthly Statement using personal funds. **The program does not impact your personal credit rating in any way.**

The billing cycle end date is the 10th of each month. If the 10th is on a weekend or holiday, we will cycle at the end of the next business day. Each cardholder will receive an individual statement of transactions from US Bank a few days after the cycle date. Those charges will be posted to Banner, usually by the end of the month. These transactions will be posted to the cardholder's default index code and they will all default to the current expense account 720559. Any reallocation of Purchasing Card expenses needs to be done by journal entry. To have a journal entry entered into Banner, fill out the Banner Journal Voucher Request Form found on the Finance and Business Services website.

Statement Review & Reconciliation

Individual cardholders must review the statement sent by US Bank and compare it to their receipts and the transactions listed on their log of transactions.

Individual cardholders must sign and date the original copy of the US Bank Statement and attach the Log of Transactions and the original itemized receipts.

There may be occasions when items on your statement do not correlate with the entries in your log or your retained receipts. You may not have made the transaction, the amount of the transaction may be incorrect, or you may have a quality of service issue.

First, contact the supplier involved to try to resolve the error. If the supplier agrees that an error has been made, they will credit your account. Highlight the transaction in question on your log and your statement as a reminder that the item is still pending resolution.

Second, if the supplier does not agree that an error has been made, contact U.S. Bank Customer Service using the 800 number on the back of your Purchasing Card. State that you would like to dispute a charge on your card. The amount of the next invoice will be reduced by the amount of the disputed items until the transaction in question is resolved.

Any transaction you wish to dispute must be identified within 60 days of when it first appears on a statement. Be sure to respond promptly to all communications sent by US Bank, so that the dispute can be resolved as quickly as possible.

You are responsible for the transactions identified on your statement. When an audit is conducted on your account, you must be able to produce receipts and/or proof that the transaction occurred. If an error is discovered, you are responsible to show that the error or dispute resolution process has been completed.

Supervisor Approval of Transactions

The original copy of the US Bank Statement and supporting documents must be reviewed by your supervisor. After your supervisor has reviewed your statement and documents, they are required to **sign and date your statement**. This constitutes their approval of all charges unless otherwise noted by the supervisor.

After your supervisor's review and signature, your entire packet must be retained in your office to await yearly audit. **All records must be kept for seven (7) years**, per UVU policy. This includes the current fiscal year plus the six (6) previous fiscal years. Cardholders are responsible for keeping their records for that time period. However, if a cardholder closes their Purchasing Card for any reason, all records must be turned in to the Purchasing Card Administrator.

Audit Procedure

All cardholders are required to undergo yearly audits on Purchasing Card expenditures in order to ensure that cardholders are compliant with Purchasing Card policy and procedures. Each cardholder will be placed in an audit month based on the department their Purchasing Card is listed under. When the time comes for the yearly audit, the cardholder is required to turn in their entire packet to the Purchasing Card auditors within the first two weeks of the month in which they are to be audited and the entire audit must be completed by the end of the following month.

Once your entire packet has been submitted, the Purchasing Card auditors will review each transaction to determine that the cardholder is compliant with Purchasing Card procedures. A point system has been established to track violations of Purchasing Card Procedures. As violations are found in the audit process, points are assessed. If a cardholder reaches 150 points,

the cardholder will be required to attend a training meeting, which will reduce their points by half, and will be placed on probation, receiving either quarterly or semi-annual audits for the next year based on the seriousness of the violations.

Violations and the corresponding points are listed below:

<u>Violations</u>	<u>Point Value</u>
Personal Purchase	150
Splitting of Transaction	60
Purchase of Restricted Item	40
Lack of Signature on Monthly Statement	40
Receipt/Paperwork Missing (First Violation)	30
Receipt/Paperwork Missing (Second Violation)	40
Receipt/Paperwork Missing (All future Violation)	50
Fabricated Equipment or Furniture Purchase	30
Unregistered Software	30
Taxes charged on Purchase	10

Attending a training meeting or receiving a zero on a yearly audit will reduce the cardholder’s points by half. Habitually exceeding the point limit of 150 will result in card deactivation and revocation of card privileges.

Cardholder Misuse and/or Non-compliance with Purchasing Card Procedures

The Purchasing Card is an ideal purchasing tool for low dollar purchases. It is the intent of the University that the Purchasing Card program be used successfully. Misuse and/or non-compliance with the Purchasing Card Procedures damages and undermines the Purchasing Card program at the University as well as the Purchasing Card concept as used in the public sector. It is imperative that all cardholders adhere to the Purchasing Card Procedures. These Procedures are intended to assist you, the cardholder, in making compliant and appropriate purchases. The consequences for misuse and/or non-compliance with procedures are as follows:

Itemized receipts are required for all purchase transactions. If a receipt is missing, the cardholder should attempt to get a copy. If a copy cannot be obtained, the cardholder will receive the appropriate amount of violation points.

Splitting the dollar amount of the total purchase to make multiple smaller purchases, so as to fit the purchase under the \$1,000 per transaction limit, is prohibited. Splitting purchases between two cardholders, or amongst multiple cardholders, to circumvent the \$1,000 per transaction limit is prohibited. Evidence that splitting has occurred will result in receiving the appropriate amount of violation points.

In order to use a Purchasing Card to purchase food, cardholders must have a Business Meal Agreement on file with the Purchasing Card Administrator that has been signed by the appropriate Vice President, as well as a Business Meal Documentation Form for each business

meal purchase. All business meal purchases require review and approval by the appropriate supervisor listed on the Business Meal Documentation Form. If a Business Meal Agreement is not on file or a Business Meal Documentation Form for meal purchase is not filled out, the proper documentation must be filled out and signed immediately or the cardholder will receive the appropriate amount of violation points.

There are several low dollar items that require careful discretion and determination of the business purpose before making the purchase or are prohibited because it is inappropriate to purchase with University funds. **All items purchased by the University must have a clear business purpose that is in support of conducting University business and/or advancing the mission of the University.** If a cardholder purchases a low dollar item that does not have a clear and direct business purpose, or is otherwise inappropriate to be purchased with University funds, the cardholder will receive reiteration of the requirement regarding “business purpose” and the appropriate amount of violation points.

Cardholders are prohibited from making purchases for personal use. If a personal purchase is inadvertently made, the transaction should be reversed, if possible, and paid for using personal funds. If the transaction cannot be reversed, the amount of that purchase must be reimbursed to the University by depositing the amount with the Cashier’s Office. If a personal purchase is not repaired before the yearly audit, the maximum amount of points will be given and the cardholder will be placed on probation. The cardholder will need to attend a training meeting before they can continue using their card. Continually making personal purchases will result in revocation of privileges.

Campus standards have been created for certain items, and these items should never be purchased using the Purchasing Card. If a purchase is required to meet campus standard, please contact Procurement Services at ext. 8301 in order to determine what can be purchased.

Lost or Stolen Cards

The U.S. Bank Purchasing Card is UVU’s property and should be secured just as you would secure your personal credit cards. **If your card is lost or stolen, notify the Purchasing Card Administrator and contact U.S. Bank Customer Service immediately.** Written confirmation of cancellation must then be sent by e-mail or fax to the Purchasing Card Administrator. Upon receipt of your call, further use of the card will be blocked. Prompt action in these circumstances can reduce UVU’s liability for fraudulent charges.

Sales Tax

Cardholders should NOT pay State of Utah sales tax when making purchases with their Purchasing Card. UVU’s State of Utah tax-exempt number is **11843640-002-STC** which is located on the tax exemption certificate, State of Utah Form TC-721G, and is also embossed on each card below the name. Cardholders should inform merchants prior to the transaction that their purchase is not subject to Utah State sales tax. Cardholders should carry a sales tax exemption certificate, State of Utah Form TC-721G. When presented to the sales clerk at the

time of purchase, it clearly establishes the tax-exempt status of the University. If tax is inadvertently charged at the point of sale, it is the cardholder's responsibility to have the merchant credit the Purchasing Card for the amount of sales tax.

Overspent Indexes

The Purchasing Card Administrator will monitor all indexes that have attached Purchasing Cards to ensure that funds are available. If at any time an index becomes overspent, the responsible party will be notified of the temporary closure of all Purchasing Cards attached to the index if it is not brought back within budget. After notification by the Purchasing Card Administrator, the responsible party will be given two weeks to ensure that funds are made available or all Purchasing Cards attached to the index will be temporarily closed until the responsible party can show that the index is either brought back within budget or a new fiscal year is reached.

Suppliers who do not accept the card

If a vendor you frequently purchase from does not accept the VISA Purchasing Card, please have them contact the UVU Purchasing Card Administrator for information on how to become VISA capable.

In summary

- The program is designed to be simple and easy to use, providing you with the materials needed to perform your job more quickly and efficiently. However, appropriate controls must also be maintained to ensure the ongoing success of the program.
- Exercise good judgment and act responsibly when using your Purchasing Card. The Purchasing Card is issued in your name, and all activity will be assumed to have been incurred by you.
- **Maintain your log of transactions accurately and always retain your itemized receipts.**
- Yearly and random audits will be conducted for card activity. Consequences, such as: increased violation points, suspension of your card, and termination of employment, will be invoked for improper use of the program.
- Your feedback regarding this program is important! We need to know if you have issues or concerns, and we welcome suggestions for improvement.
- We continue to improve the way we conduct business. Your use of this Program in conducting your daily business can help us make significant change in eliminating a variety of transactions. If you have any questions about the program or need additional information, please contact the Purchasing Card Administrator.