

PC01 UO PROCUREMENT CARD POLICY AND PROCEDURES

Effective: April 15, 2000

Last Revised: July 21, 2005

Who Should Read This Policy

Unit Administrators responsible for departments issued UO (University of Oregon) procurement cards. All Custodians and Authorized Users of UO procurement cards.

Background & Purpose

OUS (Oregon University System) has established a procurement card program. This program provides for the rapid acquisition of primarily low dollar items. The procurement card program is designed to promote purchasing efficiency, flexibility, and convenience. Procurement card purchases shall be made in accordance with established purchasing rules and policies. The procurement card program is administered by the OUS and is implemented at the institution level.

OUS has contracted with U.S. Bank to provide Visa credit cards, called procurement cards. The procurement cards may be used to purchase goods and non-tax reportable services for the institution.

Benefits of the procurement card program are reduced time, paperwork and handling costs along with a more rapid and efficient receipt of goods. By using the procurement card the traditional requisition - pricing inquiry - order placement - delivery of goods - invoice - voucher review - payment cycle is greatly reduced.

U.S. Bank issues procurement cards to UO campus departments. Each card is assigned to a department Custodian. The Custodian maintains documentation, reconciles the bill on a monthly basis, and ensures that the card is used only for authorized purchases.

Policy

The UO Procurement Card Program Administrator shall have the authority to implement the procurement card purchasing program as established by OUS.

Designated procurement card Custodians and Card Users are responsible for compliance with the procurement card policy and procedures. Custodians are responsible for training Card Users with regard to the UO Procurement Card Policy and Procedures.

Authorized employees (designated Card Users) charge purchases for the department to the procurement card. Such purchases must comply with OUS and UO policies and UO Administrative Rules (OARs) governing purchasing and procurement card usage.

Violations of the UO Procurement Card Policy and Procedures are subject to sanctions as defined in PC02 UO Sanctions for Violations of Procurement Card Policies.

Authority

Business Affairs Purchasing and Contracting Services has authority for administering this policy and has delegated it's implementation to the UO Procurement Card Program Administrator.

As stated in OAR 571-040-0240, Unit Administrators are responsible for designating employee purchasing authority. Unit Administrators implementing a departmental procurement card shall designate a Card Custodian and well as Card Users.

References

UO Procurement Card Policy

<http://baowww.uoregon.edu/Policy/pc01.pdf>

OAR 571-040-0200 through 0390

http://arcweb.sos.state.or.us/rules/OARS_500/OAR_571/571_040.html

OUS FASOM 13.11 Purchasing - Procurement Card

<http://www.ous.edu/cont-div/fasom/sec13/sec1311.php>

OUS FASOM 13.01 - Purchasing - Purchasing and Account Payable

<http://www.ous.edu/cont-div/fasom/sec13/sec1301.php>

OUS FASOM 02 - Summary of Tax Reportable Tax Codes

http://www1.ous.edu/owfp/plsql/fpm.result_list?p_val_defn=Tax+Reportable

OUS FASOM 2.12 - Capital Outlay

http://www1.ous.edu/owfp/plsql/fpm.result_section?p_fs_key=02.12

Training Materials

<http://baowww.uoregon.edu/ProcurementContracting/procurementcardprogram.htm>

Related Procedures

1. PROGRAM DESCRIPTION

1.1 Applying for a VISA Card

A VISA Card application must be obtained from Purchasing and Contracting Services in the Business Affairs Office. The application is completed, read, and signed by the Custodian. The Unit Administrator (department head or designee) approves the application via signature. The application is then sent to Purchasing and Contracting Services (PCS). PCS submits the application to U.S. Bank requesting a procurement card.

1.2. Authorized Card Users

The Unit Administrator designates the procurement card Custodian and authorized Card Users. A UO Procurement Card Signature Authorization/Agreement form must be completed, read and signed by employees

authorized to use the procurement card, the Custodian, and the Unit Administrator. The form must then be filed with PCS for review and signature by the Procurement Card Program Adminstrator. The UO Procurement Card Signature Authorization/Agreement form is available on the web at: <http://baowww.uoregon.edu/Forms/pcs.pdf>

1.3 Termination / Separation of A Card User

When a University of Oregon employee terminates/separates from a department, their name shall be removed from the list of authorized procurement Card Users. The "Unit Administrator" or "Custodian" shall immediately (within 24 hours) contact the Procurement Card Program Administrator reporting the change. A UO Procurement Card Signature Authorization/Agreement form, reflecting the change, must be filed with the Procurement Card Program Adminstrator in PCS. Anytime the status of a designated Card User and/or Custodian changes this procedure must be followed. When a Custodian terminates/separates from a department, all procurement card activity shall stop until a new Custodian is identified and trained by PCS.

1.4 Adding / Changing Card User

When adding or changing a Custodian or Card User, enter the additions or changes on a copy of the department's UO Procurement Card Signature Authorization/Agreement form and file with the Procurement Card Program Administrator in PCS.

1.5 Reconciliation of Charge Receipts

Reconciliation between the Card User charge receipts and charges reported by U.S. Bank must be prepared monthly at a minimum.

The Custodian is responsible for ensuring monthly card statement reconciliation for all occurring charges. After completing the reconciliation, the Custodian must sign the monthly statement attesting to the fact that all charges are valid and were initiated by an authorized Card User.

In NO case may a Card User review his/her own charges. If a statement contains charges made by a Custodian then the Unit Administrator or designee must review, sign and date the Custodians charges. The reviewer must not be supervised by the person whose charges are being reviewed.

Note: Journal Voucher requirements, see section 4.7.

1.6 Card User Transaction and Credit Limit Information

Individual transaction limit: **Default \$5,000.**

Daily number of transactions allowed: **no limit**

Monthly credit limit: **Default \$5,000** (The Procurement Card Program Administrator may approve higher limits.)

Contact the Procurement Card Program Administrator to initiate the process for establishing credit limits higher or lower than \$5000.

1.7 Authorized Procurement Card Uses

Purchases from vendors that accept credit card payments may be charged to a procurement card except as prohibited by current UO Purchasing and Contracting OAR's and OUS and UO Procurement Card Policy and Procedures.

The procurement card is designed to promote purchasing efficiency, flexibility, and convenience. The following is a partial listing of typical uses:

- Office supplies
- Teaching and research supplies
- **Materials** for minor repairs (**Not the servicing/repairing itself**)
- Non capitalized furniture/equipment
- Conference registration (not entertainment)
- Allowable dues and memberships
- Subscriptions to newspapers, journals and periodicals
- Reference materials such as books, particularly those purchased from another country due to exchange considerations
- Software
- Common Carrier travel fares (effective 1/1/02)
- Conference hotel lodging (deposits only)
- Car rental reservations (not payments)

1.8 Non-Chargeable Account Codes

General: Use of a procurement card is prohibited for cash advances and personal or non-business related purchases.

1.8.1 Nonchargeable Account Codes - Travel

- a. Use of the procurement card is PROHIBITED for travel costs (39000 account codes) with the exception of conference hotel lodging reservations (deposits only), rental car reservations and common carrier charges, such as airline, bus and train fares. This does not include taxis and airport shuttles. Institutional policy allows the use of both the procurement card and ghost accounts for the purchase of common carrier fares. Use of the procurement card will not provide insurance coverage that the ghost cards provide.

Prohibited Account Codes:

1. 393xx-397xx: Travel (charges for common carrier fares, deposits on conference hotel lodging and car rental reservations allowed)
2. 28612: Hosting Groups and Guests

3. 28610: Entertainment
 - b. The procurement card may not be used for food purchases or at restaurants. Restaurant or food purchases may be charged on the Travel and Entertainment Card. For an application, contact Carolyn Wooley at 346-3158.
 - c. The procurement card may not be used to purchase gas if it is associated with travel; however, it MAY be used to purchase gas for operating equipment.

1.8.2 Non-Chargeable Account Codes - Capital Outlay

For other than library purchases (account code 40190), use of a procurement card is PROHIBITED for capital outlay (40xxx account codes) due to fixed asset inventory recording requirements.

1.8.3 Non-Chargeable Account Codes- 1099 Reportable

Use of a procurement card is PROHIBITED for the following account codes due to 1099 and W-2 tax reporting requirements. These account codes are for tax reportable services that are performed by an outside vendor. These services are made up of labor cost and/or labor and material cost.

- a. Moving Costs (of new employee's)
- b. Maintenance and repairs (23501,23502, 23503, 23504, 23510, 23511, 23512, 23530 and 23531)
- c. Fees and Services performed by others (245XX – 25199 account codes). (1099 reportable)
- d. Purchases involving the following account codes:
 1. 20168 (non reportable) and 20169 (reportable) Awards and Prizes Guest speakers or employee recognition
 2. 21008 Animal care
 3. 21070 Agricultural Services
 4. 23080 Utilities and Maintenance – Non-Employee
 5. 24001 and 24002 Equipment – Rental and Leases **-Includes tables at conferences and exhibition displays**
 6. 24050 Land – Rental and Leases
 7. 24051 Building – Rental and Leases
 8. 24052 Housing Rentals – Non-Employee
 9. 24053 Storage Rentals/Fees – Non-Employee
 10. 28544 Storage of Household Goods – Non-Employee
 11. 24602 Duplicating and Copying
 12. 24606 Printing and Publishing
 13. 24604 Developing Film

1.8.4 Prohibited Items/Other:

1. Flower Purchases
2. 28610 Entertainment
3. 28612 Hosting Groups and Guests (this includes no hotels or food)
4. Gifts
5. Personal Purchases
6. Alcohol

2. MAKING A PURCHASE

Procurement policy permits the purchase of goods if their value is \$5,000.00 or less, to be made from a "Vendor of Choice." However, it is also UO policy to secure the maximum or best value purchase at all dollar levels. Competitive quotes may not be required but may be a means of ensuring a best value purchase.

All item purchases "over the counter" must be immediately available at the time of procurement card use. No back ordering of merchandise is allowed.

3. PURCHASE DOCUMENTATION

3.1 General

The Custodian secures and retains documentation to support business purpose (if not clear) and purchases charged to the procurement card. Examples include sales slips, cash register receipts, invoices, order forms, reconciliation records and receiving reports. **Charge slips that do not itemize are inadequate documentation.**

3.2 No Supporting Documentation

When no other documentation exists, such as when making a telephone purchase, the following information shall be maintained to support transactions: date of purchase, vendor name, item description, amount, and the name of the purchaser/authorized Card User. A purchasing log, although not required to record all procurement card transactions, may be a method for organizing departmental procurement card activity.

3.3 Multiple User Log

Procurement cards with multiple authorized Card Users (more than one) must be signed in and out via written documentation or a **Multiple User Log**. Each time the card is checked out to make a purchase the Card User must list, at a minimum, the date, their name and vendor. After purchases are made and the procurement card returned, the return date must also be entered on the log. Use of the procurement card account number without the physical presence of the procurement card shall also be recorded on the Multiple User Log.

4. MONTHLY STATEMENTS

4.1 Master Billing

Each month, Business Affairs receives and pays a "master bill" from U.S. Bank for all campus procurement card charges.

4.2 Departmental Monthly Statement

At the end of each billing cycle, the Custodian shall receive from the bank a monthly statement of account that will list the Card User's transactions for that period.

4.3 Statement Verification

To verify the monthly statement the Custodian shall check each transaction listed against the purchase documentation. (See Section 3 Purchase Documentation.) 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 neatly attached to the statement, in statement sequence. This data attachment is critical to provide audit substantiation. The careful matching of complete purchase documentation to the statement is vital to the successful use of this program.

After this review, the Custodian shall sign the statement verifying the completion of the reconciliation process. The Custodian shall ensure that the reviewed and approved statement is kept on file in the department as per the record retention policy.

In NO case may a Card User review his/her own charges. If a statement contains charges made by a Custodian then the Unit Administrator or designee must review, sign and date the Custodians charges. The reviewer must not be supervised by the person whose charges are being reviewed.

4.4 Purchase Returns

If an item is not satisfactory, received wrong, damaged and/or defective, duplicate order, etc., the Card User should make contact with the vendor to explain the problem and inquire about the return policy.

4.5 Purchase Credits

If an item has been returned to the vendor and a credit voucher received, the Custodian shall verify that this credit is reflected on the monthly statement. If purchased items or credits are not listed on the monthly statement, the Custodian shall RETAIN the appropriate transaction documentation 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 Custodian or Unit Administrator shall notify the Procurement Card Program Administrator.

4.6 Problem purchases

If items purchased using the credit card are found to be unacceptable, the Card User is responsible to obtain a replacement or correction of the item as

soon as possible. If the vendor has not replaced or corrected the item by the date the Card User receives his/her monthly statement, then the purchase of that item will be considered in dispute.

4.7 Journal Vouchers

For all expenditures, it shall be the responsibility of each department to process journal vouchers quarterly, (recommend monthly), to charge or credit appropriate accounts.

5. DISPUTED ITEMS

Disputes regarding charges, products or services must be resolved with the merchant or bank as appropriate. Any refund or adjustment obtained from the vendor will be credited to the department expense account. See Dispute Process Flowchart for process steps and requirements. Request the Dispute Flowchart from the Procurement Card Program Administrator in PCS. All disputes must be reported to US Bank within 60 days from statement date.

6. CARD SECURITY

6.1 Procurement Card Physical Custody

The Custodian is responsible for the physical custody of the procurement card. Physical custody may be delegated but must be documented at the department level.

6.2 Procurement Card Physical Security

The departmental person responsible for the physical custody of the card is also responsible for the physical security of the procurement card and the account number. The procurement card shall be stored in a locked space or carried by an authorized Card User when not in use. The procurement card account number and related documentation shall be secured in the same manner as the procurement card.

6.3 Card User Security Responsibilities

It is the Card User's responsibility to safeguard the credit card and the account number when using the procurement card. The Card User must not allow unauthorized individuals to use his/her account number.

6.4 Card Verification

"See UO Staff ID" must be entered on the signature block of the procurement card to ensure Card User verification.

6.5 Lost or Stolen Cards

If the card is lost or stolen the Custodian will immediately (within 24 hours) notify the **Business Affairs Office, Program Administrator at 541-346-3156/deanneln@uoregon.edu** and **U.S. Bank at (800) 344-5696**.

6.6 **Close or Cancel Account**

To close or cancel an account or card, contact the Procurement Card Administrator at 346-3156 / deanneln@uoregon.edu.

7. PROCUREMENT CARD MISUSE

This card is designed for business use only and may not be used for personal purchases. A misused procurement card may be cancelled and returned to the bank. Department management, in consultation with the Business Affairs Office, is responsible for taking appropriate disciplinary action consistent with applicable personnel policies. See the PC02 UO Sanctions for Violations of Procurement Card Policies.

8. POST AUDIT

The Secretary of State Audit Division, other third parties, the OUS Internal Audit Division, as well as the Business Affairs Office will conduct periodic transaction reviews.

Q&A

What if I am not sure whether I can charge a particular item, what should I do?

Please call the Program Administrator **before** you make the purchase.

What if I have a special circumstance?

Please call the Program Administrator **prior** to making the purchase.

What is my procurement card's monthly limit?

The default is \$5,000.00. Higher or lower limits may be set dependent on projected card usage. Please contact Program Administrator to initiate changes to your current limit.

What happens when I want to make a single purchase over the \$5,000.00 limit?

This limit cannot be raised. Alternative would be to use a purchase order.

Contact

Assistant Purchasing Manager, Purchasing and Contracting Services
(541) 346-3156

Abbreviations

OAR	Oregon Administrative Rules
OUS	Oregon University System
UO	University of Oregon
PCS	Purchasing and Contracting Services

Definitions

Vendor	A company from which a Card User is purchasing materials and/or minor equipment under the provisions of this procedure.
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Card User Personnel who are authorized to make procurement card purchases.

Specific Procurement Card Program responsibilities:

- Checks procurement card in and out via written documentation. (Not required for procurement cards with a single authorized Card User.)
- Secures the procurement card and account number when in Card User's possession.
- Makes procurement card purchases in compliance with UO Procurement Card Policy and Procedures.
- Collects and submits to Custodian appropriate purchase documentation for each procurement card transaction.
- Informs Custodian of transaction disputes and procurement card administrative changes (i.e. when they will no longer act as an authorized Card User for the department).
- Informs Custodian, Procurement Card Program Administrator and US Bank immediately (within 24 hours) regarding lost/stolen procurement cards.
- Resolves purchase returns and problem purchases.

Unit Administrator

Unit administrators are appointed by the president or designee. They include: Vice Presidents; Provost; Vice Provosts; Deans; Directors; Division and Department heads; as well as other managers authorized to determine and assign duties to University employees. Authority and responsibility for management of financial matters is vested in Unit Administrators.

Unit Administrators are accountable for the following:

- Making sound business and program decisions based on financial resources allocated to the unit.
- Ensuring that financial matters are conducted in accordance with sound business practice, generally accepted accounting principles, and in compliance with applicable laws, regulations and procedures.
- Maintaining and reviewing adequate records that document decision-making, in accordance with published requirements and good judgment.
- Ensuring that any redelegation of authority are judiciously made, formally documented and communicated to the appropriate offices at the UO.

Specific Procurement Card Program responsibilities:

- Authorizes by signature initial procurement card application.
- Identifies Custodian and Card Users.
- Reviews Custodian procurement card transactions (unless delegated).
- Ensures overall program compliance with UO Procurement Card Policy and Procedures.

Procurement Card Program Administrator

The person, in the Business Affairs Office, responsible for implementing the UO Procurement Card Program campus wide. Administers the UO Procurement Card Policy and Procedures. Manages all campus UO Procurement Card Program details, including all Card User and Custodian inquiries. Delegates Procurement Card Program duties as necessary.

Specific Procurement Card Program responsibilities:

- Approves initial application.
- Requests procurement cards from US Bank via US Bank application.
- Maintains records of:
 - ◆ Procurement Card requests
 - ◆ Credit Limits
 - ◆ Signature Authorizations/Agreements
 - ◆ Procurement Card Training
 - ◆ Custodian and Card User changes/additions/deletions
 - ◆ Lost/Stolen/Destroyed procurement cards
 - ◆ Monthly Post Audits
 - ◆ Purchase violations and follow-up
- Trains and re-trains procurement card Custodians.
- Processes Lost/Stolen procurement cards and updates.
- Disseminates procurement cards to Custodians.
- Performs monthly Post Audits and follow-up
- Alerts Custodians of inappropriate charges (as identified on post audit) or potential vendor problems.
- Acts as primary liaison with US Bank and UO Administration.
- Revokes, suspends or cancels of procurement cards.

Card Custodian

The individual responsible for the procurement card security and control, training all authorized Card Users and monthly statement reconciliation of procurement card charges.

Specific Procurement Card Program responsibilities:

- Manages physical custody and security of the procurement card and account number, unless delegated.
- Ensures cards with multiple Card Users are checked in and out via written documentation.
- Reconciles monthly statement of procurement card transactions.
- Journal Voucher all expenditures quarterly (recommend monthly) to appropriate account from 28995.
- Provides signature on statement indicating final approval of monthly reconciliation.
- Trains all authorized Card Users.
- Notifies Program Administrator of any changes to UO Procurement Card Signature Authorization/ Agreement.
- Resolves problem purchases/disputes.
- Maintains complete transaction records.
- Communicates all necessary information with Card Users including violations.
- Ensures compliance with UO Procurement Card Policy and Procedures.

Statement of Account

This is the monthly listing of all account transactions, issued by the bank directly to the procurement card Custodian.

Single Purchase Limit

A dollar limitation for an individual purchasing transaction.

Credit Limit A dollar limit on credit card charges per billing cycle established for each procurement card. This dollar limit may vary from card to card.