PURCHASING CARD
Policies and Procedures
Objectives

- Define the purpose of the Purchasing Card and why training is required
- Introduce Resources
  - Purchasing Card Services Staff
  - Web Site
  - University Policies governing the expenditure of funds
- Define the roles and responsibilities of:
  - Cardholder
  - Reconciler
  - Approving Official
- Review Program Requirements
- Obtain a working knowledge of Approved and Prohibited charges.
What is the Purchasing Card Program

- An efficient and easy to use method for UA cardholders to place small dollar orders up to $4,999.99 per transaction without delays or paperwork that accompany larger transactions.

- Delegates the purchase authority, responsibility and accountability to authorized faculty and staff at the point-of-demand.
Why is training required?

- Ensure that purchases made with the P-Card are in compliance with University policies and procedures, state law and federal requirements.

- Ensure appropriate controls are established within each department to regulate the use of P-Cards.

- The success of the Purchasing Card Program depends on everyone involved understanding and executing their responsibilities.
P-Card Resources
Where to go for help!
Purchasing Card Services

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Where do you go for information: P-Card Services Web Site

- P-Card Policies and Procedures
- Spending Policies
- Travel Policies
- Violation Policy
- Standing Contracts
- Tax Information

www.fa.ua.edu/pcardservices
# University Payment Methods

<table>
<thead>
<tr>
<th>Payment Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental Transfer (DTA)</td>
<td>- Paying another UA department</td>
</tr>
<tr>
<td></td>
<td>- CCS classes are an exception</td>
</tr>
<tr>
<td>Misc. Disbursement Voucher (MDV)</td>
<td>- Reimbursement for out-of-pocket expenses</td>
</tr>
<tr>
<td></td>
<td>- Items not allowed on P-Card</td>
</tr>
<tr>
<td>Travel Voucher (IST/OST)</td>
<td>- In-State: All travel expenses</td>
</tr>
<tr>
<td></td>
<td>- Out-of-State: Meals or Incidentals</td>
</tr>
<tr>
<td></td>
<td>- International: Meals</td>
</tr>
<tr>
<td>Purchase Order (PO)</td>
<td>- Requisition: Items $5,000 to $15,000</td>
</tr>
<tr>
<td></td>
<td>- Bid: Items greater than $15,000</td>
</tr>
<tr>
<td>Purchasing Card (P-Card)</td>
<td>- Items less than $4,999.99</td>
</tr>
<tr>
<td></td>
<td>- Allowable/Prohibited</td>
</tr>
</tbody>
</table>
## Procurement Services

<table>
<thead>
<tr>
<th>Purchasing</th>
<th>P-Card Services</th>
<th>Accounts Payable</th>
<th>Furnishings and Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish and manage standing contracts.</td>
<td>• Train and support campus cardholders,</td>
<td>• Process MDVs and Travel Vouchers.</td>
<td>• Provide design services for furnishings and finishes.</td>
</tr>
<tr>
<td>• Facilitate competitive bid process.</td>
<td>reconcilers, and approvers.</td>
<td>• Pay invoices associated with Purchase Orders.</td>
<td>• Design spaces that adhere to all building codes and meet guidelines for ADA.</td>
</tr>
<tr>
<td>• Issue Purchase Orders for larger or more complicated purchases.</td>
<td>• Review P-Card transactions.</td>
<td>• Setup and maintain vendor records in Banner.</td>
<td></td>
</tr>
</tbody>
</table>


ROLES & RESPONSIBILITIES

What position do you play?
P-Card Program Roles

- P-Card Services
- Approving Official
- Reconciler
- Cardholder
Cardholder

- Ensure transactions are in compliance with:
  - University purchasing policies
  - State bid law guidelines
  - Spending policies
  - Travel policies
  - Contract or Grant requirements

- Obtain appropriate documentation for transactions (i.e., receipts, entertainment expense form, business purpose statements, etc.)
Allocate funds spent on P-Card to appropriate Department via WORKS using the correct FOAPAL.

Review all charges on P-Card to ensure they are in-line with Policies and Procedures.

Compile reconciliation packet to turn in to P-Card Services.
Oversee P-Card and approve single purchase limit increases or monthly limit increases.

Review reconciled packets to ensure that all purchases on P-Card are in-line with Policies and Procedures and that all required documentation is included and sign statement.

Usually Dean, Director, Department Head, or Budget Manager.
Purchasing Card Services

- Oversee P-Card program on Campus.
- Maintain records for every cardholder.
- Review reconciled P-Card Packets for problems that might be questioned by internal, state, or federal auditors.
- Use management reports to monitor card use for compliance with University policies and state law.
The Basics

Things you must know BEFORE you buy!
According to the State of Alabama Bid Law, any purchase of like or similar products and/or services which total $15,000 or more must be competitively bid.

Bid Law applies to P-Card transactions!

- Exceptions:
  - Those items available on standing bid or State Contract.
  - Items available only from a single source or items that are incapable of competitive bid due to the uniqueness of the item.
  - Emergencies affecting the health, safety, or convenience of the public.
Standing Contracts

- The University has negotiated contracts with a large number of vendors. These contracts must be honored when making purchases.
- If a different vendor is used, written permission from a buyer must be provided with the packet.
- For a list of contracts, see the Purchasing Web Site. ([purchasing.ua.edu/standing](purchasing.ua.edu/standing))
## Commonly Used Contract Vendors

<table>
<thead>
<tr>
<th>Commodity Type</th>
<th>Vendor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>Dell, Apple</td>
</tr>
<tr>
<td>Computer Peripherals, Supplies, Software, Audio Visual Items, Projectors, Camcorders, Digital Cameras, Televisions, &amp; DVD players</td>
<td>Insight, GovConnection, CDW</td>
</tr>
<tr>
<td>Hardware</td>
<td>Home Depot</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>Staples</td>
</tr>
<tr>
<td>Printers</td>
<td>Dell, Logista (Lexmark &amp; HP Printers)</td>
</tr>
<tr>
<td>Scientific Supplies and Equipment</td>
<td>VWR International</td>
</tr>
<tr>
<td>Toner</td>
<td>Dell, Staples</td>
</tr>
</tbody>
</table>
Personal Purchases Prohibited

- Use the card only for legitimate business purposes.

- Never use the card to purchase items for personal use or for Non-University purposes even if you intend to reimburse the University.
Cash Prohibited

- No cash advances on a P-Card.
- Do not accept cash when requesting a refund.
Tax Exempt

Do not Pay Sales Tax!
Tax Exemption in Other States

- Colorado
- Connecticut
- Florida
- Idaho
- Illinois
- Kansas
- Kentucky
- Maine
- Massachusetts
- Michigan
- Minnesota
- Mississippi
- Missouri
- New Jersey
- New York
- North Dakota
- Ohio
- Rhode Island
- Tennessee
- Texas
- Utah
- Wyoming

Financialaccounting.ua.edu/tax/tax-other-state.htm
Grant Purchases

- The P-Card may be used for grant purchases, but careful judgment must be exercised.
  - Is it an allowable charge for your particular program?
  - Is the received date within the terms of the grant?
  - A direct benefit must be shown for all card purchases made against a grant account.
  - If you have questions, contact the Contract and Grant Accounting staff.
A Cardholder may share his/her card with another individual.

- Ex. Picking up ordered items locally, placing orders verbally, or over the internet.

The Cardholder remains directly responsible for the proper use of the card.

Two helpful forms:
- Delegation of Authority
- Authorization Memo
General Policies & Procedures

- Purchase only items that are allowable on the P-Card.
- Stay within purchase limits.
  - Single purchase limit is $4,999.99.
  - Monthly limits vary by Cardholder based on need.
- Maintain the purchasing card in a secure location at all times.
- Obtain an itemized receipt for every purchase.
EXPENSE CATEGORIES

Which purchases are allowable and which ones are not?
Overview of Allowable Expenses

- Expenses on the Allowable list are approved P-Card charges when the total amount including freight does not exceed the single purchase limit and they are in compliance with all spending policies.
- There must be a demonstrated business need for any purchase to be allowable.
Allowable Expense Categories

- Advertisements
- Airfare
- Appliances: Ex. Coffee Pots, Refrigerators, Microwaves
- Books
- Car Rentals
- Conference Registration Fees
- Copying (off campus)
- Floral Arrangements
- Food
- Internet Purchases
- Lab Supplies
- Landscaping Supplies
- Laundry and Cleaning Services
- Leases/Rentals
  - Equipment, Booth rentals
- Lodging/Hotels
  - Out-of-state only for UA employees
- Lodging for Speakers, Guests, Lecturers
Allowable Expense Categories

- Membership fees
- Office Supplies
- Parking
- Parts for in-house repairs
- Photo Prints
- Postage and Shipping Expenses
  - UPS is UA’s contract vendor
- Printer Cartridges
- Printing
- Promotional Items
  - Must have UA logo
- Propane Gas
  - Not motor fuel
- Repairs
- Software
- Subscriptions
- Utility Payments
- Website domain registration fees
Allowable Expense Categories

- Restaurants
  - Including:
    - Fast food vendors for deliveries to campus for business meetings and other allowable events.
    - Meals served at restaurants for guests, recruits, etc.
  - Does NOT include:
    - Meals while in travel status

- Catering
  - Agreements/Contracts must be reviewed by Melinda Wallace
Prohibited Expenses

- Agreements or Contracts
- Alabama State Sales Tax
- Alcoholic Beverages
- Appliances
- Bus Charters
- Capital Equipment
- Cash Advances or Cash Refunds
- Cell Phones & Service
- Coffee, cream, sugar, soft drinks, cups, napkins (when consumed by UA employees)
- Consulting or Contract Employee Services
- Construction or Remodeling
- Contributions/Donations
Prohibited Expenses

- Decorations and Party Supplies
- EBay purchases
- Entertainment and Related Expenses
  - Ex. Birthday or Retirement Parties
- Finance Charges
- Gasoline (motor fuel)
- Gifts and Prizes, Gift Certificates or Gift Cards
- Greeting/Holiday Cards
- In-State Lodging for UA Employees
  - Students are excluded from this policy
- Insurance
- Leases/Rentals
  - Land or Property
- Legal Services
Prohibited Expenses

- Maintenance or Service Agreements
- Meals for University Travel
- Medical Service
- Money Orders
- Personal Expenses/Purchases
- Software License Agreements requiring a UA signature
- Space Heaters
  - Unless approved by the Energy Engineer
- Telecommunications
- Temporary Labor Services
Exceptions Can Be Made

“Better to ask PERMISSION, than FORGIVENESS!”
PURCHASING CARD DOCUMENTATION REQUIREMENTS

Putting the paperwork together
Monthly Statement

- The statement closing date for all cards is the 27th of the month.
- Cardholders should receive their statement sometime around the 1st of the month.
- All transactions must be reconciled and a P-Card Packet submitted to P-Card Services no later than the 18th day of the month.
Reconciled P-Card Packets

- A reconciled P-Card Packet includes:
  - The Bank of America monthly statement
  - Transaction Approval Report (Printed from P-Card Software - WORKS)
  - Itemized receipts for each transaction
  - Business purpose statements as necessary
  - Signatures from Cardholder & Approving Official

- Receipts must be attached in the order they appear on each page of the Transaction Approval report.
The Cardholder and the Approving Official must sign the first page of the Bank of America statement after reviewing the entire packet.

A copy of all parts of the packet must be maintained in the department for two years.
Acceptable Documentation

- An itemized receipt is required for each transaction.
  - Ex. Cash register receipt, Emailed receipt, Itemized packing slip
- All receipts smaller than 5”x8” must be taped to an 8 ½ “x11” sheet of paper.
  - It is OK to cut long receipts to make them fit on a page.
- Do NOT use staples or highlighters.
- Multiple receipts may be attached to the same sheet of paper.
Do not cover the writing on the receipt with tape.

- If there is no other choice, make a copy of the receipt to include with the original.

Tape all the way across the top and bottom of the receipt.
When an itemized receipt is not available, itemized supporting documentation must be secured.

If documentation is lost, contact the vendor for a duplicate copy.

If a duplicate copy is impossible to obtain, complete a “Purchasing Card Missing Receipt Affidavit.”
Cardholder Accountability
You are responsible for your card.
Cardholder Liability

- WILL NOT affect PERSONAL CREDIT
- WILL affect EMPLOYMENT
  - A Cardholder who makes an unauthorized purchase with the Purchasing Card or uses the Purchasing Card in an inappropriate manner will be subject to disciplinary action including possible card cancellation, termination of employment and criminal prosecution.
If a University employee is in a position to obligate the University, that employee is entrusted with the responsibility of protecting the University from harm.
Points will be assessed for violation of applicable policies and procedures.

Once a Cardholder accumulates 150 points over a running 3 year period, a card may be revoked, suspended or permanently cancelled.

Mandatory retraining and a memo from the Budget Manager or Approving Official will be required to reinstate a Cardholder.

Emails will be sent informing you of points assessed.
# Violation Policy

<table>
<thead>
<tr>
<th>Violation</th>
<th>Point Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Purchase</td>
<td>150</td>
</tr>
<tr>
<td>State Bid Violation</td>
<td>150</td>
</tr>
<tr>
<td>Splitting Transactions (to circumvent single trans. limit)</td>
<td>60</td>
</tr>
<tr>
<td>Purchase of Restricted Item(s)</td>
<td>20</td>
</tr>
<tr>
<td>Not using existing UA contracts without approval</td>
<td>10</td>
</tr>
<tr>
<td>Itemized Receipt Missing</td>
<td>10</td>
</tr>
<tr>
<td>Reconciled Packet not received by 18&lt;sup&gt;th&lt;/sup&gt; of the month</td>
<td></td>
</tr>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; Late Notice</td>
<td>10</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Late Notice</td>
<td>10</td>
</tr>
<tr>
<td>3&lt;sup&gt;rd&lt;/sup&gt; Late Notice</td>
<td>20</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt; Late Notice</td>
<td>Temporary Suspension</td>
</tr>
<tr>
<td>Justification for Purchase (Business Purpose) Missing</td>
<td>10</td>
</tr>
<tr>
<td>Improper Record Keeping</td>
<td>10</td>
</tr>
<tr>
<td>Sales Tax Paid (and full credit not obtained)</td>
<td>5</td>
</tr>
</tbody>
</table>
Pop Quiz!
Please sign a copy of the Cardholder Agreement and turn it in before you leave.

Don’t forget that you will need to call and activate your card before you will be able to use it.

Brittany will notify you when your credit limit has been assigned.