Clarification of Business Purpose

Business Purpose Statements

All Purchasing Card transactions must be properly documented. It is the responsibility of faculty and staff to expend all University funds in a manner consistent with the missions of the University and the conditions specified by external sources. Divisions and departments may have more restrictive policies and procedures, but in no case will any be less restrictive than University policies and procedures.

All Visa Purchasing Card transactions must be allowable and appropriate. A key principle of allowability and appropriateness is ensuring transactions are adequately documented. Adequate documentation includes:

1) an itemized receipt that identifies what was purchased, where it was purchased, the date of purchase, the quantity purchased, and the cost of each item; and

2) a statement explaining the business nature of the transaction (business purpose statement). A business purpose statement provides a concise but clear explanation of how each Pcard transaction is necessary and beneficial to the University and to the funding source.

It must answer the questions: WHO, WHAT, WHERE, WHEN, and WHY.

A business purpose statement must be entered for each transaction when reconciling P-Card charges. This will ensure that during an audit a determination can be made that all charges are for valid business reasons and for the University's benefit. A business purpose statement can only be omitted when the reason for the purchase would be easily understood by an outside party. Business purpose statements are always required for travel, entertainment, cameras, TV's, DVD Players, appliances, books, CD's, DVD's, promotional items, items purchased as incentives, event expense, conference registration fees, subscriptions, UPS shipments, and similar expenses. Entertainment expense should be documented by completing an Entertainment form and including a copy in the reconciled Pcard packet.

Examples of Appropriate Business Statements:

Travel Related Expenses-
(Airfare, hotel, etc.) for Dr. John Doe to attend National Association of Educational Procurement Conference June 6 -10, 2010 in Seattle, WA.

Promotional Items/Incentives-
(Mugs, shirts, etc.) with University of Alabama logo on them given to participants in P-Card Focus Group on May 26th, 2010 for completing a survey.

Entertainment (Please use Entertainment Expense Form)-
Lunch meeting with grad students for an end of the year evaluation of the graduate program held on 5/5/10 at Cypress Inn. Those in attendance include: Dr. Suzy Cue, Graduate Professor; Sammy Sample, Graduate Student; Johnny Bee, Graduate Student; and Annie Oakley, Graduate Student. The
meeting was held at lunch, because it was the only time all of these individuals could get together.

**Electronics**-
TV purchased for P-Card Conference room to put on the wall and use as a monitor for Power Point presentations for training purposes and meetings with vendors.

**Appliances**-
Refrigerator purchased for Biology lab to preserve specimens needed for labs. If the specimens are not kept cold, they will ruin.

**UPS Shipments**-
Shipment included time sheets from satellite office to UA campus for Payroll. Dr. Doe was the requestor.