P Card Services

POLICIES & PROCEDURES

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Introduction

1. **Overview of the Purchasing Card Program**
   The University of Alabama Purchasing Card Program is designed to permit the Cardholder to place orders for allowable purchases up to $4,999.99 per single transaction including freight without delays or paperwork that can accompany larger transactions. Vendors are paid by the bank within three (3) days of submitting the Purchasing Card transaction data to Visa at the point of sale, while the University pays Bank of America for all card purchases once every 30 days.

2. **University Expenditure Policies**
   Use of the P-Card is simply one of several methods of payment employed by the University. All University expenditures must be made in compliance with the following policies.
   
   a. State of Alabama Bid Law
   b. UA Spending Policies
   c. UA Travel Policy
   d. UA Student Payment Policy

3. **Benefits of Card Use**
   Use of the P-Card is mutually beneficial for the University, cardholders, and vendors.
   
   a. **The University** – A built-in card feature makes the program easy to control and manage and reduces processing costs at all levels by decreasing the number of invoices and checks processed. It also empowers the individual to make purchases and allocate expenses as needed. It will enable the Purchasing Department and Accounts Payable to focus on higher yield, value added activities.
   
   b. **Cardholders** – Cardholders have a method for placing small orders without delay or paperwork that can accompany larger purchases.
   
   c. **Fiscal Manager** - Monthly approvals required rather than individual orders and invoice approvals. There is more accountability and control with the Purchasing Card Program.
   
   d. **Vendors** – The Purchasing Card is welcomed by vendors who accept credit cards. Vendors experience a reduction of credit risk, reduced billing and collection costs, a reduction in the time and cost associated with credit checks, and increased sales opportunities.

4. **Program Controls**
The University’s Purchasing Card Program uses both internal controls and management reports that are designed to ensure the proper use of Purchasing Cards. Purchasing Card Services uses management reports to monitor card use for compliance with University policies and procedures along with state law. Personal use of the Purchasing Card is not tolerated. All purchases made on the card must be for official University business. Misuse of the card may result in revocation of the card, disciplinary action up to termination, and possible filing of criminal charges. Each department and division participating in the Purchasing Card Program is responsible for establishing their own internal control environment based on the policy guidelines.

5. **How to Become a Cardholder**
   a. The cardholder must be selected and approved by the Dean, Department Head, or Budget Manager.
   b. Complete the Purchasing Card Application Form and submit it to Purchasing Card Services with the appropriate signatures.
   c. Attend training for Policies and Procedures prior to having their card activated.
   d. Sign the Purchasing Card Agreement at the time the card is issued.
   e. Cardholders are expected to review and understand the Purchasing Card Policies and Procedures.
   f. Each card will be assigned to a trained Reconciler, or the cardholder will be approved to reconcile his/her own transactions upon the completion of training.

**Uses of the Purchasing Card**

1. **Allowable Expenses** – The Purchasing Card may be used for general supply items, memberships, subscriptions, registration fees, conference fees, air fare, ground transportation, parking fees, out-of-state lodging for UA employees, services, and repairs. Please refer to the list of Allowable Expenses for more details.

2. **Prohibited Expenses** – The Purchasing Card may NOT be used for personal meals while in travel status, cash, or personal expenses. It cannot be used for In-State travel for UA employees. UA students and guests of the University are an exception to this requirement. Please refer to the list of Prohibited Expenses for more details.

**Areas of Responsibility**

1. **Cardholder** – Those employees who are responsible for placing orders should more than likely be Cardholders in the Purchasing Card program.
   Responsibilities include:
   a. Ensuring the P-Card is used for legitimate business purposes only.
   b. Ensuring that P-Card transactions are in compliance with applicable University polices as well as state and federal law.
   c. Ensuring that all proper and completed Documentation is forwarded to the Reconciler. This includes an itemized receipt for each transaction and business purpose statements as necessary for those expenses that are not easily understood by an independent reviewer or external auditor.
   d. Maintaining the Purchasing Card in a secure location at all times. This also includes any documents (paper or electronic) that may contain the 16-digit card number, expiration date, or CVV number.
   e. Adhering to the purchase limits and restrictions of the Purchasing Card and ensuring the total amount of any single transaction including freight does not exceed the single purchase limit for the card.
   f. Reviewing the completed packet and signing the Bank of America Statement. This indicates that all reconciled transactions are allowable and appropriate and all required documentation is included.
   g. Notifying the Department Reconciler if the default FOAPAL should be changed on an individual transaction.
   h. Attempting to resolve disputes or billing errors directly with the vendor. If they cannot be
satisfactorily resolved, notify Bank of America.

i. Ensuring that an appropriate credit for the reported disputed item or billing error appears on a subsequent Cardholder statement.

j. Ensuring that tax has not been charged. If tax has been charged, request a credit.

k. Ensuring that refunds are credited back to the card and are not accepted as cash.

l. Reporting a lost or stolen P-Card to Bank of America (24 hours a day, 365 days a year) immediately. Also notify the Department Reconciler and Purchasing Card Coordinator at the first opportunity during normal business hours.

m. Notifying Purchasing Card Services and forwarding all outstanding receipts/documentation to the Department Reconciler upon terminating employment with the University or transferring between Departments within the University.

2. **Reconciler** – Each Department Head or Budget Manager must designate one or more Reconcilers for his/her department. The Reconciler must receive training before being given access to reconcile transactions. Changes in the Reconciler will require written authorization from the Approving Official or the Budget Manager. Backup Reconcilers must also be designated in writing by the Approving Official or Budget Manager.

   Responsibilities include:
   a. Reviewing vendor receipts for inappropriate purchases or uses of the Purchasing Card and ensuring that tax has not been charged.
   b. Reconciling all Cardholder receipts to transactions appearing in the Works software and on the monthly statement.
   c. Ensuring that all proper and completed documentation is attached to the Cardholder’s reconciled P-Card statement and Transaction Approval Report in the proper order. This includes an itemized receipt for each transaction and business purpose statements as necessary to explain expenses that are not easily understood by an independent reviewer or outside auditor. Any non-compliant issues should be addressed with the Cardholder and the Cardholder’s Approving Official and corrected prior to submitting to Purchasing Card Services.
   d. Having the Bank of America Statement signed each month by the Cardholder and Approving Official (after they have reviewed all reconciled transactions) indicating that all purchases are appropriate and all required documentation is attached.
   e. Attempting to resolve any disputes with the vendor and/or Bank of America not resolved by the Cardholder.
   f. Notifying the Purchasing Card Coordinator of lost or stolen P-Cards.
   g. Requesting the Purchasing Card Coordinator to cancel P-Cards (e.g. terminated employees, employees transferring to other departments, and loss of Purchasing Card privileges) as approved by the Department Head.
   h. Assisting Cardholders with erroneous declines and emergency transactions.

3. **Approving Official** – Designated Approving Officials provide oversight and assistance to department Cardholders and Reconcilers. They must have supervisory authority over the Cardholder and have fiscal responsibility for the FOAP to which transactions are charged. Changes in the Approving Official will require written authorization from the Budget Manager, Dean, or Director. In the event that the Approving Official is not available to review and sign the cardholder’s packet, the responsibility will default to the next higher level of supervisory or fiscal authority. A written explanation will be required with the packet whenever a backup approver must be used explaining why the regular approver is not available.

   **A Dean, Department Head, Budget Manager, or Principal Investigator who is also a Cardholder cannot be the Approving Official for their own Visa Account. In this instance, a Supervisor or the division Budget Manager must act in the capacity of an Approving Official.**

   Responsibilities for Approving Officials include:
   a. Reviewing monthly Cardholder transactions to ensure that all purchases are allowable and appropriate and that prohibited or personal items have not been purchased
   b. Ensuring that all Reconcilers and Cardholders have received appropriate training regarding
their responsibilities.
c. Ensuring that the proper controls are in place within their own department. Individual Department’s policies can be more restrictive than the University’s policies.
d. Communicating problems encountered to Purchasing Card Services.
e. Ensuring that all proper and completed documentation is attached to the Cardholder monthly statement. This includes itemized receipts for each transaction and business purpose statements for those expenses that are not easily understood by an independent reviewer or external auditor.
f. Approving Officials must sign the Bank of America Statement indicating that the purchases were reviewed for accuracy and appropriateness. Any non-compliant issues should be addressed with the Cardholder and/or Reconciler and corrected prior to submitting to Purchasing Card Services.
g. Resolving problems when department Reconcilers or Cardholders do not follow procedures and fail to respond to requests for corrective measures.
h. New Approving Officials are required to be trained on P-Card Policies and Procedures. Approvers may choose to complete the online P-Card course or to attend the in-person Policies and Procedures class.

4. Purchasing Card Services
Responsibilities include:
   a. Interpreting policy.
   b. Reviewing Department approved applications for completeness of required information.
   c. Requesting Purchasing Cards from the card issuer based on completed applications.
   d. Handling declines, Cardholder information changes, and canceling P-Cards.
   e. Processing requests for single purchase or monthly credit limit increases.
   f. Assisting with disputed charges/discrepancies not resolved by the Cardholder or Department Reconciler.
   g. Canceling revoked Purchasing Cards.
   h. Auditing Visa transactions for inappropriate purchases or uses of the Purchasing Card based on purchasing policies and procedures, state bid guidelines, spending policies and travel policies.
   i. Provide training on P-Card Policies and Procedures as well as technical aspects of reconciliation.

5. Separation of Duties
A separation of duties must be followed with the Purchasing Card Program, as with any other financial transaction. The person placing the order and/or reconciling it must not be the same person who ultimately approves all Visa transactions listed on the Bank of America monthly statement and Transaction Approval Report. For example, a Cardholder who reconciles her/his own transactions cannot also act as the Approving Official for those transactions.

Program Requirements

1. Departmental Controls
   Each department is responsible for establishing an appropriate internal control environment for University Purchasing Card responsibilities, including approvals, audit ability, adjustments, record keeping, reporting, reconciliation, segregation of duties and supervision. Policies within a department or division can be more restrictive than the University’s policies.

2. Cardholder Purchase Limits
   Cardholder monthly credit limits should be carefully decided according to the funding source or contract associated with the card and monthly spending requirements. Monthly credit limits may be adjusted when needed by the Approval Official. He or she should email the Purchasing Card Coordinator with authorization for a new limit. These adjustments can be temporary or permanent.

   The standard single purchase limit for University Purchasing Cards is $4,999.99. Lower single purchase limits may be assigned at the discretion of the Approving Official. Temporary increases
to the single purchase limit may be granted on a case by case basis. The Approving Official may request a temporary increase by emailing the Purchasing Card Coordinator with an explanation of the circumstances.

3. **Card Sharing**

It is permissible for a Cardholder to occasionally share his/her card with another individual for the purpose of picking up ordered items locally and/or placing orders verbally or electronically. In granting this secondary use authorization, the Cardholder remains directly responsible for the proper use of the card in accordance with established procedures. Therefore, the Cardholder must take great care in explaining the proper use of the Purchasing Card to the secondary user and insist that itemized receipts are returned.

The **Purchasing Card Authorization Memo** and **Delegation of Authority Agreement** are provided for use when sharing the Purchasing Card. The Authorization Memo serves to introduce the secondary user to the supplier and authorizes the use of the card by this individual. The items to be charged to the Purchasing Card can be listed on the Authorization Memo. The Delegation of Authority is an agreement that the secondary user should be asked to read and sign to formally accept the responsibility of using the University’s Visa Purchasing Card. These forms should be revised to reflect each department’s unique information and printed on department letterhead.

4. **Lost, Misplaced, or Stolen Purchasing Cards**

Cardholders are required to immediately report any lost or stolen Purchasing Card directly to **Bank of America** (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her Department Reconciler and the Purchasing Card Coordinator about the lost or stolen card at the first opportunity during normal business hours.

5. **Cardholder Liability**

The Purchasing Card is a corporate charge card which will not affect the Cardholder’s personal credit; however, it is the Cardholder’s responsibility to ensure that the card is used within stated guidelines of the Purchasing Card Program as well as University of Alabama Policies and Procedures relating to the expenditure of University funds. The Purchasing Card must never be used to purchase items for personal use or for non-University purposes even if the Cardholder intends to reimburse the University. A Cardholder who makes an unauthorized purchase with the Purchasing Card or uses the Purchasing Card in an inappropriate manner may 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.

6. **Contract Vendors**

When the University can anticipate the purchase of like or similar items in excess of the state of Alabama bid limit during a fiscal year period, a standing contract for the campus is created to facilitate the purchase of those items. It is the Cardholder’s responsibility to be familiar with these long term contracts and to honor them. A list of **Standing Contracts** is available online. Cardholders may also choose to contact a Buyer in the Purchasing Department who is responsible for the item(s) they wish to purchase. It is understood that there will be some situations when the contract vendor is out of stock or cannot supply some items. In those instances, Cardholders should contact the Purchasing Department Buyer that manages the commodity type to discuss alternate sources. When purchasing from an alternate supplier, approval must be obtained in writing from the appropriate Buyer. Documentation of this approval will be required with the P-Card Packet.

7. **Entertainment Expenses**

It is understood that business discussions and negotiations frequently take place during periods of entertainment. The purpose of the entertainment must be exclusively for University business purposes. The University of Alabama recognizes that such business entertainment is essential to its operation. It is the desire of the University, however, to place this activity in proper focus, to
prevent abuses, and to issue guidelines for these expenditures. In this regard, certain conditions must be met before entertainment expenses will be authorized as necessary and reasonable operating expenses to the University. These conditions are set forth in the University's Spending Policies.

8. **University Travel**
   When traveling at the University of Alabama’s expense, University employees should, in all cases, seek to obtain the lowest possible fares and rates by scheduling their travel in the manner that will be the most economical to the University. Personal travel for side trips is not reimbursed. It is the employee’s responsibility to obtain documentation of the travel costs.

   The **University Purchasing Card** should be used to pay for airfare, lodging, parking, ground transportation, and conference registration fees for Out-of-State travel. In-State travel is reimbursed in accordance with the per diem regulations in the Code of Alabama 1975, 36-7-20 through 36-7-23, as amended. Per diem covers expenses related to lodging, meals, and gratuities. **In-State travel expenses covered by per diem cannot be charged to the UA Purchasing Card.** Registration fees for in-state conferences are allowable on the P-Card. Refer to the University Travel Policies for further information.

9. **Tax Exemption**
   For purchases using University funds within the State of Alabama (or orders that will be shipped into Alabama), the University is exempt from sales taxes under state law as a public school. To confirm sales tax exemption to vendors, please provide a copy of the University’s sales tax exemption form, which includes our state sales tax registration #6300080.

   Each state’s laws are different as to whether the University can be exempt from taxation on lodging, rentals, or purchases made in a particular state. For information on states which have granted The University of Alabama an exemption from sales tax, please visit the Financial Accounting website.

   Certain vendors have additional requirements to confirm the University’s exemption from sales tax. They may request a completed Tax Exempt Certificate. Specialized versions of this form may be required for specific vendors. These will be made available in the Forms section.

10. **Billing Instructions**
   Emphasize to the vendor that the receipt copy is to be included with the shipment, preferably, or mailed to the cardholder’s billing address as follows, not to the University’s Accounts Payable Department. Receipts can also be faxed to your department or emailed to you.

11. **Shipping Instructions**
   It is very important to provide clear and specific shipping and mailing instructions to the vendor to ensure receipt of the order. Always ask how the order will be shipped. Provide the supplier with the cardholder’s name, department name, phone number, and complete delivery instructions. All goods shipped by UPS or FedEx should be delivered directly to the department.

   Items not shipped to a campus address will require explanation.

   Shipments should be addressed as follows:

   The University of Alabama  
   Department Name  
   ATTN: Jane Smith  
   Building Name and Room Number  
   Tuscaloosa AL 35487

12. **Contract or Grant Purchases**
   The Purchasing Card may be utilized for contract or grant purchases, but forethought is required
since the purchasing authority has been transferred to the cardholder through issuance of the card while charging approval resides with the PI or the PI’s designee. The cardholder must clearly understand what constitutes an allowable charge to the particular program. The cardholder should be aware, for example, that items that should already be present within an office such as pens, pencils, paper, etc. are typically considered unallowable as a direct charge on a grant or contract. If there are questions related to allowability, the **Contract and Grant Accounting** staff may be contacted.

Special considerations for contact or grant purchases:

a. Grant purchases are permitted provided that the item purchased is an allowable charge against the grant or contract. A direct benefit must be shown for all card purchases made against a grant or contract.
b. The Purchasing Card cannot be used for charging Department costs to a grant account.
c. C&G Accounting ensures proper approval by PI or appointed personnel, acquiring documentation of the approval during the review of expenditures on the grant.
d. Grant purchases must be made in accordance with the terms and conditions of the grant.
e. The grant account cannot be used as a clearing account for card purchases.
f. The Banner fund and account assigned to the purchase must be appropriate.
g. When placing an order against a grant account, the “received date” must be within the period of performance of the grant or contract.

13. **Reconciliation Through the Works Payment System**

The WORKS management software is the software application provided to the University by the card issuer to manage the Purchasing Card Program. It provides a method to track active orders, reconcile transactions to on-line Bank of America transaction data, and acquire reports based on selective criteria. Orders can be assigned a unique PC number for tracking purposes.

Reconcilers have easy access to the transaction activity for each card for which they are responsible. Transaction data is available on a daily basis enabling users of the Purchasing Card Program to reconcile as often as they deem necessary. It is recommended that transactions are reconciled on a weekly basis. **Monthly credit limits are not restored until previous month’s transactions have been reconciled.**

Detailed instructions for reconciliation can be found in the **Works User Guide**. A Checklist for **Reconciled P-Card Packets** is also available as a reference for Reconcilers and Approving Officials.

14. **Returns, Damaged Goods, Credits**

The Cardholder is responsible for working with the supplier for the return of incorrect, duplicate, or damaged merchandise purchased with a Purchasing Card.

Read all enclosed instructions carefully. Often a customer service telephone number and other instructions are included on the packing slip and/or receipt for returns. Many suppliers require a “Return Authorization Number” or “Return Service Authorization” before they will accept a return. In some cases, there may be a restocking fee. If the supplier is responsible for the error or problem, the University should not have to pay this or any other fee.

15. **Disputed Transactions**

If there is a discrepancy on the Bank of America monthly statement, the cardholder should first contact the vendor to try to resolve the problem. If it is resolved, verify that the correction has been made when the next monthly statement arrives.

If the matter cannot be resolved with the vendor, the cardholder may contact **Bank of America directly** to dispute the charge. **All disputes must be filed with the card issuer within 60 days of the transaction date.**
Any disputed item(s) reflected on the monthly statement must be reconciled and allocated to a Banner FOAPAL. Any credits resulting from disputes will be allocated back to the account initially charged.

16. Declines
There may be situations when a vendor receives a transaction-declined message at the point of sale when processing a Purchasing Card transaction. Be sure that the vendor has the correct account information and expiration date. If you do not know the reason for the decline, contact the Reconciler or Purchasing Card Coordinator at 348-8645 for assistance. If the purchase is being made outside of normal business hours, the employee must find an alternate payment method or cancel the purchase and contact the Purchasing Card Coordinator during normal hours.

17. Canceling an Account
When a Cardholder turns in a notice to terminate employment with UA or move to another department, the Budget Manager or Approving Official must provide immediate notification to the Purchasing Card Coordinator, and the P-Card must be destroyed. All outstanding receipts and documentation, including business purpose statements for the current transactions, must be given to the assigned Reconciler prior to the Cardholder’s final separation.

18. Changes to an Account
All changes to a Cardholder’s personal information must be promptly reported to the Purchasing Card Coordinator, including changes in last name, home address, home telephone number, campus location, department name, campus telephone number, or default account number.

Refer to the sections on Approving Officials and Reconcilers for information on changing the individuals in these roles.

19. Renewal of Expiring P-Cards
A new Purchasing Card will automatically be sent to the Cardholder during the month of expiration. All P-Cards are valid through the last day of the expiration month. Affected Cardholders will be notified of when to expect their card to arrive.

20. Student Payments
Payments made on the behalf of students must be in compliance with the Student Payment Policy. Please consult the Student Payment Processing Workflow of Instructions for information on processing these payments.

Documentation Requirements

1. General Requirements for Supporting Documentation for P-Card Transactions
Each transaction on the Purchasing Card must be represented by an itemized receipt or other acceptable form of documentation that verifies the date of purchase, the vendor or vendor name, each item purchased and the price of each item.

The itemized receipt requirement may be satisfied by providing one of the following:

a. Sales receipts
b. Priced Packing slips
c. Cash Register Receipts
d. Faxed Receipts
e. Emailed Receipts
f. Itemized order information from internet sites

2. Document Preparation
All receipts that are smaller than 5" x 8" MUST be taped (not stapled or glued) to a sheet of standard copy paper that is 8 ½ "x 11" to prevent loss and to accommodate the University’s imaging system. Multiple, small receipts can be affixed to a single sheet of paper as long as
they are kept in order.

3. **Itemization**
   When an itemized receipt is not available, itemized supporting documentation must be secured. In many cases, when placing orders by telephone or fax, a priced packing slip may provide the itemization needed.

4. **Missing Receipts**
   If documentation has been lost or misplaced, contact the vendor for a duplicate copy. If a duplicate copy is impossible to obtain, complete a Purchasing Card Missing Receipt Affidavit, and forward to the Department Reconciler. **Use of this method will be subject to violation points and repeated violations could result in the loss of card privileges.**

5. **Document Retention**
   Each department will be required to maintain a file of all documentation associated with Purchasing Card activity in addition to the originals forwarded to Purchasing Card Services. These files should be maintained for a minimum of **two** years.

6. **Special Documentation Requirements for Entertainment Expenses**
   Cardholders are encouraged to use the Entertainment Expense Form to document the business purpose statement for entertainment expenses. If the form is not used, the reconciler will need to include the following information in the comments section:

   a. The date, time, and place of entertainment
   b. Identification of the person or group to be entertained, including the relationship of the people in attendance to the particular aspects of the University program that will be benefited. This information includes titles, committee names, the field of interest of the person or group being entertained, the reason for inviting the visitor(s) to campus, and other relevant details. If a small group is being entertained (10 or fewer), the names of all persons attending must be shown; for larger groups, only the name or names of the honored guest or guests must be indicated, with the number of persons attending.
   c. A statement as to the reason or purpose of the entertainment, including the purpose and benefits of the program to the University, must be clearly indicated and understood by anyone outside the department reviewing the reconciled P-Card packet. If the function that included the entertainment is held away from the University campus, an agenda for the function must be attached.
   d. If entertainment includes only UA employees, an explanation as to why it had to occur at breakfast, lunch, or dinner is necessary.

   Should the documentation be incomplete, Purchasing Card Services will request the needed information to complete the reconciled packet.

**Bank of America**

**BANK OF AMERICA CUSTOMER SERVICE**

Bank of America Customer Service is available 24 hours a day, 365 days a year at 1-800-300-3084 for reporting a lost or stolen card, and to discuss disputes.

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