**Southwestern Oklahoma State University**

**Purchasing Card Policy and Procedure**

## 1. PROGRAM DESCRIPTION

**1.1** The SWOSU purchasing card (p/card) program establishes the use, by designated University employees, of commercial purchase cards to facilitate the acquisition of lower dollar goods needed for conducting official University business. It is intended that the p/card be issued to selected University employees to enhance departmental effectiveness or economy of operation. P/cards are issued in the name of SWOSU and include the cardholder's name, department, and a unique account number. Liability for payment and total responsibility and accountability for the p/card resides at the departmental level.

**1.2** It is accepted that no policy and procedure statement can cover all eventualities. Exceptional cases will be resolved as circumstances and prudent business practices warrant on a case-by-case basis.

**1.3** The cardholder is responsible for and accountable to the University for all charges made with the p/card. Use of the p/card is solely for official University purchases. Personal purchases are strictly forbidden and may result in disciplinary action.

**1.4** **Program Authorization** – Board of Regents approval April 27, 2001.

**1.5** University departments, as a condition of participation in the program, shall abide by the terms of these procedures unless written exception is requested and approved by the SWOSU Comptroller. Requests for exceptions shall cite the specific paragraph(s) of these policies and procedures for which the exception requested.

## 2. DEFINITIONS

**2.1** **"Cycle"** means a period of time ending on the same date. If the cycle occurs on a Saturday, Sunday, or a bank holiday, the cycle ends on the business day following the cycle date. (Synonymous with "billing cycle.")

**2.2** **"Invoice"** means a document sent by the bank to SWOSU to affect payment for goods and services purchased using the p/card. Payment will be made centrally by the SWOSU Accounting Department.

**2.3** **"Issuing bank"** means the bank issuing the p/card to an organization.

**2.4** **"Merchant"** means a business or other organization that provides goods or services to customers. (Synonymous with "supplier" or "vendor.")

**2.5** **"Merchant category code (MCC)"** means a standard code that the credit card industry uses to categorize merchants based on the type of goods or services provided by the merchant. A merchant is assigned an MCC by the acquiring bank.

**2.6** **"Merchant category code group (MCCG)"** means a defined group of merchant category codes. MCCGs are used to control whether cardholders may purchase from particular types of merchants.

**2.7** **"Split purchasing"** means dividing or failing to consolidate a known quantity of goods or services for the purpose of evading (1) the p/card statutory single transaction limit of $1,000 and/or (2) limit(s) established for an individual p/card and/or (3) a quotation/bidding requirement.

**2.8** **"Transaction"** means a single purchase or credit.

## 3. P/CARD ORGANIZATION

**3.1** **SWOSU Comptroller:** Responsible for management of the p/card program.

**3.2** **SWOSU Purchasing Coordinator:** The Purchasing Department staff member designated to assist the Comptroller with implementation and operation of the p/card program.

**3.3** **Cardholders:** Staff members designated to execute purchases using their assigned p/card.

**3.4** **Purchase Card Employee Agreement:** Approving Officials and Cardholders must sign the SWOSU Purchase Card Employee Agreement Form prior to assuming their duties and being issued p/cards. (Attachment #1)

**3.5** **Training:** Approving Officials and Cardholders must attend training sessions set up periodically by the Business Affairs Office. Notification of training sessions will be by email.

## 4. PURCHASE CARD OPERATIONS

### 4.1 Issuance of the P/Card

**4.1.1** The p/card is issued by SWOSU in coordination with a JPMorganChase. The p/card will include the institution's name, cardholder's name, cardholder's department, and unique individual account number.

**4.1.2** Any department wishing to have a purchase card issued must fill out the Purchase Card Request form. (Attachment # 5)

**4.1.3** Cardholder must be an SWOSU permanent employee. P/cards will not be issued to temporary employees.

**4.1.4** Student Employees: P/cards will not be issued to student employees.

**4.1.5** The cardholder must sign the P/Card Employee Agreement Form and Receipt of P/Card Form (Attachment #1) in the presence of the Comptroller or Purchasing Coordinator.

**4.1.6** Property of SWOSU: All p/cards issued under this program are the property of SWOSU and shall be surrendered to the approving official upon termination of employment with the department or upon request of the cardholder's supervisor or the Comptroller.

## 4.2 Use of the P/Card

### 4.2.1 Card Controls and Limits

**4.2.1.1** Comptroller is required to establish the following categories of controls and limits on each p/card as required by the bank. The mandatory categories are:

- Credit limit per cardholder per cycle.
- Single purchase limit (dollar amount per transaction) shall not exceed $1,000, except for Physical Plant, Athletic Team Travel and certain grants. These limits will be established by Comptroller.
- Merchant Category Code Group (MCCG).

**4.2.2** **Transaction Flow:** A typical p/card transaction consists of the following steps:

- Cardholder makes purchase from merchant using p/card. Cardholder retains receipt from walk-in purchase and maintains a log of all p/card purchases including those by phone or Internet.
- Merchant delivers goods or service and submits transaction to credit card company.
- The bank pays merchant.
- The bank furnishes SWOSU cardholders with a report (memo statement) of purchases.
- Cardholder reconciles receipts and logs with memo statement and forwards to the approving official.
- Approving official reviews and approves reconciliation. Departments have 5 calendar days after cycle ends to complete account reconciliation.
- SWOSU Business Affairs makes a single payment to the bank on behalf of all SWOSU departments. The Business Affairs debits/credits departmental accounts after the reconciliation deadline.

### 4.2.3 How to Use the P/Card

**4.2.3.1** The cardholder of record is the only person authorized to make purchases using his/her card. The p/card shall not be loaned to another person. Such occurrences may result in revocation of the card.

The fact that the cardholder has been provided a card does not imply prior approval of all purchases. The cardholder must follow proper University and departmental procedures to obtain authorization to purchase.

After determining that the anticipated purchase does not conflict with University policies, the cardholder may select a vendor that can supply the items with the best method of purchase.

**4.2.3.2 Purchase in Person (Point of Sale)**

- Determine whether the p/card is the most appropriate method for this purchase. (Check the list of excluded charges to make sure it is not a restricted item.)
- Be sure that the total amount will not exceed the card's single purchase limit.
- Determine if the price is the best you can reasonably obtain.
- Ensure that sales tax is not charged. (Cardholder must have a copy of the Oklahoma Tax Exemption letter for most merchants to have sales taxes excluded.)
- Obtain a receipt at the time of purchase and keep the receipt for documentation.
- Log purchase on the Transaction Log. (Attachment #2)

**4.2.3.3 Purchase by Phone**

- Follow the applicable instructions for making in-person purchases. In addition, be sure that the total amount (including all shipping, handling, freight, etc.) will not exceed the card's single purchase limit.
- When calling a vendor, state that you are calling from Southwestern Oklahoma State University and that you will be using a corporate purchasing card for this purchase.
- Note: Many companies provide discounts through their Education Sales Department, so ask for that department. In some cases, there may be an additional charge for using the p/card, i.e. University contract items where vendors have cut their previously bid profit margins too close to allow p/card use without an up-charge. There should be no up-charge for vendors outside of these discount arrangements. Report violations to the Program Administrator. (Exceptions are vendors using a 3rd party service group with a fee i.e. some Internet purchases.)

- Emphasize that the University is tax exempt. (Cardholder may be required to fax a copy of the Oklahoma Tax Exemption letter to the merchant). (Attachment #3)

- If items will be shipped, remember to give the vendor your name, department name, phone number, complete delivery address and small purchase order number.

- Ask for a confirmation number after the vendor takes the order. Give the vendor your p/card number and expiration date. Request a receipt and /or packing slip with itemized description and pricing information to be sent with the purchase. A best practice would be to request vendor to print only the last 4 to 6 digits of the account number on the packing slip. Retain these documents with your record of the purchase.

- Keep written documentation for phone purchases, to include: date, vendor, description of item(s) purchased, amount, freight, handling, and insurance amount. After you receive the items, keep packing lists and any other documentation.

- Log purchase on the Transaction Log. (Attachment #2)

**4.2.3.4 Purchase by Fax**

- Follow the applicable steps for making purchases in person or by phone (above).

- Retain a copy of the order form and fax confirmation (if available) for your records. Request a receipt be sent to you (and follow up if you don't receive it.)

- Do not mail an original purchase order to the vendor, since doing so could result in a duplicate order. If the company requires a mailed original purchase order, clearly mark on it "confirming order, do not duplicate."

- Log purchase on Transaction Log (Attachment #2).

**4.2.3.5 Purchase by Mail**

- Follow the applicable steps for making purchases in person or by phone (above).

- Retain a copy of the order form, including the address to which it was mailed. Request a receipt to be sent to you.

- Log purchase on Transaction Log (Attachment #2).

**4.2.3.6 Internet Purchases**

- It is recommended that Internet purchases be made from a secure site or sites that provide account number encryption.

- Departmental policies and good judgment should be used when ordering over the Internet.

- Follow the applicable steps for making purchases by mail.
- Print appropriate screens to include item description, cost, and total cost. Retain printed documentation of purchase. This will be your receipt.
- Log purchase on Transaction Log (Attachment #2).

#### 4.2.3.7 Returns, Damaged Goods, Credits, Backorders

If materials purchased with the p/card need to be returned, the cardholder should work directly with the supplier.

Retain boxes, containers, special packaging, packing slips, etc. until you are sure you are going to keep the materials. Some items, such as software or fragile pieces, cannot be returned without the original packaging materials.

Read all enclosed instructions carefully. Often a phone number or instructions for returning the materials are included on the packing slip and/or receipt.

Many suppliers require a "Return Authorization Number" before they will accept a return. A "Return Authorization Number" is obtained from the shipper. In cases where a "Return Authorization Number" is required, if a package is returned without it, the package will be refused and no credit will be issued to your account.

Request a credit receipt for returned items. Some companies may not provide this receipt unless requested.

In some cases there may be a restocking fee (usually a percentage of the purchase price). If the vendor is responsible for the error or problem, you should not have to pay a restocking fee. If the vendor is not responsible, you may have to pay the restocking fee. You may use the p/card to pay this fee, as long as it does not exceed any of your limits or violate policies.

Keep on file all documentation pertaining to returns and credits. Check the monthly statement to make sure that the charge for the returned item(s) is credited properly.

No charges should be incurred for backorders. Charges can only be applied for material that has been received or shipped from vendors dock.

#### 4.2.3.8 Disputed Transactions

If the cardholder and the supplier cannot resolve the issue, contact SWOSU Comptroller or Purchasing Coordinator. Disputed items should be reported as soon as you are aware of the problem, and before the due date. Mark the item as disputed on the statement.

### 4.2.4 Excluded Charges

- **Split Purchases:** (See Section 2.0, Definitions)
- **Sales tax:** The cardholder is responsible for ensuring that sales tax is not charged at the time of purchase. The University's tax ID number is on the card sleeve. Vendors may request a copy of the tax-exempt letter. (Attachment #3)
- **Cash:** Cash advances, automated teller machine (ATM) transactions.
- **Gift Certificates**
- **Travel expenses** including but not limited to airline tickets, food and beverages, lodging, travel agencies, and other items that normally would be paid on a travel voucher. (Reference travel policy)
- **Maintenance**/service/licensing agreements and lease/rental agreements requiring contract signature.
- **Personal items**, such as flowers, candy, haircuts, meals, etc.
- **Trade-in**: Purchases involving trade-in of University property.
- **Conflict of interest:** As with any purchase made for the University, a cardholder shall not purchase goods or services from a member of their immediate family or realize personal gain. The cardholder shall inform his/her supervisor in writing of reasonable foreseen potential conflicts of interest.
- **University Departments/Auxiliaries:** Goods or services available from University sources, such as the Student Union Bookstore (use the Campus Vendor system).
- **Gasoline** can only be purchased with cards designated for that purpose (only limited departments will have these cards approved by the Comptroller.)
- **Mail:** All U.S. mail, including parcel post, certified, and registered mail, should be sent through the Mail Room.
- **Professional/Personal services** rendered by individuals, corporations, partnerships, or any other entity, including but not limited to consultants, attorneys, physicians, engineers, architects, public accountants, or computer programmers.
- **Other purchases** not permitted under SWOSU Policy and Procedures.

### 4.2.5 Conference and Training Fees

The p/card may be used to contract for conference/training course fees. Conference equipment (such as audio or video equipment), conference/training rooms,

conference/training set-up services and conference/training materials may be included except goods and services as prohibited by **Section 4.2.4** (above).

**4.2.6 <u>Documentation</u>**

**4.2.6.1 Transaction Log:** Cardholders shall maintain a current Transaction Log (Attachment #2) for all p/card purchases. A separate log shall be maintained for each p/card for each cycle. A sample transaction log is attached, however departments may add data fields. The cardholder must sign the Transaction Log.

**4.2.6.2 Receipts:** An original receipt from the vendor shall support each purchase. Refer to procedures for Internet and phone purchases. Copies or faxes are acceptable only if the original is lost or destroyed. (See Lost Receipts below.)

**Receipts** should include:

- Date
- Vendor
- Amount
- Itemized description of item(s) purchased. If the p/card receipt includes only the total amount of purchase, attach the detailed receipt or packing list with detail information.

**Lost Receipts:** If receipts are lost, the cardholder shall note the loss on the Transaction Log and complete a Missing Receipt Form. (Attachment #4). Repeated loss of receipts may be grounds for discontinuing a cardholder's p/card use or other disciplinary action.

**4.2.6.3 Memberships:** Dues for institutional memberships in professional societies, associations, social service or civic clubs shall contain documentation stating the complete name of the organization. The purpose of the membership should be clearly written on the receipt. Individual memberships are prohibited.

**4.2.6.4 Inventory:** Due to the limits associated with the cards, the inventory issue should not be a factor but in case of changes made to the system we are including the proper way to handle inventory items here. In order to properly record equipment acquired through p/card usage, departments will be required to provide copies of any invoices involving equipment acquisitions meeting the capitalization threshold of $2,500 or greater, with a useful life of at least two years, (and fill out and submit an Equipment Addition form found on the SWOSU website), to the Business Affairs Office. Each invoice must accurately reflect the item(s) purchased, unit cost, quantity, and all accounting information including departmental account number and credit invoice information, if any. The department should also include the serial number and any other pertinent information that would assist in adding the equipment to the University's inventory.

**4.2.6.5 Grants and Contracts:** When the p/card is used for grant or contract purchases, those purchases must comply with the terms and conditions of the award, award budget, and all SWOSU purchasing policies and procedures. Purchases must also be made within the time frame of the award. If a purchase is made on a contract or grant, agency award requirements will dictate the length of time that the department must maintain the receipts to support the purchase and be available for audit.

If p/card purchases from a grant or contract are determined (by audit or otherwise) to be unallowable on the grant or contract, charges will be transferred to the employee's department.

### 4.2.7 Reconciliation

P/card transactions shall be reconciled by the cardholder and submitted to the Business Affairs Office not later than five (5) calendar days after the end of the billing cycle.

**4.2.7.1 Billing cycles** run typically from the 4th of the month to the 3rd of the next month.

**4.2.7.2 Cardholder responsibilities:** Cardholder must reconcile the individual receipts to the on-line transaction file to verify that purchases and returns are accurately listed and charged to the appropriate account. Departments may choose to delegate the reconciliation of cardholder receipts to another individual. However, the cardholder is responsible for the purchases, as well as obtaining appropriate documentation, and maintaining a Transaction Log. The cardholder shall sign the Transaction Log and date the signature, indicating that the cardholder did make those purchases.

Transactions made on or near the cycle date may not post until the next cycle. These transactions would appear on the next cycle memo statement and would need to be carried over on the transaction log.

Note: In reconciling transactions, approving officials/cardholders should use appropriate documents, such as Transaction Log, purchase receipts, and credit receipts.

### 4.2.8 Record Retention

P/card records will be maintained by the Business Affairs office as required by the State of Oklahoma. Records shall include, but are not limited to, transaction logs, receipts, dispute documents, department approving official approvals, and any other pertinent documents whether in paper or electronic form.

### 4.2.9 Payment

SWOSU will make timely payment to the bank for all credit card purchases without regard to individual discrepancies in transaction billing.

### 4.2.10 Lost or Stolen Cards

Immediately upon determining that a p/card is lost or stolen, the cardholder shall notify the JP Morgan Chase by phone (800) 848-2813 or (800) 316-6056 and the SWOSU Comptroller at 580-774-3021 or cell phone 580-445-7264. Fill out the "Lost or Stolen Purchase Card Notification Form." (Attachment #6)

The cardholder's department is responsible for all charges incurred against a lost/stolen card until the card is reported to the JPMorganChase as lost or stolen.

### 4.2.11 P/Card Cancellation

All p/cards issued under this program are the property of SWOSU and shall be surrendered to the Comptroller or Purchasing Coordinator upon termination of employment with the department that authorized the card, or upon request of the cardholder's supervisor or the SWOSU Business Office.

### 4.2.12 Misuse of the P/Card

Misuse of the p/card in any manner by a cardholder may result in revocation of the privilege to use the p/card, disciplinary action, termination of employment, and/or criminal charges being filed with the appropriate authority.

Any questions or concerns, please contact the Comptroller at 580-774-3021 or Purchasing Coordinator at 580-774-3015.