

Valparaiso University
Procurement Card Policy and Procedures

Purpose

The purpose of this document is to communicate the policies, procedures, and responsibilities to be followed by all University procurement cardholders and by those supervising employees who have been issued a procurement card.

Forms

- Procurement Card Application
- Employee Procurement Card Agreement
- Missing Receipt Affidavit
- Unauthorized Purchase Explanation

Abbreviation

- PCPP: Procurement Card Policy and Procedures
- PCard: Procurement Card

Definitions

See appendix A for PCPP definitions.

Introduction

The procurement card (PCard) system significantly shortens the purchasing and payment cycle from the traditional procurement process. The program is a more efficient way of handling travel expenses and small purchases by reducing the costs related to processing reimbursement requests and low-dollar-value purchase orders. The University makes one electronic payment monthly for all cardholder accounts.

Requesting and Receiving a Procurement Card

Requesting a procurement card

Department Heads may request a card for their department or their employee for the purpose of fulfilling his or her position responsibilities. A procurement card application must be completed. Applications are located on the Procurement Office website. The employee or Department Head will fill out a procurement card application and obtain the signature of the Department Head. Not all applications result in ordering a PCard. PCards are issued as a necessary purchasing method for an employee's role and responsibilities and is not a replacement method for the University's purchase requisition system. Criteria for a PCardholder: Centralized buyer for the department, traveling extensively for the university or traveling as a university group leader.

Receiving a procurement card

The new cardholder will be asked to read the PCPP, Travel and Travel Expense Reporting Policy, and Hospitality Policy prior to receiving the procurement card. The procurement card will be issued to the cardholder by the Procurement Office, at which time the cardholder will also read and sign the Employee Procurement Card Agreement. The agreement establishes a commitment that the cardholder will follow the PCPP. The agreement is the University's record that the employee has been issued a procurement card and that the employee agrees to comply with the Procurement Card Policy and Procedures.

Authorized Use of the Procurement Card

Individual Cardholder

The procurement card can only be used by the person whose name is embossed on it. The cardholder may make transactions on behalf of others in his or her department. The cardholder is responsible for the security and protection of the card and account number.

Department Cards

The Department Head may request a card in the name of the department rather than in the name of an individual. This type of procurement card has the name of the department embossed on it and can only be used by staff members authorized by the Department Head. Cards issued to departments must be kept with a Department Card Coordinator. It is recommended that the department procurement card be returned to the Department Card Coordinator by the end of the workday. The Program Administrator may perform an audit of this procedure.

Purchase Procedure

Before making a purchase, the cardholder will check as many sources of supply as is reasonable to the situation to insure the best value. Orders being shipped must be sent to the cardholder's campus address. The cardholder will need the original sales receipts for the account reconciliation.

Returns, Credits, and Disputes

Returning Purchased Items: If an item is not satisfactory, is damaged or defective, or is a duplicate order, etc., the cardholder must contact the vendor to explain the problem, resolve the problem or return the item purchased. The cardholder's account must be credited for the return.

Credits: If an item has been returned, the cardholder must verify that the credit is reflected on the next statement of account. If credits are not listed sales documents should be retained by the cardholder. The cardholder must contact the vendor again. If the vendor does not post a credit the cardholder must contact the bank to request a credit.

Disputing Charges: To dispute an incorrect charge the cardholder should first contact the vendor for a resolution. If this attempt fails, the cardholder must dispute using Bank of America's Works System.

Purchase Restrictions and Unauthorized Use

Restricted Purchases: All purchases are subject to the following restrictions:

- The University's Travel and Travel Expense Reporting Policy.
- The Hospitality Policy.
- University related business only.
- Hospitality meals only as described in the Hospitality Policy.
- Spending limits within cardholder's single transaction limit.
- Retail items must be in stock.
- Internet purchases require an invoice page that includes the full cost, including shipping.
- Merchant code (vendor) blocking may be utilized to restrict purchases within select vendor categories. Merchant blocking can be individualized for each cardholder.
- Any purchase restricted by Valparaiso University policy.

Unauthorized Use: The procurement card shall not be used for the following:

- Any travel-related meals (see Travel Policy for meal per diem).
- Contracted services.
- Independent Contractors: payment to an individual or non-corporate entity for services reportable on IRS form 1099.
- Any purchase for goods (i.e. products) over \$2500.
- Purchases in excess of budget.
- Cash advances unless previously authorized for foreign travel by the Program Administrator.
- Hospitality meal receipts that do not provide a full list of items and payment detail.
- Hotel fees for in-room meals.
- Hotel fees for in-room long distance telephone calls.
- Hotel fees for in-room movies.
- Hotel fees for fitness center use.
- Personal purchases.
- Travel purchases for a spouse or guest.
- Any purchase that is prohibited by Valparaiso University policy.

University Department Heads may determine additional unauthorized purchases or PCard restrictions within his or her department.

Consequences for Unauthorized Purchases, Restricted Purchases, and Authorized Purchases Missing a Receipt.

Cardholders may be subject to disciplinary or legal action for making a restricted purchase, unauthorized purchase, authorized purchase missing a receipt, or for any other improper use of the procurement card. This includes termination of employment, closing the cardholder's procurement account, and/or civil prosecution to seek the return of funds, and/or handing the matter over to legal authorities for criminal prosecution.

A cardholder who makes an unauthorized or restricted purchase must submit an [Unauthorized Purchase Explanation](#). A cardholder who makes an authorized purchase missing a receipt must submit a [Missing Receipt Affidavit](#). Either form must be signed by the cardholder and the Department Head and uploaded in Works to accompany the transaction. Copies will go to the cardholder's file maintained in the Finance Office. The cardholder will be liable for the total dollar amount of an unauthorized purchase that is a personal purchase and may be liable for any other unauthorized or restricted purchase. A cardholder's procurement account may be suspended upon making any unauthorized purchase, restricted purchase, or an authorized purchase missing a receipt. Upon the third occurrence of an unauthorized purchase, restricted purchase, or an authorized purchase missing a receipt, the cardholder's procurement card account may be permanently closed. However, if the cardholder has a second occurrence of an unauthorized personal purchase, it will be up to the discretion of the Finance Office whether or not to permanently close the card at that time. In addition, the cardholder must attach a check payable to "Valparaiso University" fully reimbursing the University in the amount of any unauthorized purchases that are personal purchases. The cardholder, the Department Head, and the area Vice President will be notified of any account closures hereunder. An authorized purchase missing a receipt does not include any purchase where a receipt is not required pursuant to Valparaiso University policy.

Roles and Responsibilities for Usage and Reporting

General Procedure: On a weekly basis the cardholder and Department Card Coordinator will review, upload receipts and approve their transactions in the Works system. A transaction email notification system is provided by the Works PCard System. All Cardholder and Department Card Coordinators must review and approve all of their transactions no later than the 4th day after month-end.

Roles and Responsibilities

Cardholder and Department Card Coordinator Responsibilities:

- Maintain accountability for all activity on the credit card.
- Review all transactions to verify that they are correct.
- Enter transaction business purpose description and upload all receipts corresponding with the transaction in the Works System.
- Assign a general ledger number to a transaction, if applicable.
- Upload any additional documents such as a Missing Receipt form or Unauthorized Purchase form.
- Review and approve all previous month's transactions no later than 4th of each month.
- Report fraudulent or suspicious charges to the bank and to the Procurement Office.
- Obtain original, detailed sales documentation/receipts unless receipts are not otherwise required pursuant to Valparaiso University policy
- Reimburse the University for Unauthorized Purchases or restricted purchases and fees related to the collection of those charges.
- Safeguard the PCard by keeping it securely in his/her possession, signing the back of the card and returning an expired or replaced card.
- Do not permit anyone else to use the procurement card.
- Report a lost, stolen, or compromised account to the bank immediately at 888-449-2273 and also contact the Procurement Office at 219-464-5225.
- Immediately attempt to resolve transaction disputes with the vendor and report unresolved disputes through the Works System.

Additional Responsibilities for the Department Card Coordinator:

In addition to the above Cardholder responsibilities, the responsibilities of the Department Card Coordinator also include: checking out the card for use, collecting the card, collecting receipts, and verifying purchases on the Works system. The Department Card Coordinator, the employee making the purchase, and the Department Head are responsible for the security and protection of the card and account number.

Cardholder Supervisor and Proxy-Approver Reporting Responsibilities:

On a weekly basis, approve cardholder transactions as the next level of review. Ensure each purchase has a detailed receipt, business purpose description, and assign the correct general ledger number, if needed. By approving the transaction, the Supervisor and/or Proxy-Approver verify that:

- All previous month's transactions are approved no later than the 8th of the month.
- All purchases constitute approved University business and comply with the PCPP.
- Detailed receipts and sales documents for each purchase are uploaded and match the transaction.
- The correct general ledger number has been assigned.
- Purchases are appropriate and reasonable.
- Purchases comply with the University Travel and Travel Expense Reporting Policy.
- Purchases comply with the University Hospitality Policy.
- Documentation provides sufficient detail to ensure verification of all expenditures.
- Purchases are within budget.
- Additional required documentation is uploaded, if applicable. (e.g. Missing Receipt Affidavit form)
- A copy of the reimbursement check for a personal purchase is uploaded, if applicable.
- The goods were received.
- Any additional restrictions or usage policies set forth by the Department Head have been met.
- Take or recommend corrective action when procurement card has been used inappropriately.
- Immediately notify the Program Administrator when a cardholder leaves the department or the University.
- Periodically review the continuing need for each cardholder account.
- The Cardholder has not acted as their own Supervisor or Proxy-Approver in the Works System.
- The Cardholder has not approved their direct supervisor's transactions.

In addition, the Proxy-Approver will provide the Cardholder's Supervisor a month-end report detailing all purchases. Month-end Supervisor Reports will document all transactions approved by the 8th day after month-end. Month-end Supervisor Reports in the form of an Excel file must be kept on file in the department for five (5) years. The Controller's Office may perform an audit of this procedure.

By approving all Cardholder transactions the Proxy-Approver and the Approving Supervisor confirm that all purchases are authorized, approved in conformance with policy and all sales receipts, documents and applicable forms are uploaded.

Late Transaction Sign Off: Approval by the cardholder and next level Supervisor or Proxy-Approver constitute fully approved transactions. Transactions that remain in the system without approval restrict cardholder's available PCard credit limit in the next month and also restrict the Controller's Office from closing-out the financial month in the University Datatel Financial system which in turn affects accurate and timely budget reporting campus-wide.

Suspended PCard accounts due to Late Transaction Approval: The Finance Office PCard Auditor will report to the Procurement Office all Cardholders that have not approved and "signed-off" on prior month transactions. The Cardholder(s) and their Supervisor will be notified and the account(s) will be suspended from the 10th to the 20th of the month and recorded as a PCPP Late Approval violation. If transaction reconciliation and approval remain neglected suspension will be extended until the 1st of the next month.

Upon the third (3rd) occurrence of a Late Transaction Approval, the Cardholder's account may be permanently closed. The Cardholder, the Supervising Department Head, and the area Vice President will be notified of the account closure.

Finance Office PCard Auditor Responsibilities

- Reconcile all cardholders' transactions of account.
- Audit transaction compliance with PCPP, Hospitality Policy and Travel Policy.
- Enter general ledger account changes when authorized by a budget officer and necessary.
- Batch and upload all cardholder transactions for the credit card period.
- Make one monthly payment that covers all accounts.
- Train Cardholders and Proxy-Approvers on general ledger number selection and receipt upload.
- Enter and remove general ledger numbers in the Works system as needed with prior approval of the Budget Officer and Director of Budgets.
- Enforce policy by reporting delinquent and late transaction approval and unauthorized purchases to the Procurement Office, the Cardholder, Supervisor, and Department Head.
- Notify the Procurement Office, Cardholders and Department Heads of policy noncompliance and account closure.

Program Administrator Responsibilities

- Management and operation of procurement card program and the Works System.
- Order and issue new procurement cards.
- Create Cardholder and Proxy-Approver accounts and provide login information and training.
- Provide information and training on the PCPP and the Works System.
- Maintain Procurement Cardholder, Supervisor and Proxy-Approver user accounts.
- Enforce cardholder account limits and controls.
- Suspend or permanently close procurement cards as directed by PCPP transaction audit and upon approval of the Director of Procurement.
- Maintain the records of: procurement card applications, agreements, and account maintenance requests.
- Close accounts that have been reported as fraud, lost, stolen, compromised or upon employee termination.
- Reissue procurement cards upon expiration or cards that have been lost or stolen.

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Appendix A

Definitions:

Approving Supervisor: University personnel with Supervision authority and responsibility for a cardholder and procurement card policy oversight within the department. The approving supervisor reviews the month-end cardholder transaction report provided by the Proxy-Approver. Approving Supervisor has University signature authorization to approve purchase transactions. An Approving Supervisor is not permitted to approve their own purchase transactions.

Cardholder: University personnel who have been issued procurement cards to fulfill their employment responsibilities and who are authorized to make purchases and dispute charges in accordance with the Procurement Card Policy and Procedures.

Department Card Coordinator: A department staff member designated by the Department Head to be responsible for the handling and use of the department procurement card.

Department Head: University employee representative of the highest authority within the department and has the ability to approve a new credit card application.

Department Procurement Card: A procurement card issued in the name of the department.

Finance Office (FO) Procurement Card Auditor: is responsible for the accounting level of PCard transaction audit and reconciliation, adding general ledger accounts to the Works system, changing general ledger accounts on transactions, and reporting on late transaction sign off and all other noncompliance with University policies.

Program Administrator: The University's Purchasing Assistant is responsible for the PCPP including; approving applications, issuing procurement cards, providing policy training and Works System training, maintaining current accounts and Works system configuration, establishing credit limits, replacing missing or stolen cards, and closing accounts.

Proxy-Approver: A University staff person working on behalf of the Approving Supervisor to review and sign off on cardholder transactions. Ensuring each transaction complies with the PCPP and has a detailed receipt, business purpose description and correct general ledger number. The Proxy-Approver must send the Approving Supervisor a month-end report of all cardholder transactions on the eighth of the month. A Proxy-Approver is not permitted by the PCPP to approve their Supervisor's or their own PCard transactions.

Month-End Cardholder Report: A monthly report listing of all cardholder transaction detail per billing period. This report will be run from the Works System by the Proxy-Approver and will be sent to the Approving Supervisor. Coordinator for Revenue and Cash Management may audit this procedure.

Vendor: A company from which a cardholder is purchasing goods or services under the provisions of this procedure.

Works System: The University's web-based Procurement Card reporting and approvals website administered by Bank of America.

Valparaiso University

Employee Purchase Card Holder Agreement

I, (employee name) _____, hereby request a procurement card to perform work for the University. As a cardholder I agree to comply with the Procurement Card Policy and Procedures and with the following terms regarding my use of the card.

- I have been provided with an Internet link to the Procurement Card Policy and Procedures, Hospitality Policy and Travel and Travel Expense Reporting Policy and can request a hard copy if needed, and I understand my responsibilities and requirements as a cardholder and agree to comply with all of the terms and conditions to which I am responsible under the Policies.
- I understand that I am responsible for proper use, management, and timely reporting as specified in the Procurement Card Policy and Procedures.
- I agree to use this card for approved business-related purchases only and agree not to make personal purchases. I understand that my Approving Supervisor and a Finance Office Accountant will audit the use of this PCard. Unauthorized use will be reported to my supervisor and the Program Administrator who will take action as determined by the Procurement Card Policy and Procedures.
- **I understand that upon the third occurrence, in any one category of; transaction approval and sign off, missing receipt, or unauthorized purchase, my account may be permanently closed.**
- I agree to personally pay for any personal purchases on my account within the month that it occurred and show proof of payment through a document upload the Works System. I am fully aware that my account may be closed for making a personal purchase.
- I agree to return the procurement card to my Approving Supervisor or the Procurement Office immediately upon request or upon termination of employment.
- If the procurement card is lost, stolen or the number has been compromised, I agree to notify Bank of America at 888-449-2273 immediately and the University's Procurement Office at 219-464-5225. I am responsible for any charges made from the time the card is lost until the card is reported lost.

Employee Account Holder (print)

Cell Phone Number

Employee Account Holder (signature)

Date

Program Administrator

Date