

IDAHO STATE UNIVERSITY
POLICIES AND PROCEDURES
Purchasing Card Policy
ISUPP 2570

POLICY INFORMATION

Major Functional Area (MFA): *Finance and Administration*

Policy Title: *Purchasing Card Policy*

Responsible Executive (RE): *Chief Financial Officer*

Sponsoring Organization (SO): *Office of Purchasing*

Dates: Effective Date: *November 1, 2017*

Revised:

Annual Review: *November 1, 2018*

I. INTRODUCTION

The purpose of the policy is to establish policies and procedures governing the use of an Idaho State University (ISU or University) Purchasing Card (PCard). The PCard program is intended to provide a simple, efficient, cost-effective means of purchasing low-dollar, low-risk items.

II. POLICY STATEMENT

- A. Procurement (Purchasing) will be overseen by the Chief Financial Officer. Daily purchasing operations have been delegated to the University Purchasing Director (UPD). The UPD supervises and assigns the coordination and oversight of the PCard Program to a PCard Administrator, who is authorized to establish or revoke PCards.
- B. The Purchasing Department delegates “small-dollar” (up to \$2,000) purchasing authority to University Departments via the use of a PCard. PCard holders and departments are required to maintain the integrity of the PCard program by understanding and adhering to the policy and procedures governing the use of the PCard. Cardholders or Department Card Managers who do not comply with the policy and procedures may have their PCard privileges temporarily or permanently revoked by the PCard Administrator or UPD.
- C. Cardholders and Department Card Managers should comply with this policy, referring to it and the Purchasing Card Guidelines posted on Purchasing’s website, www.isu.edu/purchasing, and to the procedures required by the bank holding the State of Idaho Purchasing Card Contract.

III. AUTHORITY AND RESPONSIBILITIES

- D. It is the responsibility of the department to establish a PCard/Department Card Approver who has both authority to approve transactions and to approve expenditures against the indexes involved – either as account director or by card manager role.
- E. It is the responsibility of the cardholder and/or Department Card Manager to ensure the user of the PCard understands University purchasing policies about what is authorized and what is not authorized to be purchased using PCards. Cardholders and Department Card Managers are also responsible to understand what disciplinary actions will be taken if they violate, or allow the violation of these policies.
- F. The PCard Administrator or UPD may temporarily, or permanently, revoke PCard privileges of Cardholders or Department Card Managers who do not comply with ISU Policies and Procedures.

IV. PROCEDURES TO IMPLEMENT

Guidelines for PCard Issuance: Departments may request PCards for their employees as necessary for business. Cardholders and Department Card Managers must be full-time or permanent part-time employees of ISU.

A. Individual PCards

Complete an *Individual Cardholder Application Form* (see Purchasing Card Guidelines, www.isu.edu/purchasing/forms) to request a new account.

Employee cards are issued with the employee's name on the card. The completed application is forwarded to the PCard Administrator. Before account activation:

1. Cardholders are required to take the PCard training in Moodle and notify the PCard Administrator upon completion.
2. Cardholders are required to attend a fifteen (15) minute training at the time the PCard is picked up. Contact the Purchasing Department to set up an appointment.
3. Cardholders are to review and sign an *Individual Cardholder User Agreement* (see Purchasing Card Guidelines) upon card issuance.

B. Department PCards

Complete a *Department Card Manager Application Form* (see Purchasing Card Guidelines) to request a Department Card. Department Cards are issued with the department name on the card. Department Cards carry more risk because of multiple users being assigned to one card. If/when the bank does not approve a fraud transaction; the department will be responsible for paying the fraud amount. The Purchasing Department recommends low-transaction limits to minimize the loss.

1. Designate a Department Card Manager. Card Managers are required to complete the training explained in A1 and A2 above.

2. The Department Card Manager is responsible for maintaining the card check out/in log, reconciling the transactions, and retaining receipts and other documentation.
3. The Department Card Manager is to review and sign a *Department Cardholder User Agreement* (see Purchasing Card Guidelines) upon card issuance.

C. Limits

1. PCard accounts will have single, daily, and monthly transaction limits.
2. Based on demonstrated purchasing needs, departments may specify limits up to the current University maximum for both single and monthly transaction limits.
3. University maximum limits are determined by the Purchasing Department.
4. If warranted, the UPD or PCard Administrator may grant an exception to the limit maximum on a PCard.

D. Changes to Existing PCard Accounts

Changes to PCard Accounts such as limit increases and decreases, replacement due to damage or name changes, and account closures should be communicated by completing and submitting an *Account Maintenance Form* (see Purchasing Card Guidelines) to the PCard Administrator.

E. Cardholder and Department Card Manager Responsibilities

(see Purchasing Card Guidelines)

1. Cardholders/Department Card Managers are required to review the PCard Policy and the Purchasing Card Guidelines and have an understanding of what constitutes an authorized or unauthorized PCard purchase.
2. Cardholders/Department Card Managers are responsible for managing their own PCard account, which includes reviewing and reconciling transactions, getting all necessary approvals, and submitting required documentation in a timely manner.
3. Cardholders/Department Card Managers are responsible for using PCards in accordance with ISU Policies and Procedures.
4. Cardholders/Department Card Managers must report lost or stolen cards immediately to the bank holding the State of Idaho Purchasing Card contract, their department, and the PCard Administrator.
5. Changes to policies/procedures or to the PCard Guidelines will be posted on the ISU General Counsel website and on the ISU Purchasing website. Cardholders and Department Card Managers are encouraged to monitor these websites periodically for the most recent updates.
6. Cardholders and Department Card Managers are responsible for the security of the card and account number.

F. Account Closure

Upon employee separation, transfer, or if a PCard account is deemed no longer necessary, the terminating employee or the department should request closure of a PCard account by completing an *Account Maintenance Form* (see Purchasing Card Guidelines).

1. Cardholders and Department Card Managers are responsible for providing all necessary PCard documentation to their department before their departure date.
2. Cardholders or the user of a Department Card may be held personally liable for unsupported or inappropriate transactions. The amount may be deducted from the cardholder's or users paycheck, or recovered through other means.
3. Departments must notify the PCard Administrator if a cardholder or Department Card Manager is placed on an extended administrative or medical leave, or if a situation warrants immediate account suspension.

G. Authorized PCard Purchases (see Purchasing Card Guidelines)

PCards are intended for small-dollar purchases of products and supplies needed during the course of business. The following examples are not all inclusive but are given to help the cardholder or user of a Department Card determine appropriateness:

1. Advertising expenses (newspaper, magazine, web, and other media)
2. Automotive parts
3. Books, subscriptions
4. Building, plumbing, electrical materials
5. Classroom teaching models, charts, audio and visual aids
6. Computer supplies and repair parts
7. Hardware, tools, repair parts
8. Lab, field, photography, and safety supplies
9. Non-employee and student recruitment expenses for job or recruiting candidate airfare and lodging
10. Office and class supplies
11. Short-term equipment rentals
12. Training/conference registration held at an employee workstation
13. Travel of non-employees (who do not receive payment for fee)
14. Use PCard when possible instead of petty cash
15. Work-related membership/organizational fees and licenses

H. Unauthorized PCard Purchases (see Purchasing Card Guidelines)

Any purchase not approved by your department in advance, above account limits, or not allowed by University policy is considered unauthorized. The following examples are not all inclusive but are given to help the cardholder or user of a Department Card determine appropriateness:

1. Alcoholic beverages
2. Capital expenditures \$2000 or more
3. Cash advances, salaries, and wages

4. Cellular phones, monthly contract fees, prepaid phone cards
5. Computer software (contact Purchasing)
6. Computers, laptops, photocopiers, and printers with hard drives
7. Donations, gift cards
8. Employee-related travel (refer to the Travel Card Policy)
9. Firearms and ammunition
10. Fuel for personal or rented vehicles
11. Live animals
12. Payment to ISU departments
13. Personal expenses
14. Radioactive materials, controlled substances
15. Scholarships, stipends, tuition, and fees

I. Split Purchases

1. Any action taken to bypass the limits set on the PCard is prohibited.
2. Vendors should not be asked to “split” purchases. Deliberate splitting of purchases may result in suspension or revocation of a PCard account, and/or civil penalties.

J. Use of State Contracts

The 2016 State Procurement Act allows Institutions of Higher Education to use non-contracted vendors (i.e., local vendors) when “...the property to be acquired may be procured at equal or less expense...” than through the contracted vendor. Documentation of the “equal or less expense” is required for each transaction.

1. When the value of a single, one-time acquisition is less than the card single transaction limit, the cardholder or user of a Department Card should include documentation showing a comparison of the contract versus non-contract amount.
2. This comparative documentation is to be retained with the original receipt by the cardholder or Department Card Manager.

K. Use of Federal Funds

When using Federal Funds to pay for a PCard transaction a debarment check is to be done prior to placing an order. Go to the Federal Government System for Award Management (SAM) website at <https://www.sam.gov> and enter the vendor name. If the search result shows no debarment or “no records found,” print the page and save with your transaction receipt. If the vendor is debarred or suspended do not place an order with that vendor.

L. Reconciliation and Approval of PCard Transactions

PCard Reconciliation and approval are managed by the cardholder or Department Card Manager utilizing the online services provided by the bank holding the State of Idaho Purchasing Card contract.

1. PCard transactions must be accurately reconciled and approved no later than twenty-eight (28) days after the transaction.

2. A *Purchasing Card Record Log* (see Purchasing Card Guidelines), original receipts, and supporting documentation are to be maintained by the cardholder or the Department Card Manager and produced for the approver, auditors, and/or Purchasing staff upon request.
3. Failure to reconcile PCard transactions, obtain necessary approvals, and/or failure to maintain required documentation may result in the suspension or revocation of the PCard/Department Card.

M. Documentation

Storage and safekeeping of receipts and PCard documentation is the responsibility of the cardholder or Department Card Manager. PCard documentation must be maintained for a minimum of three (3) years plus the current year. If the transaction is paid by grant funds, documentation must be kept for three (3) years after the last grant activity. PCard documentation includes:

1. Printed *Purchasing Card Record Log* (see Purchasing Card Guidelines) with original receipts.
2. If an individual does not have a receipt, complete a *No Receipt Available Form* (see Purchase Card Guidelines) and attach it to the *Purchasing Card Record Log*.
3. Price comparison documentation when deviating from using a State contract (see J above).
4. SAM – search results when using Federal funds (see K above).
5. Any other documentation required by the cardholder's department supporting the business purpose of the purchase.

N. Disputed Charges

The cardholder or Department Card Manager must attempt to resolve discrepancies, and quality or service issues, directly with the merchant. If the matter cannot be resolved directly with the merchant, contact the University PCard Administrator for assistance.

O. Fraudulent or Unauthorized Transactions

The cardholder or Department Card Manager must report any unauthorized or unrecognizable transactions to the bank holding the State of Idaho Purchasing Card contract, and the University PCard Administrator immediately upon discovery.

P. Returns, Damaged Goods, and Credits

The cardholder or Department Card Manager must contact the merchant for authorization to return goods purchased with a PCard.

Q. Consequences of Purchasing Card Misuse

The use of a PCard is a privilege, not a right. Accordingly, corrective action will be taken for misuse of the card.

1. *First Violation* - Use of the PCard may be suspended for a period of time at the discretion of the UPD or PCard Administrator. Notification will be given to the cardholder or Department Card Manager and their immediate supervisor. The cardholder or Department Card Manager must have a meeting the PCard Administrator to provide additional training and identify specific corrective actions required.
2. *Second Violation* - Use of the PCard may be suspended for up to six (6) months. Notification will be given to the cardholder or Department Card Manager and their immediate supervisor. Reinstatement may be considered upon receipt of a letter from the cardholder's or Department Card Manager's supervisor to the PCard Administrator, providing a compelling argument as to why the card should be reinstated.
3. *Third Violation* - Cardholder's/Department Card Manager's card will be canceled and the cardholder/Department Card Manager will be prohibited from any further use during their employment at ISU. Notification will be given to the cardholder/Department Card Manager and their immediate supervisor.

V. RELATED LAWS AND POLICIES

- A. Idaho Code Section 18-5701
- B. Idaho Code Section 59-1026
- C. Idaho Code Section 67-9225
- D. Policy 2530 Non-Travel Meals, Refreshments, Entertainment, Gifts, Spousal/Partner Reimbursement
- E. Purchasing Policy 2560 and Procedures 2560-A

PRESIDENTIAL CERTIFICATION

Approved by Arthur C. Vailas

President, Idaho State University

Date: _____