

Eastern Kentucky University

Procurement Card Requirements & Procedures

Effective November 1, 2006

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INTRODUCTION

The University Procurement Card Program has been established as a service to eligible persons within the University community to provide a more efficient method of purchasing and payment of small-dollar goods and services, as well as travel and travel-related expenditures. While any purchase or payment meeting the criteria for the procurement card is permitted, all usage of the procurement card must be in accord with established University purchasing policies, requirements and procedures, authorized expenditures, travel requirements and procedures, and any other applicable University policies and procedures.

Cardholder knowledge of these requirements is necessary and expected in order to properly and appropriately utilize the University procurement card.

GENERAL UNIVERSITY POLICY & OVERVIEW OF REQUIREMENTS

Pursuant to the Fiscal Misconduct Policy, the University requires that all University employees preserve University resources entrusted to them and for using those resources in a prudent manner and for their designated purposes, as prescribed by law, regulation or policy. Also, pursuant to the University's Code of Ethics, University employees shall protect and conserve public property, including monetary funds or resources, and shall not use it for purposes other than authorized activities.

Consistent with University policies, Eastern Kentucky University requires its employees to procure goods and services in the most efficient and cost effective method possible. The University Procurement Card Program provides a simple and easy method of procuring small-dollar goods and services without incurring the expense of the normal administrative processes required for purchasing and payment.

Each cardholder is responsible for the safekeeping and security of the assigned procurement card, and is ultimately responsible for every transaction on his or her card. Controls are incorporated into the program through the use of University approved Merchant Category Codes.

Financial managers within each college and division, along with their respective Dean or Vice President, are critical to the proper administration of the University Procurement Card Program and are expected to adhere to these requirements and procedures. Each financial manager, Dean or Vice President is expected to review all procurement card activity within each college and division.

Only the authorized cardholder may use his or her card. Delegation of authority is not permitted. Merchants may require that the signature on the card match the signature on the receipt. No one other than the signatory is authorized to use any University procurement card assigned to an individual.

Procurement card usage is restricted to official University business transactions only and University procurement cards are the property of the University. Misuse of the University procurement card will result in cancellation of the card, termination of procurement card privileges, and further disciplinary action up to and including termination of employment with the University.

The University Procurement Card Program is administered by the Procurement Card Administrator in the Office of Purchases & Stores within the Division of Financial Affairs. All purchases must be made in a manner consistent with University purchasing policies and procedures, including exemption from Kentucky state sales tax. (The University's state sales tax exemption number appears on the front of the Procurement Card.) Purchases must also comply with all other applicable University policies and procedures, including travel policies and procedures. Any University procurement card purchase related to a sponsored agreement may be subject to more restrictive policies and procedures and will be reviewed by Grant Administration. Any such purchases must be in full compliance with the relevant sponsored agreement.

Any personal use of the University procurement card is strictly prohibited. The practice of grouping procurement card transactions to the same vendor, with the sum total exceeding the single transaction limit of the procurement card (split purchases, pyramiding, etc.) is strictly prohibited.

Generally, all University procurement cards have a single transaction limit and a monthly transaction limit. Transaction limits are established when the card is issued, are determined in collaboration with the card user and their supervisor, and are based upon expected card usage. The single transaction limit will not exceed the University's current equipment capitalization threshold. All limits are subject to final approval by the Procurement Card Administrator; any exception must be approved by the cardholders' appropriate Vice President and the Vice President of Financial Affairs.

GENERAL PROCEDURES

Order Placement and Purchasing

The cardholder contacts a supplier via telephone, fax, internet, or in person to purchase goods or services to be used for the benefit of the University. No single transaction may exceed the University's current equipment capitalization threshold. When contacting the vendor, please provide the following information:

1. Cardholder name, Procurement Card number, card expiration date, University tax exempt number A-605. (The vendor may require a copy of the University's tax exempt certificate; contact Purchases & Stores at 622-2246.)
2. A complete description of the item including stock/catalog numbers where applicable.

3. For delivery to your desk, the vendor MUST include the following information on the outside label on the package: Your name, department, building, and room number, and full street address. Large or bulky items should be delivered to Central Receiving.
4. After the order is placed, please request an order confirmation number from the vendor.
5. Cardholders should maintain a purchase transaction log to document/record purchases made with the Procurement Card.
6. All ECU purchases are exempt from Kentucky sales tax; tax exempt number A-605. ***If Kentucky sales tax is charged to any purchase, it is the responsibility of the cardholder to contact the vendor for credit.*** If requested, a sales tax exemption certificate is available by contacting Purchases & Stores.

Recordkeeping and Statement Reconciliation

Cardholders are required to redistribute and reallocate procurement card charges. Redistribution and reallocation of procurement card charges may be done at any time during the month in which purchases have been made and must be done prior to month-end closing. At the end of each billing cycle, each cardholder will receive an electronic notification to retrieve their card statement and to make any necessary redistributions or reallocations. Cardholders will have three (3) business days after month end to complete any redistributions or reallocations.

Each month, the cardholder's supervisor shall review and sign each procurement card statement. Each statement must have receipts attached, including copies of travel documents and any other supporting documentation. Each statement must be reconciled, signed, and dated by the cardholder and their supervisor. All items shall be reviewed by the supervisor for propriety.

1. Procurement card payments for the University will be made by the Office of Financial Affairs.
2. Cardholders must retain in their files all original procurement card receipts and documents, along with monthly statement reconciliations. All procurement card transactions are subject to periodic inspection and audit.
3. For travel and travel-related transactions, cardholders shall submit receipt copies with the travel voucher, retaining original documents with the procurement card monthly statement and reconciliation.
4. The minimum retention period for documents relative to expenses against sponsored agreement funds is six (6) years; refer to sponsored agreement for specific terms. The retention period for other University funds is five (5) years.
5. The cardholder must review the procurement card statement to ensure that all transactions were initiated, approved and the merchandise was received or service was performed. It is the responsibility of each

cardholder to ensure that any credits due from vendors are received. (A credit transaction may not appear immediately on the card statement; each cardholder is expected to follow-up until the proper credit is received.)

6. The Procurement Card Administrator shall be notified by the cardholder or the cardholder's supervisor IMMEDIATELY if any exceptions or discrepancies are found on the account.

Purchases related to group travel and sponsored agreements: Each month, a copy of all invoices and receipts for procurement card purchases related to group travel and sponsored agreements must be attached to the signed cardholder's statement and forwarded to the Procurement Card Administrator.

Returns, Credits, and Disputed Items

If the purchased item needs to be returned for any reason, returns should be processed in the manner prescribed by the vendor.

1. The vendor should issue a credit for any item that has been returned. It is the responsibility of the cardholder to follow-up and ensure that the appropriate credit appears on the account.
2. In the event there are items on the cardholder's statement that are disputed, the cardholder should first contact the vendor to resolve the problem. If the disputed item(s) cannot be resolved with the vendor, contact the customer support center at the number found on the back of the procurement card. Follow instructions for dispute resolution from the bank and be advised that the bank may request that the dispute be documented in writing. The University has only sixty (60) days from the statement date to dispute a charge. If for some reason the dispute is not fully resolved, the cardholder should contact the Procurement Card Administrator.

Procurement Card Security

The University procurement card should be treated with the same level of care as a personal credit card. Storage of the card should be in a secure location, accessible to only the cardholder. The card account number should be secured and never posted at a desk or any other location. ***Use of the card by anyone other than the person whose name appears on the card is strictly prohibited. The procurement card is the responsibility of the person whose name appears on the card and should never be given to anyone else.***

Supervisor Responsibilities

Supervisors will identify employees as candidates for the University procurement card by requesting an Eastern Kentucky University Procurement Card Employee

Agreement from the Procurement Card Administrator. The form must be submitted to the Procurement Card Administrator for approval. ***Once approved, both the cardholder and the supervisor must attend procurement card training before the card will be issued.***

Each month, the supervisor shall review and sign their employees' procurement card statement(s). Each statement must have receipts attached, including copies of travel documents and any other supporting documentation. Each statement must be reconciled, signed, and dated by the cardholder and the supervisor. All items shall be reviewed by the supervisor for propriety.

The following should be considered:

1. Do all transactions adhere to all University policies and procedures?
2. Was the expenditure for a reasonable business purpose?
3. Did the cardholder initiate and approve the transaction?
4. Was the merchandise received or was the service performed?
5. Is the charge being recorded to the proper fund, organization, account, and program?
6. Did the cardholder maintain the ***detailed*** receipt and/or receiving document? Are all required documents attached to the statement?
7. If credits were due or errors made, were they received or corrected?
8. Does any expenditure look artificially divided into a series of small expenditures?
9. Was Kentucky sales tax inappropriately paid? If so, it is the responsibility of the cardholder to secure a credit from the vendor for the full amount of tax paid.
10. If an expense is related to a sponsored agreement, is the expenditure appropriate and allowed?
11. If expenditure was travel related, has the travel been approved and an appropriate travel voucher submitted? Do travel-related charges occur during bona fide travel periods?
12. If an item was shipped, was it shipped to an Eastern Kentucky University address?
13. Does any travel or travel-related expenditure include the purchase of meals or food? Meals and food related to business travel are not permitted on the University Procurement Card.
14. Does any expenditure include the purchase of alcoholic beverages? Alcoholic beverages are not permitted on the University Procurement Card.

The Procurement Card Administrator must be notified immediately of any unreconciled discrepancies on the cardholder's statement and of any changes in employee status such as termination, transfer to another department, departure from the University, etc.

PERIODIC REVIEW

The Procurement Card Administrator shall periodically review the administration of the procurement card program by college and division financial managers and supervisors, as well as the overall University Procurement Card Program. The review will determine whether the financial manager and supervisor have reviewed procurement card transactions, that receipts and other required documentation are attached, that expenditures are for an appropriate business purpose and in compliance with all applicable University policies and procedures, and that the program is meeting the goals and objectives of the University. ***Employees must be fully cognizant of the terms and conditions of procurement card usage as noted on the Eastern Kentucky University Procurement Card Employee Agreement.***

A report summarizing the results of the review will be provided to the financial manager and supervisor. Within thirty (30) days, the financial manager and supervisor will provide the Procurement Card Administrator with comments on the review, including any corrective action taken. Copies of the review, along with financial manager and supervisor comments, will be provided to the appropriate Dean or Vice President, and when applicable, to the Provost and the Vice President for Financial Affairs.

RESTRICTIONS

Any personal use of the University procurement card is strictly prohibited. The practice of grouping procurement card transactions to the same vendor, with the sum total exceeding the single transaction limit of the procurement card (split purchases, pyramiding, etc.) is strictly prohibited.

Some items are strictly prohibited from purchase with the University procurement card. Restricted items include, but are not limited to, the following:

- alcoholic beverages
- animals
- biohazards (i.e., DNA, serum, tissues, etc.)
- business travel meals, other meals, food
- capital purchases or inventory-controlled items
- cash advances, traveler checks, wire transfers, money orders
- cellular telephones and other cellular access devices (i.e., Blackberry, etc.)
- computers and computer equipment (i.e., desktop, laptop, iPod, PDA, etc.)
- chemicals (scientific, laboratory or other)
- drugs and narcotics (controlled or other)
- employment agencies/temporary help services
- flowers, florist charges
- furniture purchases greater than \$500
- gift cards, gift certificates, greeting cards
- human subject payment

- independent contractors and personal services
- interdepartmental charges (EKU Student Accounting Svc, EKU Paper Jam, etc.)
- laboratory and X-ray fees
- maintenance contracts
- motor freight carriers, trucking/moving companies
- personal purchases
- printing or duplicating charges
- radioactive materials
- utilities

CARD EXPIRATION, EMPLOYEE MOVES, EMPLOYMENT TERMINATION

All procurement cards are issued with an expiration date. New cards will be issued prior to the expiration date of old cards. Expired cards must be destroyed by cutting or shredding.

When an employee changes departments within the University, the Procurement Card Administrator must be notified in order to update default accounts. Employees who resign from the University, or whose employment with the University ends, must immediately surrender their procurement card to their supervisor. Supervisors shall immediately cut the card and forward to the Procurement Card Administrator. Supervisors are required to inform the Procurement Card Administrator of all employee terminations and departures from the University when affected employees are cardholders.

In the event a procurement card is cancelled by the Procurement Card Administrator, the cardholder will be notified immediately, and will be required to immediately cut the card and forward it to the Procurement Card Administrator.

Appendix A

Eastern Kentucky University Procurement Card Employee Agreement

I, (employee name) _____, hereby request an Eastern Kentucky University procurement card. As a cardholder I agree to comply with the following terms and conditions regarding my use of the card.

- I understand that I am being entrusted with a valuable financial instrument and will be making financial commitments on behalf of Eastern Kentucky University. I will always strive to obtain the best value for the University. The Office of Purchases & Stores may assist with selection of suppliers.
- I understand that the University is liable to the issuing bank for all charges made on the card.
- I agree to use this card for approved purchases only.
- I will not charge personal items to the University procurement card. I understand that the University will audit the use of this card and will report and take appropriate action on any intentional misuse or discrepancy.
- I agree that I am responsible for any and all unauthorized purchases made with this card.
- I agree to follow all University policies and procedures for the use of the card, including but not limited to University Purchasing Policies & Procedures and University Travel Policies & Procedures. I understand that failure to comply with established University policies and procedures may result in revocation of my card and other disciplinary actions, including but not limited to termination of my employment with Eastern Kentucky University.
- I agree to return the University procurement card immediately upon request or upon termination of employment, including retirement. I agree to immediately notify the Procurement Card Administrator if I change colleges or departments within the University.
- If the card is lost or stolen, I agree to immediately notify the issuing bank and the Procurement Card Administrator.
- **I agree that in the event any charges on my card are (or become) due from me, all such charges may be payroll deducted.**

New Cardholder Existing Cardholder

Print: Employee Name	Department	Telephone
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Employee (Cardholder) Signature	Employee ID Number	Date
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Supervisor Signature	Employee ID Number	Date
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Proxy Approver Signature	Employee ID Number	Date
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Dean or Vice President Signature	Date
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Procurement Card Administrator Signature	Date
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Primary Use of Procurement Card: Group Travel* Travel General Office Purchases
* Written justification required.

*** *Continued* ***

**** Provide below all University Organization Codes that will be utilized with this card, and secure the signature of the Financial Manager for each. ****

Note: The default Organization Code will be the primary Organization Code and will be matched with the primary use Account Code.

<u>Default</u> Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date
Organization Code	Financial Manager Name	Signature	Date

- I have read the Procurement Card Requirements & Procedures available at www.purchasing.eku.edu/ and fully understand the requirements for using the University procurement card.
- I agree to comply with all Procurement Card Requirements & Procedures.
- I have received training for the proper use of the University procurement card.

Employee (Cardholder) Signature

Date