

PURCHASING CARD SYSTEM

Policies and Procedures

Purpose of the Purchasing Card System

The purpose of the Western Kentucky University Purchasing Card Program is to establish a more efficient, cost-effective method for purchasing and paying for small dollar-value transactions. The purchasing card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes, and offers flexible control to help ensure proper usage. The Program is designed to replace most purchases and payments including petty cash, payment authorizations and purchase order requisitions.

The Purchasing Card Program is not intended to avoid or bypass appropriate approval requirements and/or payment procedures. Responsibility for a purchasing card should not be taken lightly. Western Kentucky University funds are being committed each time that a purchasing card is utilized therefore cardholders are held accountable for **all** transactions made to their card(s). Only full-time employees of the University will be issued a purchasing card. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.

How the Purchasing Card System Works

Those employees or departments who have been issued a Purchasing Card may initiate transactions purchasing goods for University use only. It is the employee's or department's responsibility to make sure the goods have been received. University policy does restrict the use of the purchasing card for certain merchant categories and certain types of commodities and services.

Payments to vendors are then made via the VISA settlement system. JP Morgan Chase is the purchasing card provider for Western Kentucky University. Departmental charges for a particular month will be posted to the BANNER system on approximately the 15th of the following month.

Each card is assigned a specific University BANNER index number and account code. Each purchase made on the card is automatically charged to this index and account. However, prior to the transactions posting to BANNER, departments should review transactions and edit the assigned index number and the account code as necessary. Cards can be assigned three different ways to determine who will make such changes:

1. Cardholders who will edit their own transactions.
2. Cardholders who will have a Records Keeper who edits their transactions.
3. Employees that share a Departmental Card and who will have a Records Keeper who edits their transactions.

Getting Started

To obtain a new purchasing card, you must first complete the WKU Purchasing Card Application form. These applications may be obtained online or by contacting Pam Davidson in the Department of Purchasing. Complete the application and have the prospective cardholder, their immediate supervisor, and the individual having budget authority for the department to be charged for card expenses sign the application. If a grant index is to be listed on the card then Grant Accounting must also approve the application. A grant index will not be listed as the default index on a card unless it is the only index on the card. Submit the application to the Department of Purchasing for approval. Upon approval, the Purchasing Card Administrator will process the information online with JP Morgan Chase and schedule a training session for the applicant. JP Morgan Chase will mail the new card to the Purchasing Card Administrator in approximately five (5) business days. Once the training session has been successfully completed, the cardholders will complete and sign the User Agreement indicating that the cardholder understands the procedures and responsibilities associated with the use of the Purchasing Card. After the Agreement is signed the cardholder will receive the actual card and may begin using it.

Authorizations and Limits

The Purchasing Card Program is to be used as the primary purchasing method for delegated small dollar purchases. Purchases **shall not** be made from non-contract suppliers when a University Price Contract supplier exists for similar commodities. Also, it is the responsibility of each Cardholder and Record Keeper to verify that budgetary funds are available for all purchases made on the purchasing card. Violations of the purchasing card policy may result in the department or individual losing authorization to participate in the card program.

There are four sets of limits required by the card company for each card: a single transaction dollar limit, a daily number of transactions limit, a monthly dollar limit, and a monthly number of transactions limit. Standard limits have been established and are listed below:

\$1000 single transaction dollar limit	15 daily transactions limit
\$5000 monthly limit	100 monthly transactions limit

EXCEPTIONS:

Exceptions to this standard may be made if the requestor and their supervisor provide adequate justification and documented approval. All approvals must be kept with the receipts/invoices and attached to the card statement.

Any requests for an exception in which the purchase exceeds \$5000, excluding travel arrangements such as hotel and airfare, must be submitted online in the form of an online requisition for appropriate approval to be obtained prior to the purchase being made. A notation in the document text of the requisition should request that the purchasing card be used for payment of the charge. Once the requisition is submitted online and **all** approvals have been obtained, the department or individual will be notified that the purchase can be made on the purchasing card.

Purchasing Card Procedures

Making a Purchase

The Purchasing Card Program procedures permit a purchase, if the value is \$1000 or less, to be made from a "Vendor of Choice". However, it is policy to seek competition and the best value within the parameters of quality and delivery. Accordingly, when making a Purchasing Card purchase, it is recommended that the Cardholder check as many sources as reasonable if a contract does not exist to ensure optimal price, quality and delivery. Where possible, the Purchasing Department will establish purchasing agreements and identify preferred suppliers that are to be used. When making a purchase, please be sure to provide the vendor with the following information:

1. Confirm that the vendor agrees to accept VISA.
2. Identify yourself as a Western Kentucky University employee.
3. Inform the vendor that the purchase is tax-exempt and give the University's tax-exempt number (on front of card).
4. Provide the card number and expiration date.
5. Provide the complete delivery address including:
 - a. **Contact name and department name.**
 - b. **Complete delivery address including departmental three digit shipping code.**
 - c. **Letters "VC" (Visa Card)**
6. Provide the description of goods to be ordered.
7. Recap the items and quantities ordered.
8. Verify that all items are available for shipment. Backordered items should be ordered separately.
9. Verify the total charges, including any shipping/handling, hazardous fee charges, etc.
10. Request that the vendor include a receipt of your order with the shipment or mail you a receipt immediately upon shipment.

Receiving an Order

When you receive an order:

1. Verify that the supplier filled the order correctly. Check the contents of the package or verify that all the items you ordered were delivered.
2. Make sure that the supplier charged you correctly and did not include sales tax. If there is an error, contact the supplier directly.
3. Sign and date the packing slip or receipt. If the charge amount is not listed, write the total cost that you were quoted on the packing slip or receipt.

Keep the packing slip, sales receipt, or printed copy of online order acknowledgement from every delivery or purchase. You will need these receipts to attach to your monthly cardholder statement. The following information will be helpful to you when you reconcile your card statement.

- Order date
- Requestor or person for whom you placed the order
- Supplier name
- Item description and quantity
- Unit price
- Total amount of the order, including shipping and handling
- Date the item(s) was received
- Business purpose of the purchase
- Account number to charge, if different than the card default account number

Reconciling Your Account(s)

This data is critical to enable proper account reconciliation and audit review. The careful matching of complete support documents to the statement is vital to the success of this program. The following steps should be completed in properly reconciling your card account.

1. The Record Keeper shall verify each transaction listed on PaymentNet against the receipts, and then make any necessary changes (index number, account code, splits, etc.) at least once a week using PaymentNet. At this time also complete the notes section in PaymentNet for each transaction stating the purpose of the purchase.
2. At the end of each month, the Record Keeper must print the statement on PaymentNet that lists the Cardholder's transactions for that period, and attach the original sales documents for all items listed.
3. Two signatures are required at the bottom of each statement. For departmental cards, the Record Keeper and the Budget Authority or Supervisor shall sign the statements. For individual cards, the Cardholder and the Supervisor shall sign the statements.
4. Upon completing this procedure, the report should be filed with any checkout log and receipts for future auditing purposes. The Program Administrator will periodically review and/or audit the charges and statements.

If the Cardholder/Employee does not have documentation of a transaction listed on the report, he/she will attach an explanation that includes a description of the item(s) purchased, date of purchase, vendor's name, and reason for lack of supporting documentation.

Refusal of Card or Account (Declined Transaction)

Should you be declined at the point of sale for any reason, you may contact the Program Administrator at (270) 745-4260 or JP Morgan Chase Priority Services hotline at 800-270-7760. Every effort will be made to determine why the transaction was declined.

If a card becomes defective and will not "read" at the point of sale or a transaction is denied, contact the Program Administrator. All reports of denied transactions must be reported within ten days otherwise the transaction cannot be researched.

Card Information Revision

On occasion, it may be necessary to change information associated with a card. In these cases, the information on an original card application may be revised by sending an email to the Program Administrator. The email must be from the cardholder's Business Officer or Supervisor. Please include the card number and the changes desired.

For changes regarding specific information located on the card, the card must be deleted and a new card application completed.

Card Renewal

New cards are issued for a three-year period. Upon expiration, they are automatically renewed except for cards with a default grant account.

Termination of Employment/Transfers

It is the responsibility of the department to contact the Program Administrator when the Cardholder or the Record Keeper for a departmental card is no longer employed by WKU. That card will need to be cancelled and replacement cards will only be issued after a new application has been completed.

Lost/Stolen Card(s)

Upon determination that a card has been lost or stolen, it is the cardholder's responsibility to **immediately** contact the Program Administrator by phone 5-4260 or email Pam.Davidson@wku.edu. The cardholder can also contact JP Morgan Chase directly at 1-800-270-7760 to report the card. The card will be closed and monitored. A new card will be issued if necessary.

Disputed Charges, Credits and Returns

Disputed Charges – If an item appears in PaymentNet that needs to be disputed, the Cardholder or Record Keeper should attempt to correct the error with the vendor first. Document that the transaction is being disputed with the vendor in the “Transaction Notes” section of PaymentNet. If you are not successful in your attempt to work with the vendor then utilize the “Dispute” process online in PaymentNet. All disputes must be handled online within the current billing cycle. The billing cycle is the calendar month.

Purchasing Card Credits – If an item has been returned for credit, the Record Keeper will verify that a credit transaction is posted to the account on PaymentNet. If purchased items or credits are not posted to the account within 60 days after the date of the transaction, then contact the Purchasing Card Administrator who will notify the Bank via PaymentNet or phone at 1-800-270-7760.

Purchasing Card Returns – If an item is not satisfactory, received wrong, damaged and/or defective, duplicate order, etc., the cardholder should contact the vendor to explain the problem and inquire about return policies. If the vendor has not replaced or corrected the item by the date the Record Keeper runs his/her Transaction Detail Report, then the purchase of that item will be considered in dispute.

Review of basic Record Keeper Responsibilities:

1. Maintain card files – Card log and user agreement file (for departmental cards), Card statements and invoices/receipts.
2. Reconcile PaymentNet transactions.
3. Contacting the P-card Administrator for routine maintenance of the card – temporary limits increase, declines, vendor questions, etc.

The Purchasing Card shall not be used for the following transactions:

Alcoholic beverages	Holiday decorations
Any 1099 reportable services	Insurance premiums and bonds
Appliances	Jewelers
Automotive gasoline (for personal vehicles)	Lease purchases
Bottled Water	Legal services
Capital Equipment (cost of \$1000 & above)	Medical services
Cash Advances	Personal purchases
Computer Systems (desktop/laptop or CPU)	Pictures, Artwork, Decor
Consulting Services	Prescription drugs
Contributions	Printing, copying/duplicating services
Controlled Substances	Purchases requiring a contract
Decorations for office	Restaurants (see notation below)
Financial Institutions	Salaries and wages
Flowers	Temporary services
Food (see notation below)	Tobacco products
Furniture (non contract)	
Gifts of any kind (including Gift cards)	
Greeting/Sympathy cards	

NOTATIONS:

Automotive Gasoline

Automotive gasoline may be allowed on the card if a University vehicle or rental vehicle is being used. The cardholder must call the Program Administrator **prior** to the trip to obtain approval and have the card opened to allow for gasoline purchases. Receipts for both the rental and gas purchases must be kept together and filed.

Membership Dues

The card may be used for membership dues, however they should be for organizations that deal with issues directly related to the person or department's mission or purpose. Some examples of acceptable membership dues would be Kentucky Library Association for Library staff, Professional Marketing Association for the Academic Marketing department or for Development. Some examples of membership dues that are not appropriate would be a membership in the local Jaycees, Country Club, Garden Club or anything else that does not directly pertain to your department and does not directly benefit the University. Additionally, a person's supervisor must approve the membership and documentation justifying the membership should accompany the receipt and be filed with the purchasing card records.

Certifications/Licenses

Certifications or Licenses that are documented requirements of a University position is acceptable on the purchasing card. Some examples would be CPA (Certified Public Accountant) for an Accountant or Auditor, electrical and plumbing licenses for Facilities staff, and medical licenses for a Doctor. Documentation justifying the certification/license should accompany the receipt and be filed with the purchasing card records.

Food

Food purchased with the purchasing card must be for a University sponsored event that involves students or guests to the University. Prospective faculty/staff lunches and dinners should be purchased on the T & E card utilized by the department with the approval from the Dean. If a department does not fall under a Dean's office and no access to a T & E card exists, then the departmental purchasing card can be utilized for the prospective faculty/staff meals with documented approval from the Administrative Council

member. You must contact the Procurement Card Administrator for the card to be opened for these meals. Food for University employee meetings is prohibited unless the department has documented approval from an Administrative Council member for the specific meeting. Documented approvals must be kept with the receipts and filed. A roster of participants must be kept with the receipts for all food purchases on either the T & E card or a purchasing card.

Furniture

Furniture is a commodity that comes in a wide variety of quality and varying degrees of durability. We believe it is a poor use of University resources to purchase poor quality furniture; therefore only contract furniture should be purchased. Please contact the Purchasing Department for assistance.

Hazardous Materials

The employee must be sure that Material Safety Data Sheets are maintained for all items ordered and that all local, state and federal regulations are followed. Radiation producing equipment or radiation supplies are prohibited on the purchasing card.

Hotels/Motels

No room charges, such as games, movies, telephone charges, room service, valet parking, etc., allowed.

GRANT RESTRICTIONS

Due to the restrictions required by grants, the following policies apply to any purchase made utilizing grant funds:

- **Thirty days prior to the end date of a grant use of the purchasing card is prohibited.** Any purchase made within this time period must be completed by the online requisition process. It is the Project Director's responsibility to know the end date of the grant.
- Orders totaling over \$1000, excluding travel, should be done through a requisition. In special cases, the purchasing card may be used for purchases of over \$1000, but the college dean or designee must approve. The requisition process should be used when it is necessary to provide better documentation. If Purchasing chooses to then use their purchasing card for the PO that will be acceptable.
- Any limit increases on the purchasing card for grant purchases **MUST** be approved through Grant Accounting prior to the purchase.
- Personal membership dues are prohibited on the purchasing card.
- Personal subscriptions are prohibited unless specified in the grant budget.
- Food purchases are not allowed unless specified in the grant budget.
- International travel, using federal money and charged to the purchasing card, must comply with the "Fly America Act" and be an approved expense in the grant budget.
- Cell phones and cell phone accessories are prohibited on the purchasing card.
- No computer purchases are allowed on the purchasing card. A line-itemed requisition (matching the approved budget) must be submitted.
- No clothing or footwear will be allowed on the purchasing card unless line-itemed in the approved budget.

A contract or grant account may restrict the purchase of items other than those stated above. It is the cardholder's responsibility to insure that all purchases are in compliance with restrictions placed by the contract or granting agency as well as within State laws and University policies.