THE UNIVERSITY OF ALABAMA® | Division of Financial Affairs

Policy Name: Purchasing Card Policy & Procedures		
Effective Date: January 1, 2017	**Revision Date:**	**Department/Area/Division:** PR/FN/FA
Department/ Area Policy #: PR-3		**Departmental Contact:** Kevin Stevens, Director of Procurement Services

Purpose:

The purpose of this Policy is to provide guidance to University of Alabama employees who are Purchasing Card cardholders to ensure compliance with all Federal regulations, State laws, and University policies and procedures.

Policy Statement:

This Policy applies to all purchases made with a University of Alabama Purchasing Card (P-Card). All purchases must be made in compliance with State of Alabama Bid Law, UA Spending and Travel Policies, P-Card Guidelines and UA Payment to Student Policy. This policy is not intended to cover every possible situation. Exceptions to normal policies may be authorized at the discretion of the Director of Procurement Services and/or the Associate Vice President for Finance with a documented business purpose.

Introduction

The University of Alabama Purchasing Card (P-Card) is designed to be a flexible form of payment that permits UA employees to place orders for allowable purchases without the delays or paperwork that can accompany larger transactions.

1.1 Becoming a Cardholder

To become a P-Card cardholder all of the following steps must be completed:

1. The Purchasing Card Application must be completed, including signatures, and the original application submitted to P-Card Services for processing.
2. The Cardholder must be a full-time faculty or staff and approved by his or her Supervisory Approver and Budgetary Approver.
   a. In certain circumstances, part-time or temporary employees may also request a P-Card.
3. The Cardholder must complete the P-Card training session prior to having the card activated. Cardholders are expected to review and understand all University Policies prior to use.
4. The Cardholder must review and sign the Purchasing Card Agreement after completing the training.
5. Upon the completion of training, each card will be assigned to a trained Cardholder or Delegate to reconcile transactions.

2.1 Roles and Responsibilities

1. **Cardholder**

Employees who are responsible for making purchases on behalf of the University should be a Cardholder in the P-Card Program.

Responsibilities are as follows:

a. Ensure that the P-Card is used for University purposes only.
b. Ensure that all complete and accurate documentation is forwarded to the Delegate, if assigned. The documentation includes, but is not limited to, an itemized receipt for purchases over $75.00 and a business purpose statement, if necessary, for those expenses that are not easily understood by an independent reviewer or external auditor.
c. Maintain the P-Card in a secure location at all times which includes any documentation (paper or electronic) that may contain the full 16-digit card number, expiration date and/or CVV number.
d. Adhere to the purchase limits and restrictions of the P-Card.
e. Review and submit the completed expense report to the Supervisory Approver and Budgetary Approver to comply with the deadline of 14 days after the cycle end date, usually the 11th of the following month. The approval indicates that all reconciled transactions are valid and conform to all University Policies.
f. Resolve any disputes or billing errors directly with the vendor. If they cannot be satisfactorily resolved, notify the card issuer using the telephone number listed on the back of the card.
g. Ensure that an appropriate credit for the disputed item or billing error appears on a subsequent expense report.
h. Ensure that sales tax has not been charged. If sales tax is charged, request a credit and follow up with the vendor until a credit is received. An explanation that a credit is forthcoming should be documented in the expense report.
i. Ensure that refunds are credited back to the card and are not accepted as cash. If cash is the only means of obtaining a credit, accept the cash then complete a deposit through Student Account Services. A copy of the Deposit Receipt from TouchNet and receipt from Student Account Services should be included in the submitted expense report. If the deposit cannot be completed prior to submitting the report, an explanation that a deposit will be made should be documented in the expense report. The documentation should then be forwarded to P-Card Services to be added to the report.
j. Report a lost or stolen P-Card to the card issuer then notify P-Card Services.
k. Upon employment termination or transferring between departments, notify P-Card Services to cancel the card then forward all outstanding receipts/documentation to the assigned Delegate for processing.

2. Delegate

A Delegate in the P-Card Program is someone who is tasked with reconciling all credit card charges for his or her card, or for another cardholder in his or her department, to the department budget using the provided software. The Delegate must complete an approved training before being given access to reconcile P-Card transactions. Delegate responsibilities are as follows:

a. Review vendor receipts for inappropriate purchases or uses of the P-Card and ensure that tax has not been charged.

b. Reconcile all Cardholder receipts to transactions appearing in the reconciliation software.
c. Ensure that all proper and completed documentation is included in the Cardholder's electronic expense report. This includes an itemized receipt for purchases over $75.00 and a business purpose statement, if necessary, for those expenses that are not easily understood by an independent reviewer or external auditor.
d. Ensure the electronic expense report is reviewed and submitted by the cardholder to the Supervisory Approver and Budgetary approver to comply with the deadline of 14 days after the cycle end date, usually the 11th day of the following month. The approval indicates that all reconciled transactions are valid and conform to all University Policies.
e. Attempt to resolve any disputes with the vendor and/or the contracted bank provider not resolved by the Cardholder.
f. Notify P-Card Services of lost or stolen P-Cards.
g. Request that P-Card Services cancel P-Cards for terminated or transferring employees and for those who have lost their P-Card privileges, as approved by the Supervisory Approver.

3. Supervisory Approver

Supervisory Approvers provide oversight and assistance to Cardholders and Delegates that report directly to them. This is the first level of approval in the workflow. Responsibilities are as follows:

a. Review Cardholder transactions included in the electronic expense reports to ensure that all purchases are allowable and appropriate and that prohibited or personal items have not been purchased.
b. Ensure that all Delegates and Cardholders have received appropriate training regarding their responsibilities.
c. Ensure that the proper controls are in place within their own department.
d. Communicate problems encountered to P-Card Services.
e. Ensure that all proper and completed documentation is included in the Cardholder's electronic expense report. This includes an itemized receipt for purchases over $75.00 and a business purpose statement, if necessary, for those expenses that are not easily understood by an independent reviewer or external auditor. To ensure compliance, new Supervisory Approvers are encouraged to complete an approved P-Card training.
f. Electronically approve the Cardholder's expense report in a timely fashion to comply with the deadline of 14 days after cycle end date, usually the 11th day of the following month. The approval indicates that all reconciled transactions are valid and conform to all University Policies.
g. Resolve problems when Delegates or Cardholders do not follow procedures and fail to respond to requests for corrective measures.

4. Budgetary Approver

Budgetary Approvers provide oversight and assistance to Cardholders, Delegates and Supervisory Approvers regarding FOAPALs. This is the second level of approval in the electronic reconciliation software workflow.
Responsibilities are as follows:

a. Review Cardholder transactions included in the electronic expense reports to ensure that all purchases are allowable and appropriate and that prohibited or personal items have not been purchased.
b. Communicate problems encountered to P-Card Services.
c. Ensure that all proper and completed documentation is included in the Cardholder's electronic expense report. This includes an itemized receipt for purchases over $75.00 and a business purpose statement, if necessary, for those expenses that are not easily understood by an independent reviewer or external auditor. To ensure compliance, new Budgetary Approvers are encouraged to complete an approved P-Card training.
d. Electronically approve the Cardholder's expense report in a timely fashion to comply with the deadline of 14 days after cycle end date, usually the 11th day of the following month. This action indicates that all reconciled transactions are valid and conform to all University Policies.

5. Purchasing Card Services

Purchasing Card Services is the department tasked with providing a flexible tool for procuring items needed to maintain daily functions.
Responsibilities are as follow:

a. Interpret policies.
b. Review department approved applications for completeness of required information.
c. Request Purchasing Cards from the card issuer based on completed applications.
d. Review card declines, process cardholder information changes and cancel p-cards when necessary.
e. Process requests for single purchase or monthly limit increases.
f. Assist with disputed charges/discrepancies not resolved by the Cardholder or Delegate.
g. Cancel revoked p-cards.
h. Audit transactions for inappropriate purchases or uses of the p-card based on all University Policies.
i. Provide the Procurement Services Training Manager with materials and news and updates to be conveyed to Cardholders during training sessions.
j. Review the P-Card Program by using both internal controls and management reports that are designed to ensure the proper use of University P-Cards.

3.1 Program Requirements

1. Department Controls

Each department is responsible for establishing an appropriate internal control environment for University P-Card responsibilities including auditing, adjustments, recordkeeping, reporting, reconciliation and supervision. Policies within a department can be more restrictive than University policies, but never less restrictive.

2. **Cardholder Purchase Limits**
   Cardholder monthly credit limits should be carefully decided according to the monthly spending requirements and funding source or contract associated with the card. Monthly credit limits may be adjusted when needed with approval from the listed Supervisory or Budgetary Approver. He or she should email P-Card Services with authorization for a new limit. This email should also include the amount to increase to and if the increase should be permanent or temporary. The standard single purchase limit for the University P-Card is $4,999.99, but lower single purchase limits may be assigned at the discretion of the Supervisory or Budgetary Approver. Temporary increases to the single purchase limit outside of the University's e-procurement system, may be granted on a case by case basis. The Supervisory or Budgetary Approver may request a temporary increase by emailing P-Card Services with an explanation of the circumstances and a copy of the itemized invoice/quote. If approved by P-Card Services, the limit(s) will be increased and an email notification will be sent to the Cardholder, Supervisory Approver and/or Budgetary Approver stating that the increase has been processed and when these limit(s) will return to the permanent amounts.

3. **Lost, Misplaced or Stolen P-Cards**
   Cardholders are required to immediately report any lost or stolen P-Card directly to the card issuer upon realization. The Cardholder must also immediately notify his or her Delegate, Supervisory Approver and/or Budgetary Approver and P-Card Services about the lost or stolen card at the first opportunity during normal business hours.

4. **Cardholder Liability**
   The P-Card is a corporate charge card which will not affect the Cardholder's personal credit; however, it is the Cardholder's responsibility to ensure that the card is used within the stated guidelines of the P-Card Program as well as all University of Alabama Policies and Procedures relating to the expenditure of University funds. The P-Card must never be used to purchase items for personal use or for non-University purposes even if the Cardholder intends to reimburse the University. A Cardholder who makes an unauthorized purchase with the P-Card or uses the P-Card in an inappropriate manner may be subject to disciplinary action including possible card cancelation, termination of employment and criminal prosecution.

5. **Approved Contracts**
   The P-card should be the primary form of payment when purchasing from the University's approved contracts. See the Purchasing Department's Approved Contracts page for additional guidance.

6. **Entertainment Expenses**
   The P-Card may be used to purchase items needed during times of entertainment. See the University Spending Policy for guidance.

7. **University Travel**
   The P-Card may be used for several travel expenses while in travel status. See the University Travel Policy for guidance.

8. **Tax Exemption**
   The University is tax-exempt from Alabama sales tax as a public school. See the University Tax Office website for guidance.

9. **Billing Instructions**
   Emphasize to the vendor that the invoice/receipt be included with the shipment or mailed to the Cardholder's University billing address, not to the University's Accounts Payable Department. Receipts may also be faxed or emailed to your University email or department.

10. **Contract and Grant Purchases**
    The P-Card may be utilized for contract or grant purchases, but forethought is required since the purchasing authority has been transferred to the Cardholder through issuance of the card while charging approval resides with the Principal Investigator (PI) or the PI's designee. The Cardholder must clearly understand what constitutes an allowable charge to the particular program. The Cardholder should be aware, for example, that items that should already be present within an office such as pens, pencils, paper, etc. are typically not considered allowable as a direct charge on a grant or contract. If there are questions related to allowability, please contact the Contract and Grant Accounting staff. Special considerations for contract or grant purchases include:
    a. Grant purchases are permitted provided that the item purchased is an allowable charge against the grant or contract. A direct benefit must be shown for all card purchases made against a grant or contract.
    b. The P-Card cannot be used for charging Department costs to a grant account.
    c. C&G Accounting ensures proper approval by PI or appointed personnel, acquiring documentation of the approval during the review of expenditures on the grant.
    d. Grant purchases must be made in accordance with the terms and conditions of the grant.
    e. The grant account cannot be used as a clearing account for card purchases.
    f. The Banner fund and account assigned to the purchase must be appropriate.
    g. When placing an order against a grant account, the "received date" must be within the period of performance of the grant or contract.

11. **Reconciliation through Concur**
    Concur is the software used by the University for allocating P-Card charges to the appropriate budget. This system allows Cardholders and Delegates to have easy access to the transaction activity for each card for which they are responsible. Transactions are available on a daily basis enabling Cardholders and Delegates to reconcile as often as they deem necessary to meet the deadlines set forth by P-Card Services. **All transactions within the cycle period should be reconciled to an electronic expense report and approved by the Cardholder, Supervisory Approver and Budgetary Approver at least 14 days**

after the cycle end date. This will typically be the 11th day of the following month. Detailed instructions for reconciliation can be found on the University's Concur website.

12. Disputed Transactions
If there is a discrepancy in posted charges, the Cardholder should first contact the vendor to try to resolve the issue. If it is resolved, verify that the correction has been made within the next cycle. If the matter cannot be resolved with the vendor, the Cardholder may contact the card issuer directly using the telephone number on the back of the card to dispute the charge. Any disputed item(s) that post in Concur must be reconciled and allocated to a Banner FOAPAL. Any credits resulting from disputes should be allocated to the same FOAPAL as the original charge.

13. Declines
There may be situations when a vendor receives a transaction-declined message at the point-of-sale when processing a P-Card transaction. If you do not know the reason for the decline, you may contact the card issuer directly using the telephone number listed on the back of the card. If the decline is during normal business hours, you may also contact P-Card Services for assistance.

14. Changes to an Account
All changes to a Cardholder's personal information must be promptly reported to P-Card Services. These changes include changes in name, campus location, department name or campus telephone number. This information can be submitted by the Cardholder, Delegate, Supervisory Approver or Budgetary Approver.

15. Renewal of Expiring P-Cards
P-cards will be reissued by the contracted bank every three (3) years and should arrive during the expiration month. Upon reissue, these cards will be mailed directly to the cardholder and will need to be activated prior to use. Current cards are valid through the last day of the expiration month.

16. Student Payments
See the Payment to Student Policy for guidance.

4.1 Documentation

Each transaction charged to the P-Card that totals over $75.00 must be represented by an itemized receipt or other acceptable form of documentation that verifies the date of purchase, the vendor name, each item purchased and price of each item. The itemized receipt requirement may be satisfied by providing one of the following:

- Sales Receipt
- Priced Packing Slip
- Cash Register Receipt
- Faxed Receipt

- Emailed Receipt

1. **Document Preparation**
   All required receipts must be scanned into a legible imaged file (.pdf, .jpg, etc.) and uploaded, emailed or directly imported into the reconciliation software.

2. **Itemization**
   When an itemized receipt is unavailable, itemized supporting documentation **must** be secured. In many cases, when placing orders by telephone or fax, a priced packing slip may provide the itemization needed.

3. **Missing Receipts**
   If documentation has been lost or misplaced, contact the vendor for a duplicate copy. If a duplicate copy is impossible to obtain, a Missing Receipt Affidavit must be completed inside the reconciliation software and attached to the transaction. Please see the University's Concur Site for additional information. **Use of this method will be subject to a compliance finding and repeated findings could result in the loss of p-card privileges.**

4. **Document Retention**
   All electronic expense report paper documentation should be maintained in the department until the report has been approved, processed and posted to Banner in case questions arise.

Office of the Vice President of Financial Affairs:

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Approved by: [signature]
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Date: Mar-29-2017