

Purchasing Card Policies & Procedures

University of Nebraska
(Revised 2014)

Purchasing Card Policies and Procedures
Table of Contents

Purchasing Card Policies	
Basis of the Policy	3
Purpose	3
Authority over Purchasing Cards	3
Purchasing Card Procedures	
Obtaining a Purchasing Card	5
Issuing of Purchasing Cards	5
Purchasing Card Limits	5
Purchasing Card Utilization	6
P-Card Holder Responsibilities	6
Reconciler’s Responsibilities	7
Monitoring Activities and Other Business & Finance Review	8
Documentation Requirements	8
Record Retention	9
P-Card Controls	9
How to use the Purchasing Card	9
Acceptable Purchases	10
Prohibited Purchases	10
Procedures for Violations of the Purchasing Card Policy	11
Purchasing Card Exceptions	11
Purpose for Merchant Category Codes	11
Third Party Providers	11
Rebates, Rewards, Promotional Items	12
Sales Tax	12
Preferred Vendor Contracts and eSHOP	12
Emergency Planning and Preparedness	12
Attempts on the Card (aka Declines)	12
Contact Information	13

Purchasing Card Policy

1. Basis of the Policy

The University of Nebraska is responsible for paying for business related expenses that support its mission. Employees and affiliates are responsible for prudently using University resources for business related purchases, and the University provides a Purchasing Card (P-Card) Program to allow designated employees and affiliates to do so.

2. Purpose

This policy is designed to provide readily available guidance to employees and affiliates who need it through delineation of authorities and responsibilities, documentation of procedures, and description of controls and control-related procedures for the purpose of increasing employee and affiliate understanding. Designated employees and affiliates who have been granted the privilege and trust of using a Purchasing Card must follow the established Policies and Procedures to ensure continued purchasing card program success.

3. Authority over Purchasing Cards

Under *Policies of the Board of Regents*, the Vice President for Business and Finance is charged with establishing uniform standards relating to purchasing. Policies also state that each principal business officer (Vice Chancellor for Business and Finance) may establish campus purchasing policies and procedures which are supplemental to and consistent with this purchasing (and therein, P-Card) policy. Nothing herein shall be construed to prohibit the Vice Chancellor for Business and Finance (hereinafter Vice Chancellor) from establishing campus P-Card policies and procedures which are more restrictive; however, those supplemental policies must be signed by the Vice Chancellor and formally appended to this policy. Note that each campus has its own addendum attached to this policy in which it sets out more campus-specific information and requirements.

The Vice Chancellor at each campus has been given the responsibility for the management of its P-Card program. The Vice Chancellor has designated a P-Card Administrator, who is responsible for the overall management of the P-Card Program, including the administration of these Policies and Procedures. Purchasing responsibility is delegated to the user department which is responsible for selecting and authorizing card holders and reconcilers. Departments should develop effective controls to ensure sound financial management. Designated staff in the Division of Business & Finance is available to provide technical assistance in developing financial controls. To ensure the continued success of the P-Card Program and to meet financial requirements, periodic reviews to verify transactions will be conducted by the Division of Business & Finance.

The P-Card represents the University's trust in the P-Card holder as a responsible employee and affiliate who will safeguard and protect University assets. The P-Card should be used only by the individual named on the card. The P-Card holder must safeguard against the use of the card by anyone but the P-Card holder.

Purchasing authority is delegated to designated employees and affiliates by their Departments to make business related purchases with a P-Card not to exceed a single transaction limit as specifically approved. The P-Card may not be used for any personal expenses. Unauthorized use may be cause for the immediate cancellation of the card.

The authority to enforce P-Card Policies is the responsibility of the Vice Chancellor. When a business case exists, limited exceptions to the P-Card Policies and Procedures may be granted upon written request from the user department and with written approval from the designated authority within the Division of Business & Finance.

For more detailed information, see Purchasing Card Procedures.

Purchasing Card Procedures

The University of Nebraska Procurement Card (P-Card) simplifies purchase and payment of certain items and services costing \$4,999 or less. The P-Card bank pays vendors directly for purchases within a short period of time, and the University issues a payment to the bank for all University charges. Because of these process efficiencies the University encourages departments whenever possible (except in cases where the University has eSHOP or a preferred vendor contract, which is covered by a separate policy) to use a P-Card for purchase of supplies, small equipment and services from any authorized vendor who accepts a P-Card. This is in accordance with applicable Purchasing and P-Card procedures.

The University is held to a high level of accountability for its business practices. As such, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. The use of the P-Card must be within the parameters of the general and specific restrictions in this document.

1. Obtaining a Purchasing Card

To obtain a P-Card, an employee or affiliate must complete an application, a training program, and a cardholder agreement. All applications are subject to the approval from the Division of Business & Finance. Each cardholder may have only one P-Card and the cardholder must be an employee or affiliate. In rare instances, where a business need exists, more than one card may be issued to a cardholder. This may be allowed only if approval has been granted, in advance, in writing from the campus' Vice Chancellor or his/her designee.

Sound business practices require that an individual other than the cardholder approve and reconcile all purchases made by the cardholder. Therefore, each cardholder must have an approver and a reconciler. The department head or administrator shall assign a reconciler for each cardholder.

It is recognized that due to the limitations in number of staff, campuses may employ a "pooling concept", whereby a pool of reconcilers can be established to create the separation of duties sought in this policy.

2. Issuing of Purchasing Cards

The University in coordination with P-Card bank issues P-Cards. P-Cards include the name of the cardholder, institution, and the Nebraska sales tax exemption number. Cardholders may have to show identification and sign for the purchasing card.

3. Purchasing Card Limits

The normal maximum dollar amount per transaction is \$4,999. The normal monthly transaction dollar limit is \$10,000. If the department chair, head, or administrator provides adequate justification, the per transaction and/or monthly transaction limit can be adjusted if approved by the Division of Business & Finance.

P-Card limits (i.e., individual transaction and monthly total), initially determined at the time of application may be adjusted temporarily or permanently. All changes must be requested and approved in writing. Individuals able to request limit changes include the department head, chair, dean, or director or the Approving official. Requests should be submitted to the Manager of Card Programs. Requests should include whether the change is temporary or permanent, reason(s) for change and an identification of the cardholder(s) involved.

In rare instances, where a business need exists, a single purchase exceeding \$4,999 may be allowed only if approval has been granted, in advance, in writing from the Division of Business & Finance.

4. Purchasing Card Utilization

Utilization of the P-Card will be reviewed by the Division of Business & Finance. The purpose of the review is to verify that all cards are needed and that the card limits are set appropriately. Underutilized P-Cards may be cancelled.

To ensure the continued success of the P-Card program and to meet financial requirements, periodic reviews to verify transactions will be conducted. Adequate documentation must be maintained by the cardholder's reconciler or source department to support the propriety of the transactions. Cardholders must forward all supporting documentation to the reconciler who has been assigned the responsibility of record retention. These receipts are required for the verification of the transactions and for proper expense allocation of the purchases.

5. P-Card Holder Responsibilities

The cardholder is responsible for knowing and applying all of the Policies and Procedures related to the P-Card Program. The cardholder must:

- a. Complete an application for a P-Card;
- b. Complete the University P-Card training;
- c. Sign the cardholder agreement;
- d. Secure the card (examples may include a safe or locked cabinet or drawer). A photocopy of a P-Card should never be made to provide to others or have on file.
- e. Report the loss of the card immediately to the issuing bank and to the Division of Business & Finance;
- f. Ensure compliance with P-Card Policy and Procedures;
- g. Ensure that purchases are made only for approved University-related business purposes;
- h. Provide documentation to the reconciler in a timely manner;
- i. Ensure the proper use of the University of Nebraska's sales tax exemption (which is provided during training);
- j. Confirm that deliveries match orders, coordinate returns, and contact the Division of Business & Finance regarding unresolved issues;
- k. Ensure that the proper University cost objects are charged for the purchases;
- l. Address any questions regarding the use of the P-Card to the Division of Business & Finance;
- m. Identify disputed purchases and contact the merchant to resolve. Disputes must be resolved within 60 days of the transaction;
- n. Abstain from splitting transactions to circumvent spending limits; and

- o. Upon employment separation or change in department, notify the Division of Business & Finance;

Sharing card information is a violation of policy. Card sharing may result from physically or verbally sharing card information. Cardholders should authorize orders on their own accounts. Observations of card sharing behavior should be communicated to the Division of Business & Finance.

6. Reconciler's Responsibilities

Reconciliation is defined as the matching of P-Card charges to receipts or other supporting documentation, identifying the purchase within the University's accounting system and assisting with the resolution of disputes and discrepancies.

The department approved reconciler is responsible for the following:

- a. Complete the University P-Card policy and reconciliation training;
- b. Sign a P-Card reconciler agreement;
- c. Ensure each transaction complies with P-Card policies and procedures;
- d. Review and reconcile all cardholder transactions in a timely manner;
- e. Retain P-Card documentation according to the University record retention policy;
- f. Track disputed items to ensure credit;
- g. Ensure that proper documentation, including the business purpose, is provided in support of all P-Card transactions;
- h. Ensure that the transactions are for appropriate University business uses;
- i. Ensure the proper cost objects and general ledger accounts are used;
- j. Notify the Division of Business & Finance of his/her separation of employment, change in department, or extended leave; and
- k. Address questions regarding the use of the P-Card to the Division of Business & Finance.

While the following details are allowed and useful within the supporting documentation, they are not considered a description:

- vendor or brand name;
- make, model or manufacturer;
- invoice date or number;
- location(s);
- dimensions(s);
- color(s);
- vehicle number;
- repair order;
- quote;
- project, part, vendor's item, SKU or work order number;
- material make-up; and
- business purpose (included on voucher).

A reconciler should identify each charge with a simple description that best represents the purchase. When many items are purchased in a single transaction, items of higher dollar value should be reported foremost. Vague terms, when used alone, such as supplies, labor, parts, repair, various, service, credit for returned items, and material are not sufficient. For split transactions, ensure an accurate description for each charge.

7. Monitoring Activities and Other Business & Finance Review

One of the key concepts in internal control systems is monitoring, which assesses the quality of the systems' performance. The scope and frequency of monitoring activities depends on management's assessment of risks and the effectiveness of on-going monitoring activities.

Monitoring activities represent a valuable control that completes the system of internal controls in operations. Examples of monitoring activities include the following:

- Reviews of daily transactions, new applications/changes/deletions, error and exception logs, workflow reports, transaction warning reports, and batch errors;
- On site assistance visits or desk reviews of reconcilers;
- Reviews of parked transactions;
- Reviews of declined purchases and spending limits;
- Reconciliation of the approved cardholders list between SAP and the bank servicing the P-Card program, and
- Review of MCCs (merchant category codes).

Monitoring activity should be properly documented and maintained.

Department or college P-Card activity and procedures are subject to on-site review at any time. Reviews may include, but are not limited to, sampling of purchasing activity, physical observations of purchases, interviewing staff, and reviewing documentation and participant roles.

8. Documentation Requirements

Original, legible documentation must support the legitimate business purpose of all transactions made with the P-Card. Documentation should include the name of the supplier/vendor, the date, the item(s) description and pricing, applicable taxes and ancillary charges and the total amount of the transaction. Supporting documentation should clearly identify and affirm the cardholder's role in the purchase, including his/her authorization and each receipt should match the charge on the card. Only University addresses should be used for billing and shipping references when ordering.

A business purpose must be stated within the documentation. Business purpose is defined as identifying why a purchase was necessary. Typical reasons may include, but are not limited to, general supplies, repair and maintenance, employee or professional development, research or lab use, resale, instruction or classroom use, outreach, extension education and student use. A cardholder may reference a particular event, machine/equipment or project.

No adjustments should be made to the original documentation. If additional information is needed, it should be attached to the original and signed and dated.

The following are examples of supporting documentation:

- a. Cash or sales receipts;
- b. Invoices;
- c. E-mailed order confirmations;
- d. Internet screen print(s) of purchases;
- e. Packing slips, only if the dollar amount of the transactions is present and detailed purchase prices are included;

- f. Subscription forms or dues statements; and
- g. Conference registration forms.

A description of the item purchased, easily understood by others not familiar with the purchase, must be provided.

Emails containing an attached receipt or confirmation should be filed. When a receipt or an original is not available from the merchant, a reason should be documented. When an original is maintained elsewhere, the location should be documented.

When a conference registration includes multiple fees and options (e.g., lodging, transportation, social event, meals, and guest(s)), itemization of the charge is necessary. An Internet print-screen from the sponsor or host's website may be used when the receipt does not include these details. Conference location and date(s) should be stated within the documentation.

9. Record Retention

Transaction records must be filed according to the University record retention policy. University record retention policy can be found at <http://nebraska.edu/bylaws-and-policies/records-retention-schedules.html>. When a Reconciler is outside the source department, the source department should maintain a copy of its transaction records.

10. P-Card Controls

The responsibility for financial control of the P-Card rests with the department. The department chair, head, or director is responsible for ensuring that purchasing duties are performed with competence and honesty, and the department is responsible for monitoring the effectiveness of its controls. The appropriate use of the P-Card lies not only with the cardholder, but also with the approving department. The following are examples of internal controls:

- a. Approving P-Card applications;
- b. Reviewing all ledgers showing P-Card activity;
- c. Approving all reconcilers; and
- d. Assuring that all P-Card holders comply with policies and procedures.

11. How to use the Purchasing Card

All employees and affiliates of the University of Nebraska are responsible for the proper handling of confidential or proprietary information that they have access to or use to perform their job duties. Protecting a P-Card number as well as other sensitive information helps limit the University's liability and reduce the chance of fraud or identity theft. This includes P-Card numbers and vendor bank and federal identification numbers that may be required in the vendor payment process.

Procedures to follow when using the P-Card:

- a. Identify an appropriate business use;
- b. Determine if the transaction total is within the P-Card limits. Exceptions to transaction limits may be obtained in advance (see section 15, "Purchasing Card Exceptions");
- c. Check the list of restricted commodities to confirm that the purchase is allowable on the P-Card; and

- d. If the product or service being purchased is available from a current University “preferred vendor” or via eSHOP, the order should be placed with the preferred vendor or eSHOP vendor due to the significant savings in time and money these options offer.

Contact the vendor/supplier and:

- a. State that you are calling from the University of Nebraska and that you will be making a credit card purchase;
- b. Emphasize that the University of Nebraska is Nebraska sales tax exempt;
- c. If the vendor/supplier requests the University of Nebraska sales tax exempt number, provide the number listed on the front of the P-Card;
- d. The vendor may request a copy of a Form 13 as proof of the sales tax exemption. If a Form 13 is requested from the vendor, contact the Division of Business & Finance;
- e. Do not e-mail, or scan the P-Card number, expiration date or security code to the vendor/supplier;
- f. Order item(s);
- g. Give vendor/supplier the P-Card number and expiration date and, if necessary, the 3-digit code from the back of the card. If a merchant has P-Card information on file, confirm the P-Card number is that of the purchaser’s account;
- h. Give vendor/supplier the cardholder name, the department name, and the complete University delivery address (building name, room number, and street address) to ensure proper delivery; and
- i. Make sure that the appropriate department personnel have authorized the purchases, and that all departmental procedures have been followed.

While not preferred, merchants of certain commodities typically accept orders via fax. For this reason, faxing card information is allowed. The P-Card number should be masked after completing a fax.

P-Card numbers should be provided verbally as required to complete the purchase or payment transactions. If a vendor requests confirmation of a University credit card number, provide only the last four digits of the P-Card number or complete a phone call to the vendor.

The purchase transaction documentation must be retained according to University of Nebraska Record Retention Policy. (See section 9, “Records Retention.”)

12. Acceptable Purchases

Examples of typical P-Card transactions include, but are not limited to, the following:

- a. Books, training materials and subscriptions;
- b. Conference registrations;
- c. Advertising services;
- d. Athletic supplies;
- e. Laboratory supplies;
- f. Safety supplies;
- g. Intercampus and intra-campus payments;
- h. Food (see campus specific provisions); and
- i. Gift cards (see campus specific provisions).

13. Prohibited Purchases

Examples include:

- a. "Pyramiding" (dividing a large purchase into smaller ones to bypass a spending limit);
- b. Personal use of any kind;
- c. Gifts, donations, contributions, or celebrations ;
- d. Payments to individuals, employees, or students for any reason; and
- e. Cash advances.

A more detailed list of permissible and non-permissible purchases is available as part of the P-Card training class or from the Division of Business & Finance.

14. Procedures for Violations of the Purchasing Card Policy

Two violations of the P-Card policy within a calendar year may result in the termination of P-Card privileges for a period up to one year; however, a single violation, depending on the severity, may also result in immediate termination of P-Card privileges. A notice of violation will be sent to the cardholder, reconciler, and supervisor, approving official and the department chair, head, dean, or director. Issuance of a new card after the one year period will require a new application and successful completion of the P-Card Training. Examples of common violations include exceeding a single transaction limit, using the card for restricted commodities (i.e., gifts, donations, partial payments), pyramiding and personal use. Card sharing may result in loss of card privileges for a period of not less than one year. In extreme cases, card privileges may be permanently suspended.

Fraudulent use of the P-Card will result in corrective actions in accordance with the policies of the Department of Human Resources, including reimbursement and the possibility of termination.

15. Purchasing Card Exceptions

Exceptions to the P-Card restrictions may be granted, in advance of the purchase, upon written request from the user department and with written approval from the Division of Business & Finance. Policy exceptions may be granted temporarily or permanently, in advance of the purchase. Individuals able to request policy exceptions include the department head, chair, dean or director or the Approving official. Requests should be submitted in writing to the Assistant Vice Chancellor – Financial Services/Business & Finance. Written approval should be filed with the purchase or within the business office.

The Assistant Vice Chancellor – Financial Services/Business & Finance may delegate this authority.

16. Purpose for Merchant Category Codes

In most national credit card systems, suppliers are assigned a four-digit code according to their Merchant Category Classification (MCC). These codes are used in the University's system as a reference and, where necessary, to block certain supplier purchases. Only MCC codes identified as allowable will be "open", whereby charges may be made and processed. All requests for exceptions to blocked MCCs must be justified in writing to the Division of Business & Finance who, along with the department, will retain a copy of the justification. The Division of Business & Finance will notify departments in writing if approval has been granted. (See section 15, "Purchasing Card Exceptions")

17. Third Party Providers

All third party payment providers such as PayPal require a statement of business purpose for the transaction. Included with this information should be a description of the items purchased and the vendor name.

18. Rebates, Rewards, Promotional Items

No rebates, rewards, or promotional items shall be accepted by the cardholder as a result of the P-Card transaction for his/her personal use. These may be accepted by the cardholder's department or the University for appropriate departmental/institutional business use.

19. Sales Tax

As a rule, the University is exempt from paying Nebraska sales tax. The University of Nebraska sales tax exemption number is printed on the front of the P-Card. In the event that the merchant mistakenly charges sales tax that exceeds \$20, the cardholder should seek reimbursement as soon as possible.

Cardholders should cooperate and accommodate unique system and procedural processes used by merchants to honor sales tax exemptions. Cardholders are encouraged to notify the Division of Business & Finance of merchants with special procedures.

The appropriateness of sales tax depends on where the item(s) was delivered or possession was taken. The University is exempt from paying sales tax in Nebraska and some other states. The effort to recover the charges should be documented. This documentation may be in the form of a fax, e-mail or manual notations of verbal communications made with the merchant. If a merchant's normal business practice precludes reimbursement, please contact the Division of Business & Finance for assistance.

20. Preferred Vendor Contracts and eSHOP

The University has developed several preferred vendor contracts that provide significant savings to the University in terms of both time and money. Departments are strongly encouraged to use these contracts as well as eSHOP. Please see your campus Procurement/Purchasing department for more information.

21. Emergency Planning and Preparedness

P-Card use may be incorporated into University emergency response plans to enable business continuity and to provide relief measures during times of critical need. In these instances, it is expected that cardholder, commodity and limit parameters may vary from the norm. Such arrangements should be made in advance.

22. Attempts on the Card (aka Declines)

Attempts on cards are transactions declined by the P-Card bank. Declined transactions are reviewed regularly for compliance and may result in a violation, depending upon the nature of the purchase. Common declines result when:

- a cardholder's single or monthly purchase limit is exceeded;
- a merchant provides inaccurate cardholder's address, zip code, card expiration month/year or CVC code;
- the bank suspects a purchase as suspicious, high risk or activity is fraudulent;
- a foreign merchant is involved;

- a closed account is used; and
- a restricted commodity (MCC) or merchant is used.

A transaction that exceeds a single transaction limit or is a prohibited commodity may result in a violation.

When a card is declined, a cardholder should verify the accuracy of the address, expiration and CVC information used by the merchant and that limits are appropriate. The P-Card administration can be contacted for additional assistance.

23. Contact Information

Report a Lost/Stolen Card or Disputed Item:

Bank Customer Service (lost/stolen card, disputed items, card acceptance) as identified on the back of the card.

Any questions regarding the Program Policies and Procedures should be directed to the following University of Nebraska campus contacts.

Lincoln: Marc Chauche, mchauche2@unl.edu, 402-472-2214
 Medical Center: Mindy Owen, 402-559-5587
 Omaha: Ken Hultman, 402-554-3514
 Kearney: Kim Christensen (308-865-8525) or Jon Watts (308-865-8525)

Misuse or Fraudulent Use of Purchasing Card:

Office of Internal Audit, Lincoln – 402-472-6285
 Office of Internal Audit, Kearney – 308-865-8222
 Office of Internal Audit, Omaha – 402-554-2343
 Office of Internal Audit, UNMC – 402-552-6092
 State Ombudsman- (800) 742-7690 or
 Nebraska Auditor of Public Accounts - (800) 842-8238

Approved:



 David E. Lechner
 Vice President for Business & Finance

06.16.14

 Date



 Christine Jackson
 Campus - Vice Chancellor for Business & Finance

6/16/14

 Date