

POLICIES

Issued: March 8, 2017

Responsible Official: Vice President for Finance and Administration

Responsible Office: Procurement and Contract Services

Policy Statement

It is the policy of Austin Peay State University to provide a P-Card Program that is a streamline of the purchasing process, including procurement, receiving, and payment processing. This Policy governs the University's P-Card Program in conjunction with all applicable State and University Policies. Cardholders must use discretion and be good stewards when making purchases and/or incurring expenses on behalf of the University.

Purpose

The purpose of this policy is to provide parameters for proper P-card usage, and to promote compliance with University policies.

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Definitions

Approver	A University employee who approves P-Card transactions.
Cardholder	A University employee who is issued a physical P-Card to initiate purchases/payments on behalf of the University.
Cardholder Agreement	The document signed by the Cardholder to verify that he or she has completed P-Card training, received a copy of the P-Card Policy and training manual and understands his or her responsibilities.
Commercial Card Provider	The financial institution that provides the P-Cards and related services.
Merchant Category Codes (MCCs)	The codes assigned by an acquiring financial institution that identifies the primary goods or services a vendor provides.
Monthly Credit Limits	The spending limit that restricts the total value of purchases a Cardholder can make in one billing cycle.
P-Card Program	The program established by the University and managed by the P-Card Program Administrator whereby Cardholders make purchases on behalf of the University.
P-Card Program Administrator	The employee within the University who is responsible for managing and overseeing the P-Card Program.
Procurement Card or P-Card	A commercial card that allows the University to take advantage of the existing credit card infrastructure to make electronic payments for goods or services. A P-Card is similar to a consumer credit card, but the card-using institution must pay the card issuer in full each month. In this Policy, the term

“Procurement Card” or “P-Card” shall also include “Virtual/Ghost Procurement Cards” or “Virtual P-Cards” as the context requires.

Purchase Transaction Limit The mandatory spending limit that restricts the amount of a single purchase regardless of the monthly credit limit on the card.

Reconciler The University employee responsible for all functions associated with post-purchase processing P-Card transactions, including matching expenses to the financial institution’s cardholder statement and verification of account allocation.

Travel Card or T-Card A commercial card that allows the University to take advantage of the existing credit card infrastructure to charge travel expenses related to University business.

Virtual/Ghost Procurement Cards A unique account number which is assigned to a department for payment of vendors with an existing relationship with the University.

Procedures

Authority The authority to approve procurements of goods and services is delineated in APSU Policy 4:002.

General Procurement Card Policies

A. Procurement Generally

1. P-Cards are to be used only for authorized official institutional business. Employee participation in a P-Card program is considered a privilege and may be revoked at any time for abuse, inappropriate/fraudulent use, or for program mismanagement.
2. Procurements of goods or services shall be in compliance with all applicable federal and state requirements and APSU Policies.
3. A complete record shall be maintained on each procurement transaction in order to provide a clear audit trail.

Program Administration

A. P-Card Services/Management

1. The P-Card program is administered by the Office of Procurement and Contract Services. Responsibilities include the application process, issuing and canceling cards, initial training, and managing the daily operations

of the program.

B. Program Procedures/Compliance

1. The University shall designate individuals to direct program compliance by utilizing various review methods. These methods may include annual compliance reviews, transaction reviews, introductory reviews for new cardholders, and other reviews as deemed appropriate and necessary.
2. Other areas of responsibility may include training, distribution of educational materials, initial set up of general ledger accounts, set up of user account credentials for the University's P-Card software, and any amendments to University procedures necessary to comply with APSU policies.

C. Audit Services

1. The Office of Internal Audit may, in addition to the Office of Procurement and Contract Services, assist in auditing the purchasing card program, and may decide to conduct an official audit of an individual P-Card and/or the University's P-Card program.

**Procurement Card
Program/Operating
Procedures**

A. P-Card Application Process

1. The University P-Card program is reserved for eligible personnel as determined by the University. To obtain a P-Card, an employee must satisfy all steps of the University's process before a card will be issued.

B. Program Requirements - To remain eligible for participation in the P-Card program, University cardholders, approvers, and support staff must adhere to the following requirements:

1. Application Process
 - a. The University shall have a defined process in which eligible personnel apply/complete a request to obtain a P-Card.
 1. There will be no credit reference check on the personal credit of the employee for the P-Card, nor will the use of the P-Card have any impact on the employee's personal credit rating.
 2. The account number for the P-Card Program is a credit card number issued in the name of the employee, who is responsible for ensuring that all purchases made using the card are for official University purchases.

3. Legitimate charges to the P-Card are a University Liability (not a personal liability to the individual cardholder).
 2. Training
 - a. Cardholders, and others identified by the University, are required to receive training prior to the activation of a P-Card and the date of training must be documented.
 - b. Upon completion of training, the employee shall sign a Cardholder Agreement.
 - c. The University shall maintain a training manual that includes procedures and administrative resources for the Cardholder.
 3. Terminating Employment
 - a. In the event of termination, the cardholder must return the P-Card to the University or destroy the card at the direction of the program administrator.
 - b. A review will be conducted by the University's designee prior to the employee's departure or final compensation.
 4. Departmental Transfer
 - a. When a cardholder transfers to another position within the University, the cardholder shall work with the University's P-Card Program Administrator to take appropriate action.
 5. Leave of Absence
 - a. When a leave of absence has been granted, the University's P-Card Program Administrator may suspend cardholder's P-Card during the leave of absence.
 6. Voluntary Termination or Card Suspension
 - a. When a cardholder voluntarily terminates its P-Card account or it is deemed necessary by the University to suspend card privileges, the University shall maintain adequate documentation to support the change in cardholder status.
- C. Disputing Fraudulent Charge(s)
1. It is mandatory that the cardholder immediately notify the University's P-Card Program Administrator, the commercial card provider, and any designated University personnel when fraudulent activity is suspected or verified.
 2. The cardholder will work with the University to complete the required documentation from the commercial card

provider.

D. Lost or Stolen P-Card

1. Cardholders must report a lost or stolen card to the commercial card provider and University's P-Card Program Administrator as soon as possible.
2. The cardholder's reporting efforts must be documented for audit purposes.

E. File Management Requirements

1. Maintaining complete P-Card file documentation is a requirement of the program.
2. The University will only be responsible for business purchases supported by original receipts, invoices, and/or supporting documentation directly from a vendor.
3. Cardholders and approvers could be held personally liable for undocumented or unauthorized purchases.
4. P-Card privileges may be revoked for file mismanagement.
 - a. All purchases, including online vendors, must have an itemized receipt identifying the goods or services purchased. Receipts are the primary method used by the University's P-Card Program Administrator to support business related purchases. Packaging slips, invoices, or other equivalent documentation should be maintained for all purchases when available.
 - b. If a receipt is misplaced, the cardholder must contact the vendor to request a copy of the receipt. If the vendor cannot replace the receipt, the cardholder must complete the required University's P-Card Program documentation.
 - c. Documentation, such as required policy approval forms, policy exception memos, and other related university required documentation must be kept on file with the original purchase receipt.
 - d. Monthly activity logs detailing the transactions may be maintained. The monthly commercial card statements, original receipts, invoices, and other supporting documentation shall be included as backup for each log. This information must be retained in accordance with the Records Retention and Disposal of Records Policy 4:017.
 - e. Cardholders and/or support staff are responsible for reviewing and resolving all back orders, unfilled orders, sales tax charges, credits refunded by vendors, and fraudulent charges.

- f. Cardholders and approvers are responsible for assigning purchases to the correct ERP account codes.
- g. Card purchases must be shipped to the University location, department or to the University's Central Receiving.
- h. Approvers are required to check receipts and monthly reconciliations on a routine basis per the University's P-Card Program requirements and address any issues or fraudulent charges if discovered.

F. P-Card Usage Parameters

- 1. Purchase Transaction Limits shall be established according to the University's policies and procedures. Monthly Credit Limits are set by University's P-Card Program Administrator.
- 2. Merchant Category Codes (MCC) – the University shall make a determination with the commercial card provider regarding any MCC Code restrictions.

G. Sales Tax

- 1. It is the cardholder's responsibility to ensure the University is not charged sales and/or use tax when purchasing goods and services.
- 2. Upon request, a sales tax exemption certificate shall be provided to the vendor.
- 3. Reasonable measures must be pursued by the cardholder to recover erroneous taxes paid on the P-Card and efforts are to be documented.

H. Unallowable P-Card Practices

- 1. Splitting Purchases
 - a. The practice of splitting purchases of goods or services for the purpose of evading State purchasing requirements is a direct violation of APSU purchasing policies, and may result in revocation of P-Card privileges (APSU Policy 4:014).
 - b. Splitting purchases includes, but is not limited to:
 - 1. Splitting a purchase with one vendor into multiple orders.
 - 2. Using two (2) or more cards for purchases from the same vendor.
 - 3. Multiple purchases with the same vendor over the span of a few days.
 - 4. Multiple purchases of like items from different vendors over the span of a few days.

- c. Cardholders that purchase or anticipate purchasing more than established bid limit amounts during a fiscal year with a non-contracted vendor shall contact Office of Procurement and Contract Services for possible bidding/contract options.
2. Purchasing Goods and Services with Non-Contracted Vendors
 - a. University's should utilize State of Tennessee, TBR (including all TBR Institutions and TBR approved Group Purchasing Organizations (GPO)) and University of Tennessee contracts as primary sources for purchases.
 - b. If the good or service desired can be procured at a lower price or is unavailable on current contracts, the University may purchase with another vendor.
 - c. All P-Card purchases shall be made with due diligence and fiscal responsibility.
- I. Prohibited Transactions
1. The following items are excluded from the P-Card Program and may not be obtained with a P-Card:
 - a. Personal purchases and cash withdrawals.
 - b. Gift Cards.
 - c. Travel Expenses. The T-Card should be used for all University related Business travel.
 - d. Equipment
 - e. Any other category as mandated by the University.
- J. Non-Compliance and Consequences
1. Violations and Reimbursements
 - a. Under certain circumstances, cardholders and/or approvers may be required to reimburse the University for Unallowable Purchases.
 - b. P-Card privileges may be suspended until the University has been reimbursed.
 - c. Situations that may require reimbursement include but are not limited to the following:
 1. Charges incurred outside of applicable University policies.
 2. The inability to document purchases with receipts and/or other supporting documentation.
 3. The continued purchase of unallowable goods and/or services where the cardholder has received previous notice(s) of non-compliance from the University's P-Card Program Administrator.

4. Any occurrence where University and/or grant funds are subject to substantial waste and/or abuse by the cardholder and/or approver.
 - d. The Cardholder will be required to reimburse the University for any Personal Purchases placed on the P-Card.
 - e. In some instances, non-compliance could result in the permanent revocation of P-Card privileges, personal reimbursement, and/or termination of employment.
2. P-Card Mismanagement
 - a. Cardholder and/or Approver mismanagement of P-Card privileges when procuring goods and services outside the parameters of this policy or other policies may result in adverse action.
 - b. Consequences will depend on the severity of the violations identified.
 3. Consequences for Non-Compliance
 - a. Temporary Suspension
 1. P-Card privileges may be temporarily suspended for any cardholder and/or department who does not comply with all policies and regulations pertaining to the use of P-Cards.
 2. The decision to suspend privileges and the duration of suspensions will be determined based upon the severity of the violation(s), the number of offenses, and the department's ability to take corrective action.
 - b. Other Corrective Action
 1. Intentional use of a P-Card for any purposes other than state business will result in disciplinary action, up to and including termination from state employment or criminal prosecution.
- K. Reporting Fraud, Fiscal Misconduct, or Violation of University Financial Policies
1. University employees who know or suspect that other employees are engaged in theft, fraud, embezzlement, fiscal misconduct or violation of University policies have a responsibility to report its concerns in accordance with State Law. (APSU Policy 4:003)

Related Forms

P-Card Agreement and Responsibilities

https://www.apsu.edu/sites/apsu.edu/files/purchasing/p-card_agreement_and_responsibilities.pdf

Links

APSU Policy 4:003 <https://www.apsu.edu/policy/preventing-and-reporting-fraud-waste-or-abuse-4003>

APSU Policy 4:014 <https://www.apsu.edu/policy/purchasing-4014>

APSU Procurement and Contract Services Website <http://www.apsu.edu/purchasing>

Revision Dates

APSU Policy 4:023 – Issued: March 8, 2017

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file
