

**Office: Business Services and Service Center**

**Procedure Contact: Director of Business Services and Director of Service Center**

**Related Policy or Policies: FAD.034 SOU Purchasing Card Policy**

## Revision History

Revision Number:	Change:	Date:
1.0	Initial Version	June 2019

## A. Purpose

Provide guidance on appropriate acquisition, usage, monitoring, and approval for department procurement cards (p-cards). This procedure mitigates the following risks associated with procurement and accounts payable activities:

- Unauthorized or improperly authorized purchasing.
- Purchases received but not reported or reported inaccurately.
- Purchases or services ordered and received by unauthorized individuals.
- Payment to suppliers being duplicated, incorrect, or fraudulent.
- Payment to suppliers for goods and/or services not received.
- Records lost, destroyed, misused, or altered to the detriment of the university and/or supplier.

## B. Definitions

### Dates

**Banner Transaction Date-** The date a transaction is redistributed in Banner (Not data enterable).

**Bank Post Date-** The date the transactions post at the Bank (Not data enterable). This is the date that determines when a transaction posts on the bank statement.

**Bank Transaction Date-** The date the transaction actually took place, also referred to as “Invoice Date” (Not data enterable).

**Statement Cutoff Date-** The date the statement period ends. Usually around the 25<sup>th</sup> of the month. Transactions associated with statement must be redistributed prior to the end of the accounting period the statement falls within. For example, p-card transactions captured on the July statement (ending July 25<sup>th</sup>) should be redistributed prior to the close of period 1 (July accounting period), which closes the 5<sup>th</sup> business day of August.

### Roles

**Account Manager-** Individual in the Service Center responsible for:

- Take the Procurement Card Training and pass the Procurement Card Training Test with an 80% or better prior to having access to assigned p-card(s).
- Redistribution of p-card charges to indicated index and account codes.
- Monitoring card transaction for appropriate use.

- Coordination with Card Custodian for collection of appropriate transaction documentation.
- Processing of Application and Agreement forms, including assignment of Account and Business Managers and ensuring requested Card Holder, Card Custodian, and Card Users have taken and passed the required training.
- Auditing activity logs and physical security of p-cards in the department.
- Maintaining logs and notes on inappropriate usage and/or transactions.

Budget Authority- See Card Holder.

Business Manager- Individual in the Service Center providing backup for all Account Manager duties.

Card Custodian- Individual in the department responsible for:

- Agreeing to and signing the Department Purchasing Card Application and Agreement Form for each assigned p-card prior to p-card access and utilization.
- Take the Procurement Card Training and pass the Procurement Card Training Test with an 80% or better prior to having access to assigned p-card(s).
- Physical safekeeping of department p-cards when not in use.
- Providing access to p-cards for authorized Card Users.
- Maintaining p-card check-in and out system.
- Maintaining activity log for p-card transactions.
- Ensuring Card Users have submitted appropriate transactional documentation (receipts, Meals and Refreshments form, etc) upon return of p-card.
- Coding and forwarding transactional documentation to Account Managers as soon as completed.
- Coordination with Card User for collection of appropriate transaction documentation.

Card Holder- Also referred to as Budget Authority. Individual responsible for:

- Agreeing to and signing the Department Purchasing Card Application and Agreement Form for each assigned p-card prior to p-card access and utilization.
- Take the Procurement Card Training and pass the Procurement Card Training Test with an 80% or better prior to having access to assigned p-card(s).
- Authorizing new department p-cards.
- Authorizing Card Custodian and Card Users for department p-card usage.
- Reviewing and approving bank statement and Banner report of all transactions on departmental p-card(s).

Card User- Individual responsible for:

- Agreeing to and signing the Department Purchasing Card Application and Agreement Form for each assigned p-card prior to p-card access and utilization.
- Take the Procurement Card Training and pass the Procurement Card Training Test with an 80% or better prior to having access to assigned p-card(s).
- Adhering to department p-card policy and procedures.
- Appropriately checking-out and in the department p-card through the Card Custodian.
- Safeguarding the p-card while in their possession.
- Returning appropriate transactional documentation (receipts, Meals and Refreshments form, etc) upon return of p-card to Card Custodian.

Program Administrator- Individual responsible for:

- Developing and maintaining a comprehensive program policy.
- Establishing an institutional p-card training program.
- Setting-up new p-cards for departments.
- Suspending or terminating p-cards as needed.
- Coordinating with U.S. Bank regarding card issues.
- Auditing Account and Business Manager logs and procedures for adherence to policy.

Unauthorized User- Individual with no assigned role associated with department p-card.

“Z” Document- The transaction number generated by Banner for each redistributed expense.

## C. Procedures

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### P-Card Issuance

A department p-card may be requested by a Department or Division Director when they identify a need. A Department Purchasing Card Application and Agreement Form is required when a department requests a new card, or when the Card Holder, Card Custodian, or any approved Card User on an existing department p-card is changed or removed, unless otherwise approved by the Program Administrator. Departments may use the Department Purchasing Card Application and Agreement Form to add a Card User to an existing p-card without ordering a new p-card.

Card Holders and Card Custodians may also use the p-cards they are assigned to make purchases.

All roles are required to review the Procurement Card Training and pass the Procurement Card Training Test with an 80% or better prior to having access to p-cards. Card Holders and Card Custodians who do not pass the test will not be given access to p-cards nor will pending Department Purchasing Card Application and Agreement forms be processed. Card Users who do not pass the test cannot use p-cards. Account Managers will verify test results on the Application and Agreement form and forward to Business Services when completed.

Business Services will verify information on the Application and Agreement and order p-cards from the bank. When a p-card is received, Business Services enters p-card information into Banner FIS and updates the p-card information in the p-card database. Business Services then contacts Card Custodian and Account Manager informing them the p-card is ready for pick-up. The Card Custodian takes possession of the p-card from Business Services by signing for the p-card.

Business Services will maintain a physical file of the p-card including the Application and Agreement Form and any other associated documentation.

### **P-Card Usage**

P-cards must be used in accordance with FAD.034 SOU Purchasing Card Policy. Card Custodians will keep the p-card physically secured in a locked location with limited access when p-card is not in use. When checking out p-cards, the Card Custodian will maintain an activity log that tracks:

- Date p-card is checked out
- Name and signature of authorized Card User checking out the p-card
- Vendor Name(s)
- Amount of purchase(s)
- Date p-card is returned

Card Users must return transaction documentation (receipts, invoices, Purchase of Meals or Refreshments Form, Gift Card Purchase Form, etc) to Card Custodian when p-card is returned. Card Custodian will immediately forward all transaction documentation to Account Manager for redistribution of expenses.

P-cards used to procure services must first be approved by the Account Manager. The Account Manager ensures a contract for services, or exception as approved in writing by Director of Service Center, has been established. Contracts, either issued by SOU or the supplier, must be reviewed and approved by the Contracts Officer. Once approval is obtained or established, the Account Manager informs Card Custodian and, if appropriate, Card User in writing of allowance to proceed with p-card payment for services.

P-card usage of restricted items are noted in the p-card activity logs and subject to the Sanctions of Misuse. Account Manager communicates exceptions to the Card Holder, Card Custodian, and, if appropriate, responsible Card User. For major exceptions, Account Manager also informs Director of Service Center and Program Administrator, who will take appropriate action according to the Sanctions of Misuse.

Responsible Card Users and Card Custodians monitor goods and services for receipt of items and ensure they are correct and meet quality standards. Goods and services that are not received, are incorrect, or do not meet quality standards must be returned according to supplier return policy and procedure. Card Custodian informs Account Manager of return and refund. Account Manager monitors p-card for issuance of refund. When credit is issued Account Manager follows Expense Redistribution procedure for issuing credit. In cases the supplier does not issue or refuses to issue refund, Account Manager informs Program Administrator as soon as possible. Program Administrator communicates with bank to contest the charge and initiate refund process.

### **Expense Redistribution**

Transaction expenses take approximately 2 – 3 business days after purchase to process through the bank and feed into Banner. Feeds with transactions posted to the bank will be processed into Banner by Information Technology (IT) on Mondays, Wednesdays, Thursdays, and Fridays. Business Services monitors incoming feeds to ensure proper posting in Banner and will correct and request IT to reload any feed that fails to post.

Account Managers monitor Banner for posted expenses and match transaction documentation on-hand to listed undistributed charges. For transactions without documentation, the Account Manager will communicate with the Card Custodian to verify if the charge is an actual and accurate business transaction

or fraudulent. Without physical (transaction documentation relating to the charge) or verbal (from Card Custodian) confirmation the charge is an actual and accurate business transaction, the Account Manager will determine the p-card to have fraud and request the Program Administrator close the p-card at the bank immediately.

Expenses in Banner that have matching and appropriate transaction documentation will be redistributed by the Account Manager to the index code indicated by the department and appropriate account code as determined by Account Manager. Transaction documentation will be retained to reconcile to bank statement and Banner report after the statement close date.

All transactions listed on the monthly statement must be redistributed by the fourth business day of the following month and before the close of the fiscal period in which the statement falls, usually the fifth business day of the following month. Account Managers with no received documentation before this time distribute those transactions to the associated p-card's default index code and account code 28996- P-card Purchases – No Receipt.

Transactions distributed to 28996 must be accounted for in the following month. Account Managers will monitor and communicate with Card Custodians regarding transactions still awaiting documentation. Card Custodians and Card Users are responsible for providing this documentation to Account Managers by the 25<sup>th</sup> of the month. Account Managers will move expenses accounted for with documentation in the following month to the appropriate index and account.

Transactions left undocumented on the 28996 account code after the 25<sup>th</sup> of the following month will be considered non-business expenses. The Account Manager will communicate with the Card Custodian, Card User responsible for the transaction, and Card Holder that the expense is considered a personal liability and the expenses are being moved to the Card User's SOU account for reimbursement to the university. The Account Manager will then apply the equivalent expense to the SOU account and inform the Service Center Account and Budget Specialist who will then transfer the credit from the clearing fund to the default index and account code 28996.

When credit is issued on the p-card for expenses not associated with fraud (returns), Account Manager will redistribute credit against index and account code expense was originally distributed.

### **Missing/Lost Receipts**

Missing receipts should be rare in occurrence and communicated to Card Custodian and Account Manager as soon as possible. Account Managers note missing/lost receipts in the p-card activity log. Multiple or repeated missing/lost receipts will result in Sanctions of Misuse.

The Card User must submit a completed Missing/Non-Itemized Receipt Affidavit Form, including being signed by the Budget Authority and Card Custodian, to the Account Manager as soon as receipt is identified as missing or lost.

### **Statement Reconciliation and Approval**

Upon the close of the statement for the month, the Account Manager prints a Banner report (FWRPLOG) for the statement period and reconcile the transactions on this report to the bank statement. The Account Manager then attaches all associated transaction documentation to the Banner report and bank statement. This packet is scanned and emailed to the Card Holder. The Card Holder reviews transactions to ensure

compliance of expenses to department policies, procedures, and budgets. Card Holders then submit their written approval of the packet to the Account Manager.

### **Lost or Stolen P-Cards, or Suspected Fraud**

The intent is to alert U.S. Bank and the Program Administrator at the earliest opportunity. If the card has been lost or stolen, or there is reason to suspect the p-card is being used fraudulently:

1. During Service Center hours, contact Account Manager and report the information and actions taken to date. If the Account Manager is unavailable, contact the Business Manager. The Account, or Business, Manager will work with the Program Administrator.
2. After Service Center hours or in an emergency, contact the U.S. Bank Cardholder Support Line. If you have the physical card, contact the number on the back, otherwise:
  - a. General Account Inquiries: 800-344-5696 or 701-461-2010
  - b. Navigation: 877-887-9260 or 701-461-2028

The bank may also identify fraud and close a p-card without notifying SOU. In these cases, the bank automatically initiates a new p-card and sends to Business Services.

Business Services immediately closes lost or stolen p-cards and those p-cards with identified fraud at the bank. Account Managers work with Card Holders and Card Custodians to determine if new p-cards should be issued. If so, follow the p-card issuance procedure.

For fraudulent charges, the bank issues a document to be completed by the Card Custodian attesting that the charges were not incurred by the university or any authorized users. This form must be returned to the bank as soon as possible.

The Account Manager distributes the fraudulent transaction to the clearing fund index BSPCCL/095601 with the account code 28997 P-Card Purchase: Bank Refund Pending. When the bank credits the charge, the Account Manager credits BSPCCL and 28997 to zero the clearing fund. Business Services will monitor the clearing fund for charges that remain for longer than expected and communicate with the Service Center to determine if there was a misappropriation of the credit or if the bank has issued the credit. The Program Administrator will contact the bank if there has been no credit received. At the end of the fiscal year, if charges remain in the clearing fund, the Program Administrator records as a receivable to the General Fund.

### **Closing P-Cards**

P-cards are closed when a Card Holder, Card Custodian, or Card User no longer has purchasing authority associated with the p-card (resignation, department transfer, etc.), or when there is no longer a need for the p-card. When a departing employee, identified through resignation or department notification, has a role on a p-card, the Account Manager will work with the Card Holder, or the Card Holder's supervisor in case the departing employee is the Card Holder, to determine department requirements to continue utilizing the p-card. P-cards must be closed at the bank effective immediately after the employee no longer has purchasing authority on the p-card.

Depending on requirement, timing of employee's departure, role of departing employee, and whether employee is still employed by SOU, the Program Administrator may make an exception to keep the p-card open for department usage until a new p-card is issued. The P-Card Issuance procedure will be followed to re-issue p-cards. If a p-card is approved to be retained and the role leaving is the Card Custodian, a new departmental Card Custodian must be identified and sign an Application and Agreement Form, that is then

sent to the Account Manager. Account Manager process Application and Agreement Form according to P-Card Issuance procedure. The new Card Custodian must then take possession of the p-card and fulfill the role prior to the previous Card Custodian departing. If new Card Custodian cannot take possession of the p-card prior to the previous Card Custodian departing, the Account Manager takes possession until new Card Custodian is cleared.

Closed p-cards must be physically destroyed through crosscut shredding. Departments may destroy the p-cards and attest to the destruction by writing to the Account Manager and Business Services the last six (6) digits of the p-card, the name of the p-card, the date and time of destruction, and name of individual destroying the p-card. Departments may also bring the physical card to the Service Center or Business Services for destruction. In either of these cases, the department destroying the card supplies this same information in writing to the other department.

For closed p-cards, the Account Manager informs Business Services of need to close the p-card. Business Services immediately closes the p-card at the bank. The Account Manager continues to monitor and process remaining transactions per the Expense Redistribution procedure. Once all transactions have been processed the Account Manager prints a final Banner report showing zero expenses remaining for the p-card. This report is signed and dated by the Account Manager and forwarded to Business Services who will terminate the p-card in Banner once signed Banner report is received.

### **Audit**

Account Managers audit individual transactions as they process to compare against policy and procedure. Transactions or activity that is counter to policy and procedure are noted in p-card logs. Account Manager communicates exceptions to Card Holder, Card Custodian, and, if appropriate, responsible Card User. Those p-cards or Card Users with significant or repetitive exceptions will be subject to Sanctions of Misuse.

Account Managers periodically audits to ensure the physical security of the p-cards, accuracy of activity logs, and usage of p-cards by authorized staff. In these cases, the Account Manager informs the Card Custodian of the audit, requests copies of the activity logs, and reviews the physical location of the p-cards. Results of the audit are noted in the p-card logs and communicated to Card Holder, Card Custodian, and, if appropriate, Director of Service Center and Program Administrator. Any major exceptions are subject to Sanctions of Misuse.

Business Services periodically audits p-card program processing to ensure compliance with policy and procedure. This audit includes monthly reconciliation of bank payments to expenses, review of clearing accounts associated with p-cards, and review of p-card usage reports.

### **Sanctions for Misuse**

P-cards make purchasing business related goods quick and easy for departments and authorized users. However, it also opens the university to potential liability and loss. These procedures work to limit our exposure and must be followed.

P-card misuse includes, but is not limited to:

- Unauthorized individuals using or having access to p-cards.
- Checking out p-card to an unauthorized individual.
- Missing or incomplete p-card activity log.

- Inability to identify card location or whom has current responsibility of p-card.
- Inability to identify whom made purchases on p-card.
- Failure to safeguard the p-card at all times.
- Lost or missing transaction documentation.
- Using the card for excluded purchases or services, including personal purchases.
- Failure to submit transaction documents timely to Account Manager.
- Failure to provide accurate and completed transaction documents to Account Manager.
- Failure to resolve billing disagreements with merchants or U.S. Bank.
- Failure to approve monthly statements.
- Failure to notify U.S. Bank, and Account Manager, if card is lost or stolen.
- Accepting cash back from merchant/vendor when item is returned or credit is due.
- Any fraudulent use of the p-card.

Sanctions issued will depend on severity, reoccurrence, amount, and type of misuse. Sanctions include, but are not limited to:

- Retraining on appropriate p-card usage and role responsibility.
- Verbal or written consult with Card Custodian, Card Holder, and, if appropriate, Card User.
- Mandated retaking and passing the Procurement Card Training Test prior to continuing in role.
- Temporary suspension of p-card or of p-card privileges for the individual responsible for misuse.
- Personal liability for transactions expensed on p-card while in individual's possession.
- Permanent revocation and suspension of p-card, or of p-card privileges for individual responsible for misuse.
- Disciplinary action, up to and including dismissal; and criminal sanctions.

Sanctions are determined by Program Administrator, Director of Business Services, and Director of Service Center, in consultation with other business partners as appropriate.

#### **D. Appendix**