

Procurement Card Program

Policy 509.23

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4.1 Overview of the Procurement Card Program

4.1.1 Purpose of the Procurement Card

4.1.1.1 The Appalachian State University Procurement Card is essentially a standard Visa Card. The Procurement Card is issued to an employee, empowering this person to purchase goods on behalf of the University. This program has been established to allow rapid purchase of low dollar goods while simultaneously reducing paperwork and handling costs associated with the small purchase process. Under no circumstance may this Visa Card be used for personal purchases.

4.1.2 Benefits and Costs/Requirements

4.1.2.1 To the Cardholder

4.1.2.1.1 Benefits

It is easier to make purchases. The Visa Card is accepted virtually anywhere, and it eliminates delays associated with asking a vendor to accept a small check request or purchase order number. Materials may be acquired faster. Complete transaction reporting is provided on a weekly basis. Vendor information becomes easier to research and locate. Each Procurement Card has a unique number that is tied to departmental FRS accounts.

4.1.2.1.2 Costs/Requirements

There is currently no fee associated with the program. The Cardholder is responsible for obtaining itemized receipts with pricing for a monthly reconciliation process. Each Cardholder's account is also reviewed and approved by a higher authority (normally at the Department or College level). The Cardholder is responsible for obtaining tax collected from the Vendor at the time of purchase. The cardholder is responsible for reporting tax information to the Department Reconciler. The Department Reconciler must complete the tax information field on line during the monthly reconciliation.

4.1.2.2 To the University

4.1.2.2.1 Benefits

The number of procurements and check requests will decrease, thereby reducing the amount of paperwork and time associated with the small purchase process. There is an opportunity to reduce imprest/petty cash accounts. The University has the ability to block specific categories of Vendors (airline reservations, cash advances, liquor purchases, etc.) This provides increased security of purchases over the existing small purchase process. Fewer payment errors will improve Vendor relations. Transactions and payments will match each Card. Vendors will receive payment within two-to-three working days after the Vendor processes the purchase.

4.1.2.2.2 Costs/Requirements

The University has purchased an accounting system to handle Procurement Card transactions. The reconciliation process then feeds transactions into FRS. The University is committed to providing an on-going audit.

4.1.2.3 To the Merchant

4.1.2.3.1 Benefits

The Card Provider will pay the Vendor two to three working days after the Vendor processes the purchase. The Vendor will have a higher comfort level. The strength of the Visa name (and the protection the Vendor has when accepting the card) encourages Vendors to make sales that would not be made if a small purchase number or purchase order were presented. The Procurement Card process eliminates Vendor invoicing and the Vendor's accounts receivable process.

4.1.2.3.2 Costs/requirements

Every transaction made with the Procurement Card carries a fee that the Vendor must pay to the credit card network. This is what finances the credit card industry, and the process is basically the same for all credit cards.

4.2 Where to Get Help

4.2.1 The Card Provider

4.2.1.1 We have an agreement with a credit card provider (Card Provider) for Visa card services. Card Provider will provide monthly statements on-line. To report a lost or stolen card, call Card Provider at 1-888-905-6262 (where help is available 24 hours a day) and notify Appalachian's Procurement Card Administrator of this action. For billing questions, or any customer service questions in general, call Judy Ball, Procurement Card Program Administrator, first at 262-2082. After Appalachian's business hours, call Card at 1-888-905-6262 where help is available 24 hours a day. Also, to dispute a transaction on your statement, please refer to Section 5 of this guide.

4.2.2 University Names and Addresses

4.2.2.1 The University provides support and assistance to Cardholders and Departments in the distribution and processing of new Card applications. The Procurement Office processes all changes in Cardholder information, schedules training, updates all documentation, and audits all aspects of the program. Follow-up audits by Internal Audits will be made. Please call whenever you have any questions.

Procurement Card Program
Administrator:

Judy B. Ball, CPPB

Procurement Services Office
Procurement Services Building
828/262-2082, fax 828/262-2510
email: balljb@appstate.edu

Procurement Card Expeditor:

Becky McInturff

Procurement Services Office
Procurement Services Building
828/262-4004, fax 828/262-2510
email: mciinturffbm@appstate.edu

4.3 Cardholder Policies and Procedures

4.3.1 Obtaining a Procurement Card

4.3.1.1 Procurement Cards will be issued to those authorized by the University to purchase goods. Training will be required for each Cardholder, Reconciler and Approver. The Procurement Card will be issued only to permanent personnel. The names of the University and the Cardholder both appear on the card. Card Provider currently does not charge for the issuance of a Card; however, low usage Cards will be reviewed regularly. See section 3.10.

4.3.1.2 Purchases from sponsored programs must strictly adhere to all contracts, grants and other agency guidelines. These guidelines may restrict the purchase of specific items through sponsored accounts. Individual granting agencies also may be more restrictive and may not allow certain purchases. It is the Cardholder's responsibility to be aware of the rules and guidelines applicable to each account.

4.3.1.3 Enrollment Forms can be found at the Procurement Office home page under Procurement Card.

4.3.2 Keeping the Procurement Card Secure

4.3.2.1 Always keep the Procurement Card in a secure place. Treat it like cash.

4.3.3 Limitations of Transaction Amounts

4.3.3.1 The following limits have been assigned to the Procurement Card:

1. Single purchase limit of \$1,499 (Including tax and shipping)
2. Daily purchase limit of \$3,000
3. Monthly purchase limit of \$10,000
4. Daily number of transactions is unlimited at this time
5. Monthly number of transactions is unlimited at this time

4.3.3.2 These are general limitations. If these do not fit your purchasing patterns please contact the Procurement Program Administrator to discuss modification of the limits. A limit modification request form must be completely filled out, signed by the Departmental Approver and submitted to the Program Administrator for consideration.

4.3.3.3 Cardholders are reminded that splitting transactions in order to remain within the established purchase limit per transaction is prohibited and doing so may result in loss of Procurement Card privileges and/or disciplinary action up to and including termination of employment.

4.3.4 Limitations of Vendors

4.3.4.1 Each Vendor accepting VISA cards is registered with a financial institution under a specific Merchant Category Code (MCC) identifying its type of business. (e.g.. Airlines, music stores, medical services, florist, ABC stores, restaurants, office supplies, etc.) The University has blocked all categories deemed inappropriate for Appalachian State University use (e.g. Travel and Entertainment categories, ABC stores, off-track betting, etc).

4.3.4.2 A Procurement Card cannot be used to purchase from Vendors in a blocked category on the MCC list. If a particular Vendor does not accept the card, please contact Judy Ball at 828/262-2082 within 48 hours. She will contact the Card Provider to determine why the charge was denied and what can be done to rectify the problem.

4.3.5 Changing Card Limits and Updating Cardholder Information

4.3.5.1 To request a change in the monetary limits on the Card, you must submit a request on the appropriate form in writing to the Procurement Card Program Administrator, and it must have Department or College level approval (Section 3.3). Changes of personal data (address, phone, FRS etc.) may be e-mailed to the Procurement Card Program Administrator (balljb@appstate.edu).

4.3.6 Additional Procurement Guidelines

4.3.6.1 It is the Cardholder's responsibility to insure that purchases are made only from legitimate companies. If you have any questions about the legitimacy of a Vendor or individual, please contact the Procurement Services Office and DO NOT PROVIDE THE CARD NUMBER.

4.3.6.2 Follow procedures that are already in place with the small purchase process. The Cardholder is responsible for purchases that commit University resources, and is therefore responsible for determining the legitimacy of the purchase and the selection of the Vendor.

4.3.6.3 The Procurement Card is strictly for University business. Purchases must be for the use and benefit of the University. No personal purchases are allowed. Intentional misuse or abuse of the Procurement Card will result in the immediate revocation of privileges, and may be cause for disciplinary action up to and including termination of employment.

4.3.6.4 North Carolina Term Contracts and University Contracts

4.3.6.5 When a State or University contract is available the contracted supplier must be used. Contracts may be reviewed by visiting the NC Department of Administration Purchase and Contract Home Page, by viewing the Procurement Home Page or by calling the Procurement Services Office to speak with the appropriate purchasing agent.

4.3.7 Using the Internet (WWW)

4.3.7.1 Many companies offer the option of making purchases via the web. If you choose to purchase on the web, you must make sure the vendor site is secured before entering the credit card number. Look for the padlock icon located on the vendor's order form.

4.3.8 Automatic Renewal of the Card

4.3.8.1 A Procurement Card will be issued to you as you enter the program. Once you have the Card, nothing will be required from you to continue from year to year. Cards have a 2-year expiration date and will be mailed directly to you approximately one month prior to the expiration date. Return the expired card to the Procurement Card Program Administrator.

4.3.8.2 All Vendors that have the Procurement Card number on file must be contacted with the new expiration date for continued approval of charges. Federal Express is a prime example. If the expiration date expires and you have not contacted them, the bank will deny charges and they will put you on a cash-only basis.

4.3.8.3 Do not forget that each Procurement Card is tied to a default FRS account. If that account number changes, you must contact the Procurement Card Program Administrator to update the information.

4.3.9 Termination of Employment

4.3.9.1 The Procurement Card remains the property of Appalachian State University and/or Card Provider. The Procurement Card must be surrendered immediately upon termination of employment or upon the request of either your supervisor or the Procurement Card Program Administrator. Vendors with the Procurement Card number on file must be contacted in order to discontinue future charges in your name by the department.

4.3.10 Transfer to Another Department

4.3.10.1 If the Cardholder, Reconciler or Approver transfers to another department, different University financial account information will be involved. It is the Cardholder's, Reconciler's and Approver's responsibility to provide the correct financial information for a new card. If you transfer to another Department, the current Card issued to you must be cancelled and returned to the Procurement Card Program Administrator. A new enrollment form will need to be submitted and approved by the appropriate Department head. Attending the training class will not be required if you have had a Procurement Card in your previous position.

4.3.11 Inactive Accounts

4.3.11.1 To protect the security of the Procurement Card Program, any Procurement Card that has not been used for six (6) months will be cancelled. Exceptions may be appealed to the Procurement Card Program Administrator.

4.4 How to Use the Procurement Card

4.4.1 University Rules and Regulations

4.4.1.1 Procurement with the Card does not change the rules and regulations of the University or your internal Departmental procedures. The Procurement Card is merely another means of payment for small purchases. You must obtain an itemized receipt with pricing for every purchase.

4.4.2 Authorized Cardholder

4.4.2.1 Please remember that the Cardholder is the only person authorized to make purchases with the Procurement Card. Giving the Card or Card number to another person or using someone else's Card may result in revocation of Procurement Card privileges and/or disciplinary action up to and including termination of employment. To assist in keeping track of transactions and receipts, a transaction log is provided for your use. The Procurement Card Program Administrator requires this log.

4.4.3 Purchases in Person

4.4.3.1 You should follow the proper internal procedures set up specific to your Department for determining that a purchase is required and authorized.

4.4.3.2 Determine whether the Procurement Card is the most appropriate tool to use for the purchase (Example: not if purchasing a restricted item or if the total purchase is over the \$1,499 limit, etc.).

4.4.3.3 Determine that the total amount of the purchase including shipping, handling, postage, freight, insurance, etc., does not exceed either the \$1,499 limit or the daily/monthly limits listed above. If a limit is exceeded, the bank will automatically refuse the transaction and the vendor will reject the purchase.

4.4.3.4 Determine that the price quoted is the best you can obtain.

4.4.3.5 Determine at the time of purchase that the vendor has charged sales tax for out-of-state and out-of-country purchases, and record this amount (preferably on the transaction log). Sales tax paid is required as part of the reconciliation process, which is discussed later in this guide.

4.4.3.6 Obtain a receipt at the time of purchase or pickup. If ordered on the World Wide Web, print a copy of the final order/acknowledgment/receipt. If an item is shipped the packing slip must be kept. All receipts and other paperwork must be forwarded each month to the Card Administrator as part of the reconciliation process.

4.4.3.7 Remember to give the supplier your name, department, phone number, and complete delivery instructions. It is recommended that purchases be shipped directly to your campus address whenever possible. If Central Receiving is used as the delivery point (due to weight, size or need for loading dock), please use the following address:

Department Name
ASU Central Receiving
Appalachian State
University
1039 State Farm Road
Boone, NC 28608

4.4.4 Purchases by Phone, Fax, or Mail

4.4.4.1 Remember - the Cardholder is the only person authorized to place an order. You may, when necessary, have someone else pick up the items; however, this person is not authorized to sign the credit card sales slip.

4.4.4.2 PHONE - An entry on the transaction log should be made when placing a telephone order. Sales tax information should be recorded for all out-of-state/country purchases, since this is a critical part of the monthly reconciliation.

4.4.4.3 When you call, state that you are calling from Appalachian State University and that you will be making your purchase on a Visa Procurement (credit) Card.

4.4.4.4 Emphasize that the University is not exempt from sales tax, and that we want sales tax added to the purchase. Record the amount of sales tax paid on the purchase log.

4.4.4.5 Give the supplier your name, delivery address, phone number, and complete delivery instructions.

4.4.4.6 Request that an itemized receipt and/or packing slip that shows DOLLAR AMOUNTS be sent with the purchase. Retain this with your transaction log.

4.4.4.7 Follow all applicable steps from the instructions for phone orders. Retain a copy of the fax, and also the fax confirmation, for your records. Do not mail a copy of the order to the vendor, because this increases the chance that the order will be duplicated. If the vendor requires the original, be sure to clearly mark it CONFIRMATION OF FAX ORDER, DO NOT DUPLICATE.

4.4.4.8 MAIL - Follow all applicable steps from the instructions for phone orders. Retain a copy of the order for your records, and request a receipt for your records.

4.4.5 Other Forms to Complete

4.4.5.1 When using the Procurement Card there is usually no need to submit any additional paperwork to a Vendor. If, however, a duplicate shipment is mistakenly made, it is the responsibility of the Cardholder to resolve the issue with the Vendor. If unable to resolve in a timely manner, contact the Procurement Card Expeditor, Becky McInturff?, at 262-4004 or e-mail: mcinturffbm@appstate.edu .

4.4.6 Returns, Damaged Goods, and Credits

4.4.6.1 Items purchased with the Procurement Card will periodically need to be returned for one reason or another. Credits should be listed on the transaction log. Credit receipts/memos should be received and turned in with the monthly statement. Credits listed on the monthly statement should be documented as to when the original charge was made if a credit invoice is not available.

4.4.6.2 Always retain boxes, containers, special packaging, packing slips, etc.; until you are certain that you are going to keep the items. Some items, such as software or fragile pieces, cannot be returned without the original packing materials.

4.4.6.3 Read all enclosed instructions carefully. Often a critical phone number and other instructions are included the packing

slip and/or receipt.

4.4.6.4 In some cases there may be a restocking fee. The Procurement Card may be used to pay this fee as long as it does not exceed any of the Card limits.

4.4.6.5 If you need help in packaging goods for return please contact Warehouse at 262-3060.

4.5 Disputed Transactions

4.5.1 Dispute of Statement Items

4.5.1.1 Purchases appearing on the monthly statement from the Bank may be disputed up to thirty days from the date of the statement.

4.5.1.2 If the Cardholder does not recognize a charge or some other problem arises, the first step is to contact the Vendor for information regarding the charge. Contacting the Vendor saves time and usually solves most issues.

4.5.1.3 If you are not satisfied with the outcome of communications with the Vendor, complete the on-line dispute form and review it with the Procurement Card Expeditor. The Procurement Card Expeditor will then determine the next step. You also should notify the Procurement Card Program Administrator about the situation.

4.5.1.4 A copy of the dispute form should be submitted with the monthly statement.

4.5.2 Dispute with Vendor

4.5.2.1 If you have a Vendor dispute and are unable to obtain satisfaction from the Vendor, contact the Procurement Card Expeditor. You will be required to describe the problem and all of the efforts you have made in attempting to resolve it. The Procurement Card Expeditor will advise you on the next step. If you are unsatisfied with the outcome, please contact the Procurement Card Program Administrator.

4.6 Reconciliation Procedures

4.6.1 Importance

4.6.1.1 Reconciliation of purchases by the Cardholder is the final step in the Procurement Card process. It is also one of the most important steps, because this is where the Cardholder provides itemization and pricing of all items purchased. Statements are available mid-month and will be distributed by the Departmental Reconciler.

4.6.2 Billing Cycle/Statements

4.6.2.1 The billing cycle for the Procurement Card ends on the 10th of each month and the statements are due to the Procurement Card Program Administrator on or before 10 working days after the 10th of that same month. If any statement remains open after this date the Card will be immediately cancelled and the Cardholder, Reconciler, and Dean (or other division head) will be notified of the cancellation. Timely reconciliation and responsible purchasing are the only ways to keep a card.

4.6.3 Documentation provided by the Card Provider

4.6.3.1 The Card Provider provides an electronic feed, which transmits all transactions posted for the previous week from Monday-Friday on a daily basis.

4.6.4 Information in Appalachian State University FRS

4.6.4.1 Successful receipt of the feed is critical to the continuation of the Procurement Card Program. The electronic feed from the Card Provider is used for three purposes:

1. First, the financial data is used to reconcile the overall charges to the University. These charges are checked for accuracy on a daily basis. At the end of each billing cycle, the departmental FRS accounts to which the Procurement Card transactions apply are debited for the billed amount. Remittance is made to the Card Provider on the basis of these charges.
2. Second, all of the data, including information about Cardholders, purchases, Vendors, etc. are in the reconciliation database. Searches by Vendor, dates, state, etc., may be made, and data is saved for five years. Access to the database follows security procedures already in use by FRS, and Reconcilers will be given access upon approval of request for security clearance to the Procurement Card Program.

3. Third, the reconciliation procedure, which the Reconcilers use to verify all Card purchases, is updated via World Wide Web. The Procurement Card Program allows Reconcilers to modify FRS account numbers and object codes, enter out-of-state taxes, verify weekly purchases and balance monthly printouts. Reconcilers approve all purchases on-line. Continued failure to reconcile transactions on-line will result in revocation of Procurement Card privileges.

4.6.5 On-line Reconciliation Via the Web

4.6.5.1 Specific instructions for navigating through the reconciliation process on the web are provided in a separate document and are available from the Procurement Card Home Page. The primary responsibility for insuring integrity of the Procurement Card Program rests with the Cardholder and Departmental Reconciler.

4.7 Procurement Card Privileges Reinstatement Policy

4.7.1 Delinquent Statements

4.7.1.1 All delinquent statements must be turned in to the Procurement Card Program Administrator before consideration can be given to reinstatement of privileges.

4.7.2 Memorandum

4.7.2.1 A memorandum from the Department Head and next level supervisor must be submitted to explain the reason for the discrepancy which caused the cancellation and steps that will be taken to prevent it from happening in the future.

4.7.3 Account Privileges

4.7.3.1 Procurement Card privileges may be reinstated no earlier than one week following completion of the steps described in sections 7.1 and 7.2, above.

4.7.4 Schedule for reinstatement of privileges

1. First Offense - Reinstatement will occur one week after receipt of delinquent statement and memo with sufficient explanation.
2. Second Offense - Four weeks after receipt of delinquent statement and memo with sufficient explanation.
3. Third Offense - Privileges will not be reinstated.

4.7.5 Incomplete Documentation

4.7.5.1 Every effort will be made to give the Cardholder opportunity to provide the incomplete information (missing receipts, receipts not itemized, etc.) by using, email, fax, campus mail, and /or phone. However, if Cardholder consistently provides incomplete information, the following will occur:

4.7.5.2 Account will be put in a hold status. Cardholder (and possibly Reconciler and Approver) will be required to attend another Procurement Card class or have a review of rules and regulations with the Procurement Card Program Administrator. Upon satisfactory completion of this review, account will be taken off hold status.

4.7.5.3 Account will be closed. If, after retraining, the Cardholder continues to submit statements with incomplete information, account will be closed.

4.7.6 Penalty for Purchase Over Limit

4.7.6.1 If Cardholder makes a purchase over the transaction limits as detailed in section 3.3 the account will be revoked for a period of two months. Written explanation from the Department Head and Cardholder and attendance by both at another Procurement Card class, is required before privileges will be reinstated.

4.7.7 Abuse of Procurement Card Privileges

4.7.7.1 If Cardholder abuses the Procurement Card privileges (personal purchases, lets others use card, etc.), privileges will be suspended and a review will be conducted. If deemed necessary, privileges will be revoked.

4.8 Responsible Authority

4.8.1 The authority to enforce this policy lies within the Procurement Services Office. Any questions may be directed to 828/262-

2082 or balljb@appstate.edu.

Authority: G.S. 143-49(8)

1NCAC 5B.1522

5 Additional References

6 Authority

7 Contact Information

8 Original Effective Date

9 Revision Dates