

# **SOUTHWEST TEXAS JUNIOR COLLEGE**

## **PURCHASING CARD POLICIES AND PROCEDURES**

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TRAVEL CARDS TO BE ADDED LATER

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# PURCHASING CARD PROGRAM

## PROGRAM PURPOSE

SWTJC's Purchasing Card (P-Card) Program is designed to utilize a more efficient and cost effective procurement and payment process for small dollar purchases from any vendor that accepts Mastercard. This program will allow the cardholder and authorized users to purchase approved commodities and services directly from our vendors. Each P-Card is issued to a named individual who will be held accountable.

## OVERVIEW

The SWTJC P-Card is a Citibank Mastercard credit card to be used for making departmental purchases.

It is a convenient and efficient way to purchase goods and services.

It can be used to purchase goods and services in person, by phone, fax, mail and via the internet.

The P-Card can be used to pay for most purchases that are otherwise paid by purchase order or check request.

Only designated P-cards may be used for Travel expenditures.

## ADVANTAGES OF THE P-CARD

The advantages of using the SWTJC P-Card are:

- The need for purchase orders and check requests is greatly reduced.
- Postage and mailing costs are reduced.
- Card users have the opportunity for discounts on internet orders.
- Payments to vendors are expedited.
- The processing of paperwork is substantially reduced.
- Orders can be placed, filled and shipped in a timely manner.
- Reduces the need to use personal funds for "rush" orders.
- Ability to view and monitor transactions electronically
- Individuals may apply for a one time use, Travel P-card for pre-approved travel (may be used for registration, airline, rental car, lodging and meals)

## GETTING STARTED

Faculty and staff can begin enjoying the advantages of the P-Card upon receipt of their respective cards. Prior to receiving the card, prospective cardholders must attend a training session. Training in the proper use of the card is provided by the Purchasing Department to all prospective cardholders. During this training, individuals will learn about:

- Card information
- Card capabilities, limitations, restrictions and violations
- Recordkeeping and statement reconciliation
- Sales tax exemption
- Disputed charges
- Card application and activation
- Lost or stolen cards
- Forms
- Customer service contracts
- Purchasing Ethics
- Expenditure Policies

## CARD INFORMATION

There are four types of P-Cards as follows:

- Purchasing Department card which may be checked out to any college faculty or staff or their designee
- Department cards (coming soon) are signed out to authorized individuals within the department
- Purchasing Department Travel card will be available to checkout for airline reservations, registrations, and other travel related expenses with ***pre-approval***.
- Travel cards for individuals for travel related expenses on a per trip basis.
- Ghost cards are used by the Accounts Payable in certain payment applications.

**No personal charges may be made with the card.** In using the card, individuals are authorizing the commitment of College funds and are accountable in the same way they would be held accountable for authorizing a purchase order or check request.

If the individual transfers to a different department or has any changes in the information supplied on the original card application, he/she should notify the Purchasing Department immediately. Departments are responsible for notifying the Purchasing Department regarding the transfer or termination of employees who are cardholders.

If a card is lost or stolen, it is the responsibility of the cardholder to notify Citibank and the Purchasing Department immediately. If unauthorized purchases are made as a result of the card being lost or stolen, the cardholder will not be held responsible if the situation is reported in a timely manner.

## CARD CAPABILITIES, LIMITATIONS, RESTRICTIONS AND VIOLATIONS

### Capabilities

Department P-Cards can be used to purchase the same goods and services that can be obtained using a check request or purchase order. In most cases, the transaction threshold will be \$500. Exceptions will be made on a case by case basis as determined by the appropriate approver. Purchases over the thresholds must be made using standard requisitioning procedures.

Cardholders may use the card to make purchases in person at a merchant site, to place orders over the phone, and to place mail, fax, and internet orders.

Travel P-cards may be used to pay for travel by and for the College. For example, these individual cards may be used for registration, airfare, and meals.

### Limitations

In most cases, Department P-Cards may be used for single transactions up to \$500, a daily limit of \$2,500, and a monthly total (credit line) of up to \$5,000. If cardholders exceed their preset limits, the transaction will be denied.

In addition, at the discretion of and with approval by the budget manager, cards may be assigned to other individuals with smaller dollar limits.

If a department's usage experience indicates that higher limits should be set, the SWTJC P-Card Administrator should be contacted. It will be the responsibility of the appropriate approver to determine the necessity of a limit adjustment.

Travel cards may only be used for pre-approved travel related expenses.

### Restrictions

**Cash advances are NOT permitted on any P-Card.** Furthermore, cardholders cannot benefit through any type of awards program associated with the P-Card (i.e., frequent flier miles, etc.)

All merchants are classified with a Merchant Category Code (MCC). All merchants with travel-related MCC's are blocked for purchases on the Department P-cards. This restriction includes expenses for conference registrations, airfare, lodging, meals, rental cars, buses, trains, gasoline stations and parking lots. However, Travel P-cards may be assigned to individuals with pre-approved travel on a case by case basis and may be used for travel related expenses.

Some examples of the merchants that may be blocked include chemical companies, firearm manufacturers, producers of radioactive substances and recreational facilities. If a cardholder attempts to make a purchase with one of these merchants, the transaction will be denied. For example, an attempt to purchase class-related training manuals from a recreational facility might result in a declined transaction. Payment for such declined

transactions should be made on a purchase order with an original invoice from the merchant.

Please keep in mind that special approvals are still required per the SWTJC purchasing policy. [http://swtjc.edu/tinybrowser/files/business\\_office/business\\_office\\_policies\\_1.pdf](http://swtjc.edu/tinybrowser/files/business_office/business_office_policies_1.pdf)

Other unauthorized purchases include:

- Alcohol (exception with President's approval)
- Capital equipment
- Non College related purchases

If a cardholder believes that his/her department has unique purchasing needs that cannot be met due to these restrictions, the P-Card Administrator should be contacted.

### **Violations**

The following are examples of violations of the P-Card program:

Personal Purchases – defined as anything that is not purchased for use and ownership by the College. It is a violation of College policy to affect ANY personal purchase or personal transaction with a College P-Card, whether or not the cardholder intends to reimburse the College for the purchase. Fraudulent use or abuse of the P-Card will result in immediate suspension of privileges and may result in corrective action up to and including termination and/or criminal action. In addition, the College will seek restitution for any inappropriate charges.

Unauthorized Purchases – defined as purchases or services with State funds that may not be used to further the legitimate government purpose of the buying entity. This is clearly a violation of State purchasing law and the violator will have his card revoked.

Cash or Cash-type Transactions – defined as cash, cash in addition to purchase, cash in lieu of credit for return or exchange of a purchase. It is a violation of College policy to make cash or cash-type transactions using the College P-Card.

Split Purchases – “split” purchases occur when single purchases costing more than \$500, or your particular transaction limit, are split into multiple P-Card transactions to circumvent the \$500 maximum. It is a violation of College policy to “split purchases.”

### **RECORD KEEPING AND STATEMENT RECONCILIATION**

Obtain receipts/back-up for all purchases made. The individual making the purchase should note on the back of the receipt or on a reconciliation form the item description, purpose, date and the purchaser's name. For your convenience, you may use the SWTJC P-card Reconciliation form (a fill-in-form): <http://www.swtjc.edu/pages//about-swjtj/facultystaff/business-office#article-661> and attach receipts.

In addition, it is **mandatory** that Department P-cards transactions are logged as the card is checked in and out. Click here for Transaction Log form: <http://www.swtjc.edu/pages//about-swjtj/facultystaff/business-office#article-661>.

For tracking of receipts and other back-up information for Department P-cards, the **preferred method** for cardholders when doing their monthly reconciliation will be as follows:

- You may scan receipts into GCMS and “attach” to individual transactions.

**OR**

- You may keep and will match your paper receipts/back-up to a monthly summary report and forward to Accounts Payable by the last day of the month for verification and final posting to the General Ledger.

For Travel P-cards, receipts (including meals if purchased with the Travel P-card) must be attached to the pre-approved travel request form, and returned to Accounts Payable **along with the card as it will be deactivated upon conclusion of the travel.** In either case, please be mindful that it is important to keep receipts as copy retrieval through customer service is expensive.

As purchases are made, cardholders (or, in the case of department cards, the authorized reconciler) will update account information in the P-card software system (Citi Global Card Management System or GCMS). All cardholders and department reconcilers will be provided a login and password to access this data electronically for reconciliation purposes. Supervisors will be provided a login and password to access reports and information electronically. Upon initial login, each user will be prompted to change their password. At a training session after the card is received, you and your supervisor will learn how to access records, reconcile account numbers, approve and run reports from SWTJC’s P-card site.

The State of Texas has chosen to adopt a 30-day billing cycle that will end on the 3<sup>rd</sup> of every month. This means that user’s available line of credit will run from the 4<sup>th</sup> of this month until the 3<sup>rd</sup> day of the following month. On the 4<sup>th</sup> of the following month, the cycle will repeat itself.

Since our billing cycle will end on the 3<sup>rd</sup> day, users will be responsible for reviewing all transactions posted against their account from the 4<sup>th</sup> of the previous month through the 3<sup>rd</sup> day of the month. All transactions must be reviewed and approved by the 3<sup>rd</sup> day of the month. Failure to review and approve transactions prior to this day may result in all charges being posted against a cardholder’s default account. If a cardholder fails to review transactions, card privileges may be restricted or revoked.

***Important Monthly Dates to Remember:***

- ***3<sup>rd</sup> of each month - Billing Cycle Ends***
- ***4<sup>th</sup> of each month – New Billing Cycle Begins***
- ***The period between the 4<sup>th</sup> of each month and the 3<sup>rd</sup> of the following month – all transactions must be reviewed and approved on-line***

## TAX INFORMATION

### Texas Sales Tax

SWTJC is a tax-exempt Political Subdivision/Community College. No taxes should be charged on the P-Card, with the exception of Federal Excise Tax and possibly some tourist assessments in the case of a Travel card. Merchants should be informed of our tax-exempt status at the time of transaction. Merchants may request a copy of SWTJC's Tax Exemption Certificate for the files. The Tax Exemption Certificate may be obtained on the Purchasing website forms page: <http://www.swtjc.edu/pages//about-sw/tjc/facultystaff/business-office#article-661>

If sales tax is inadvertently charged to the P-Card, it is the cardholder's responsibility to dispute the charge. Contact the merchant to have the tax removed. Tax credits will appear on the following month's statement.

### Other Taxes

SWTJC is not always considered tax-exempt in other states. Certain taxes assessed by cities (tourist assessments) are legitimate and will be paid by the College. If there is uncertainty about a specific tax charge, cardholder may proceed with the transaction and dispute the tax charge later if it is determined to be in error.

## DISPUTED CHARGES

If any questionable transactions appear on the cardholder's online statement for which there is no information, or if the amount does not match receipts, process the transaction for payment as is and notify SWTJC's P-card Administrator in the Purchasing Department at (830) 591-7339 and follow up with a memo/email.

Contact the merchant listed regarding the disputed transaction. If the merchant agrees that an error was made, the merchant will make an adjustment which will post as a credit to the account. **The cardholder must review and approve the adjustment received (credit) on the website to the same general ledger account to which it was originally charged.**

If the merchant does not agree to make an adjustment, contact Citibank Customer Service at 800-248-4553. State that you want to dispute the charge in question.

A dispute should be made within 30 days of the transaction date. Citibank will contact the merchant and assist in resolution of the disputed transaction.

If a card is compromised, you may call Citibank's fraud early warning team at 800-945-3114.

It is the responsibility of the cardholder to dispute erroneous transactions in accordance with the process described above.

## **CARD APPLICATION AND ACTIVATION**

When the need for a P-Card is identified, the potential cardholder should contact the Purchasing Department to request a **SWTJC P-card Applications Form** and **SWTJC P-card Cardholder Agreement Form** to complete. After the application is completed and all appropriate signatures have been obtained, or accompanied by an approved travel request for Travel P-cards, it should be returned to the Purchasing Department for processing. Once the requested card is received from the bank, the applicant will be contacted to establish a mandatory training session for the cardholder and the respective financial manager in the case of a Department P-card.

The P-Card will be active upon receipt and ready for use.

## **LOST OR STOLEN CARD**

The P-Card is the property of SWTJC and should be protected and secured just like any other credit card.

If a card is lost, misplaced or stolen, the cardholder should notify SWTJC's P-card Administrator in the Purchasing Department (830) 591-7339 immediately, and contact Citibank Customer Service at 1-800-248-4553, the number on the back of the card. A temporary hold can be placed on the card to prevent further transactions until the status of the card is determined, and a replacement card can be generated.

If the card is found and a report of transactions shows that it has not been used fraudulently, the hold can easily be removed by notifying the SWTJC P-card Administrator.

If the card has been stolen, it must be cancelled immediately. Contact SWTJC's P-card Administrator in the Purchasing Department at (830) 591-7339 and follow up with a memo/email requesting immediate card cancellation. If the card is stolen in the evening or on the weekend when SWTJC staff are not available, contact Citibank Customer Service at 1-800-248-4553 to put a temporary hold on the card, and notify SWTJC's P-card Administrator as soon as possible that the card should be permanently cancelled.

At the request of the cardholder, a new card with a new account number will be issued if the card is permanently lost or stolen. The Purchasing Department will notify the cardholder when the new card arrives. It will be the responsibility of the cardholder to pick up and sign the card in person at the Purchasing Department.

## **CARD CANCELLATION AND REPLACEMENT**

If cardholder is leaving employment at the College, he/she must inform SWTJC's P-card Administrator and return the card to the Purchasing Department to insure that cardholder's account is cancelled.

Occasionally, a P-Card becomes so worn that it will not function in card reading equipment. Cardholder may request a replacement form from the P-card Administrator in the Purchasing Department. This new replacement card will have the same account number as the previous card, and will be sent directly to cardholder. Upon receipt of the new card, the old card must be returned to the Purchasing Department to be properly destroyed.