



POLICY & PROCEDURE DOCUMENT

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DIVISION: Finance & Administration

TITLE: Procurement Card

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I. Purpose and Scope

The purpose of the Western Kentucky University Procurement Card Program is to establish a more efficient, cost-effective method for purchasing and paying for small dollar-value transactions. The procurement card is a tool that reduces transaction costs, facilitates timely acquisition of materials and supplies, automates data flow for accounting purposes, and offers flexible control to help ensure proper usage. The Program is designed to replace most purchases and payments including petty cash, payment authorizations and purchase order requisitions.

II. Policy

Employees using a procurement card are given delegated authority to make small dollar purchases and are required to seek the best value when doing so. The Procurement Card program is not intended to avoid or bypass appropriate approval requirements and/or payment procedures. Responsibility for a procurement card should not be taken lightly. Western Kentucky University funds are being committed each time that a procurement card is utilized therefore cardholders are held accountable for all transactions made to their card(s). Only full-time employees of the University will be issued a procurement card. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.

Authorizations and Limits

The Procurement Card Program is to be used as the primary purchasing method for delegated small dollar purchases. Purchases shall not be made from non-contract suppliers when a University Price Contract supplier exists for similar commodities. Also, it is the responsibility of each Cardholder and Record Keeper to verify that budgetary funds are available for all purchases made on the procurement card. Violations of the procurement card policy may result in the department or individual losing authorization to participate in the card program.

There are four sets of limits required by the card company for each card: a single transaction dollar limit, a daily number of transactions limit, a monthly dollar limit, and a monthly number of transactions limit. Standard limits have been established and are listed below:

\$2000 single transaction dollar limit	15 daily transactions limit
\$5000 monthly limit	100 monthly transactions limit

EXCEPTIONS:

Exceptions to this standard may be made if the requestor and their supervisor provide adequate justification and documented approval. All approvals must be kept with the receipts/invoices and attached to the card statement.

Any requests for an exception in which the purchase exceeds \$5000, excluding travel arrangements such as hotel and airfare, must be submitted online in the form of an online requisition for appropriate approval to be obtained prior to the purchase being made. A comment in the delivery or justification notes of the requisition should request that the procurement card be used for payment of the charge. Once the requisition is submitted online and all approvals have been obtained, the department or individual will be notified that the purchase can be made on the procurement card.

How the Procurement Card System Works

Those employees or departments who have been issued a procurement card may initiate transactions by purchasing goods for University use only. It is the employee's or department's responsibility to make sure the goods have been received. University policy does restrict the use of the procurement card for certain merchant categories and certain types of commodities and services.

Payments to vendors are then made via the VISA settlement system. JP Morgan is the procurement card provider for Western Kentucky University. Departmental charges for a particular month will be posted to the BANNER system on approximately the 15th of the following month.

Each card is assigned a specific University BANNER index number and account code. Each purchase made on the card is automatically charged to this index and account. However, prior to the transactions posting to BANNER, departments should review transactions and edit the assigned index number and the account code as necessary. Cards can be assigned three different ways to determine who will make such changes:

1. Cardholders who will edit their own transactions.
2. Cardholders who will have a Record Keeper who edits their transactions.
3. Employees that share a Departmental Card and who will have a Record Keeper who edits their transactions.

III. Roles and Responsibilities

Responsibilities	Cardholder& Department Card User	Record Keeper	Supervisor	Index Manager	Pro-card Program Mgr.	Internal Audit
Ensure that all transactions have a business purpose and are not for personal use	X	X	X	X	X	X
Ensure that all transactions reflect the “best value” for the university and adhere to WKU, state and federal purchasing guidelines	X	X	X	X	X	X
Promptly report misuse, negligence or fraudulent use of the card to the Procurement Card Administration Office and/or Internal Audit	X	X	X	X		
Approve initial cardholder application				X	X	
Obtain user agreements for individual procurement cardholders					X	

Responsibilities	Cardholder & Department Card User	Record Keeper	Supervisor	Index Manager	Pro-card Program Mgr.	Internal Audit
Obtain user agreements for department card users		X				
Complete initial and any additional training required	X	X				
Safeguard card to prevent unauthorized use (Record keepers safeguard dept cards)	X	X				
Obtain complete support documentation for each transaction at time of purchase	X					
Obtain complete support documentation from cardholders & dept card users		X				
Complete monthly reconciliation promptly & allocate transactions to index/account		X				
Contact vendor or bank to dispute transactions if necessary		X				
Verify reconciliation as accurate and complete; sign	X	X	X	X		
Maintain a card log to track card usage for department cards		X				
Notify vendors of WKU's tax exempt status at the point of sale	X					
Approve exceptions to transaction limits				X	X	

Responsibilities	Cardholder & Department Card User	Record Keeper	Supervisor	Index Manager	Pro-card Program Mgr.	Internal Audit
and merchant category code restrictions						
Report lost or stolen cards to the Procurement Administration Office	X	X	X	X		
Notify Pro-card Admin Office upon cardholder / card user's termination of employment	X	X	X	X		
Perform compliance reviews and/ or audits of selected cards					X	X
Recommend corrective actions if misuse, negligence or fraud is detected				X	X	X
Enforce corrective actions based on detection of misuse, negligence or fraud			X	X	X	

IV. Prohibited Purchases

The Procurement Card shall not be used for the following transactions. Documented approval must be obtained from WKU Supply Chain Management for exceptions.

Alcoholic beverages	Holiday decorations
Any 1099 reportable services	Insurance premiums and bonds
Appliances	Jewelers
Automotive gasoline (for personal vehicles)	Lease purchases
Bottled Water	Legal services
Capital Equipment (cost of \$2000 & above)	Medical services
Cash Advances	Personal purchases
Computer Systems (desktop, laptop/notebook, tablet, iPad, or CPU)	Pictures, Artwork, Decor
Consulting Services	Prescription drugs
Contributions	Printing, copying/duplicating services
Controlled Substances	Purchases requiring a contract
Decorations for office	Restaurants (see notation below)
Financial Institutions	Salaries and wages
Flowers	Temporary services
Food (see notation below)	Tobacco products
Furniture (non-contract)	
Gifts of any kind (including Gift cards)	
Greeting/Sympathy cards	

Purchases deemed unallowable with state funds per the Discretionary Spending Policy are unallowable by any method including procurement cards.

Notation: Food

Food purchased with the procurement card must be for a University sponsored event that involves students or guests of the University. Prospective faculty/staff lunches and dinners should be purchased on the T&E (Hospitality) card utilized by the department with the approval from the Dean. If a department does not fall under a Dean's office and no access to a T & E card exists, then the departmental procurement card can be utilized for the prospective faculty/staff meals with documented approval from the appropriate President's Cabinet member. Documented approvals must be kept with the receipts and filed. You must contact the Procurement Card Office for the card to be opened for these meals. Food for University employee only meetings, working lunches, and special events is prohibited. A roster of participants must be kept with the receipts for all food purchases on either the T & E card or a procurement card.

IV. Audit

Definitions

Negligence (*Merriam-Webster*): Failure to exercise the care that a reasonably prudent person would exercise in like circumstances. Marked by carelessly easy manner. Examples: Sloppy record keeping – not for personal gain, unsecured card and/or record retention, lack of receipts, missing statements, unsigned documents, lack of card log or user agreement documents for department card.

Misuse (*Marty Newman, Retired Asst. Dir. Of Procurement, Univ. of Maryland – College Park*): Restricted purchases made for the institution – not for personal gain. Examples: Intentionally splitting a transaction to avoid Inventory Control requirements, using non-contract vendors, using card accidentally for a personal purchase but reporting such purchase and reimbursing the University (first occurrence).

Abuse: Intentional misuse of the card – not for personal gain. Example: Continued misuse of card after additional explanation/training, corrective documentation from Procurement Card Program Manager, and/or a procurement card audit.

Fraud (*Merriam-Webster*): Intentional perversion of truth in order to induce another to part with something of value or to surrender a legal right. An act of deceiving or misrepresenting. Example: Unauthorized transaction on the card or transactions made by employee(s) for personal gain with no benefit to the University.

Continuous Monitoring

The procurement card transactions are continuously monitored by the Procurement Card office. This monitoring consists of, but is not exclusive to, declined transactions reports, review of paid invoices/receipts prior to disbursement to campus, review of Account Maintenance requests, review of monthly transactions download file, etc. When questions arise about a transaction, a staff member from the Procurement Card office may contact the card record keeper for more information if necessary. If further investigation is required, a department card review or card audit may be completed.

Audit Process and Violations

Procurement card records are subject to audits at any time without prior knowledge of the Record Keeper, Cardholder, or Supervisor. The Internal Auditor's office, the Director and Assistant Director of Supply Chain Management, the Supervisor, the Record Keeper and, if an individual card, the Cardholder are notified of all audit results. Corrective actions will be determined by the Procurement Card Program Manager, the Director and Assistant Director of Supply Chain Management, and/or the Internal Auditor. **Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal.**

Procurement cards are audited for several reasons: 1) To review the level of record keeping of the cards. This helps determine what areas are in need of enhanced training. 2) To check for compliance with the Procurement Card Policy; 3) To guard against fraudulent activity.

An audit covers all transactions within a specified period of time determined by the auditor. An audit will determine the level of record keeping and reconciliation as well as the level of compliance with Procurement Card policy. An audit is comprised of the following items: card statements, statement signature approvals, receipts, user agreements, transaction notes, and minor and major violations. Corrective actions depend upon the audit score: additional training, reduction of card limits, removal from participation in the procurement card program, or disciplinary action up to and including dismissal. Violations include but are not limited to the following.

Minor violations include:

- Use of non-contract vendor without justification
- Items not allowed on the procurement card but allowed with University funds – 1099 reportable services, items to be inventoried, etc.
- Items only allowed through WKU Foundation
- Split transaction in order to intentionally exceed card limits
- Sales tax
- Tip > 18%
- Meals in travel status > subsistence rates
- Personal purchase repaid prior to audit
- Insecure card storage location
- Individual card used by another employee
- Account code left unallocated (i.e. left at 71119)
- Purchases shipped to personal address
- Missing roster for meal purchases

Major violations include:

- Personal purchases not repaid
- Items not allowed with WKU or WKU Foundation funds
- Fraudulent charges not disputed
- Items paid by another source (travel voucher, PA, etc.)
- Card used by non-employee
- Violations of other university policies using the procurement card

Reporting Violations

WKU offers an Ethics and Compliance hotline that allows employees to anonymously report any information without fear of retribution. The hotline is facilitated by a third party ethics reporting company to ensure complete anonymity. No identifying information is collected, including phone numbers or IP addresses, nor is it ever provided to the university. All cases are actively reviewed and investigated by Internal Audit in an inconspicuous manner until key evidence can be gathered and appropriate actions can be taken.

Hotline (toll free): 1-877-318-9178

Web site: www.wku.ethicspoint.com

V. Card Procedures

A. Getting Started

To obtain a new procurement card, you must first complete the WKU Procurement Card Application form. These applications may be obtained online or by contacting Procurement Card Program Manager in Supply Chain Management. The prospective cardholder must complete the application and have their immediate supervisor, and the Financial Manager for the budget used for card expenses approve the application. If a grant index is to be listed on the card then Grant Accounting must also approve the application. A grant index will not be listed as the default index on a card unless it is the only index on the card. Submit the application to the Procurement Card office in Supply Chain Management for approval. Upon approval, the Procurement Card Program Manager will process the information online with JP Morgan and schedule a training session for the applicant. JP Morgan will mail the new card to the Procurement Card office in approximately five (5) business days. Once the training session has been successfully completed, the cardholder will complete and sign the User Agreement indicating that the cardholder understands the procedures and responsibilities associated with the use of the procurement card. After the Agreement is signed the cardholder will receive the actual card and may begin using it.

B. Checking out a Department Card

A card log must be kept by the card Record Keeper. When a department card is to be used, the user must sign out the card on the log maintained by the Record Keeper. A User Agreement form must be on file with the Record Keeper prior to the user signing out the card. Upon completion of the purchase, the card should promptly be returned to the Record Keeper along with all purchase documentation, and the card user should sign the card in on the card log. This ensures that the Record Keeper knows when and by whom the Department Card is used.

C. Making a Purchase

The Procurement Card Program procedures permit a purchase, if the value is \$2000 or less, to be made from a "Vendor of Choice". Most "Vendors of Choice" with contracts can be found in TopShop and orders should always be submitted through TopShop if at all possible. If a contract is not available it is policy to seek competition and the best value within the parameters of quality and delivery. Accordingly, when making a procurement card purchase, it is recommended that the Cardholder check as many sources as reasonable if a contract does not exist to ensure optimal price, quality and delivery. Where possible, the Purchasing Department will establish purchasing agreements and identify preferred suppliers that are to be used. When making a purchase, please be sure to provide the vendor with the following information:

1. Confirm that the vendor agrees to accept VISA.
2. Identify yourself as a Western Kentucky University employee.
3. Inform the vendor that the purchase is tax-exempt and give the University's tax-exempt number (on front of card).
4. Provide the card number and expiration date.
5. Provide the complete delivery address including:
 - a. Contact name and department name.
 - b. Complete delivery address including departmental three digit shipping code.
6. Provide the description of goods to be ordered.
7. Recap the items and quantities ordered.
8. Verify that all items are available for shipment. Backordered items should be ordered separately.
9. Verify the total charges, including any shipping/handling, hazardous fee charges, etc.
10. Request that the vendor include a receipt of your order with the shipment or mail you a receipt immediately upon shipment.

D. Receiving an Order

When you receive an order:

1. Verify that the supplier filled the order correctly. Check the contents of the package or verify that all the items you ordered were delivered.
2. Make sure that the supplier charged you correctly and did not include sales tax. If there is an error, contact the supplier directly.
3. Sign and date the packing slip or receipt. If the charge amount is not listed, write the total cost that you were quoted on the packing slip or receipt.

Keep the packing slip, sales receipt, or printed copy of online order acknowledgement from every delivery or purchase. You will need these receipts to attach to your monthly cardholder statement. The following information will be helpful to you when you reconcile your card statement.

- Order date
- Supplier name
- Unit price
- Date the item(s) was received
- Account number to charge, if different than the card default account number
- Requestor or person for whom you placed the order
- Item description and quantity
- Total amount of the order, including shipping and handling
- Business purpose of the purchase

E. Reconciling Your Account(s)

This data is critical to enable proper account reconciliation and audit review. The Record Keeper must sign a Record Keeper Agreement form indicating the Record Keeper's understanding of the responsibilities. The careful matching of complete support documents to the statement is vital to the success of this program. The following steps should be completed in properly reconciling your card account.

1. The Record Keeper shall verify each transaction listed on PaymentNet against the receipts, and then make any necessary changes (index number, account code, splits, notes, etc.) at least once a week.
2. At the end of each month, the Record Keeper must save as a PDF file or print the statement in PaymentNet that lists the Cardholder's transactions for that period, and attach the original sales documents for all items listed. Documentation may also include event flyer, packing slip, roster of participants, etc.
3. Two signatures are required for each statement. For departmental cards, the Record Keeper and the Budget Authority or Supervisor shall sign the statements. For individual cards, the Cardholder and the Supervisor shall sign the statements.
4. Upon completing this procedure, the statement file should be retained with any checkout log and receipts for future auditing purposes. The Program Manager or Internal Auditors will periodically review and/or audit the charges and statements. If the Cardholder/Employee does not have documentation for a transaction listed on the statement, he/she should attempt to obtain a receipt from the vendor, and if unsuccessful, attach a Procurement Card Missing Receipt form that includes a description of the item(s) purchased, date of purchase, vendor's name, and reason for lack of supporting documentation.

F. Refusal of Card or Account (Declined Transaction)

Should you be declined at the point of sale for any reason, you may contact the Program Manager at (270) 745-4260 or JP Morgan Cardmember Services at the number on the back of the card 800-316-6056 or outside the U.S (collect) 847-488-3748. Every effort will be made to determine why the transaction was declined.

If a card becomes defective and will not “read” at the point of sale or a transaction is denied, contact the Program Manager. All reports of denied transactions must be reported within ten days otherwise the transaction cannot be researched.

G. Lost/Stolen Card

Upon determination that a card has been lost or stolen, it is the cardholder’s responsibility to immediately contact the Procurement Card Office by phone (270-745-4260) or send email to pcard.admin@wku.edu.

The cardholder can also contact JP Morgan Chase directly at 800-270-7760 or outside the U.S. at 847-488-3748 to report the card.

VI. Reason for Revision

Revision 3.5202 - February 2019

Policy update to incorporate items contained within the separate *Purchasing Card System – Procedures and Guidelines* document and to update several areas within the policy.