



## BUSINESS OFFICE POLICY

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**NUMBER/TITLE:** BO-208, PURCHASE CARD POLICY

**Covered Individuals:** All University employees

**Strategic Priority:** SP 3.2

**Covered Locations:** All locations

**HLC:** 2.A, 2.B

**Effective Date:** 5/29/24

**Consultations:** Business Office

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### POLICY STATEMENT

To establish consistent usage and documentation of University purchases utilizing University-issued Purchase cards (pcards). This will assist with the University's requirement for cost control, effective and efficient travel for the cardholder, as well as provide efficient and effective support and service from the Business Office to all departments.

### PURPOSE

The Upper Iowa University (UIU) Purchase Card (pcard) Program is used as the primary method to pay for small dollar items (less than \$1000), including those items purchased online and during travel. **This card is NOT to be used to pay for services rendered as these services may require issuance of IRS form 1099 to the service provider.**

### DEFINITIONS

**Pcard:** The pcard is more than just a credit card. It is a purchasing card with certain restrictions and spending limits, programmed by the administrator. The use of the pcard enhances purchasing efficiency from beginning to end by delegating purchasing responsibility for items \$1000 or less to the pcard user and allows purchases to be made without the need for purchase requisitions, purchase orders, processing by the Business Office, and for travel convenience. The pcard can also reduce the number of small dollar disbursement request transactions that are processed.

**Receipt:** A receipt is an original, itemized account of the transaction prepared by the service provider and provided to the service recipient. Meal receipts must list names of those who ate. **Charges made with no matching, itemized receipt will be the responsibility of the individual/traveler/cardholder, with the exception of those considered de minimis (under \$10).**

### POLICY IMPLEMENTATION

#### A. Requesting a pcard

1. Pcards are issued to designated Upper Iowa University employees that routinely make small dollar purchases and who are approved by the appropriate supervisor having budgeting authority.
2. Once approved by the appropriate supervisor, pcards are issued to designated employees only with Vice President approval.

3. Requests for pcards may be sent to the Controller of the Business Office with the cardholder's following information:
  - i. Name
  - ii. Email
  - iii. Default enterprise
  - iv. Phone number
  - v. Credit Limit
  - vi. Approver
4. Approvers within the Bankers Trust system are not allowed to approve their own charges. As such, cards must always be approved by supervisors. In the case of the President, charges will be approved by the Board of Trustees Chair first and approved within the Bankers Trust system by Business Office staff after approval has been gathered.

#### **B. Budget Officer Responsibilities**

1. Monitoring the department's monthly pcard activity to ensure cards are used in accordance with all Upper Iowa University procedures.
2. Approving all individual transactions and reports in the system.
3. Ensuring all reports and receipts are turned in on a timely basis.
4. Contacting the Business Office immediately to close a card when a pcard holder employment is terminated by either party. Supervisor should obtain the physical card as well to be destroyed.

#### **C. Cardholder Responsibilities**

1. Utilizing the pcard as the primary method of payment for small dollar purchases according to these procedures.
2. Ensure budget funds are available for all purchases before card is used.
3. Resolve directly with the vendor any disputes concerning returns, credits, or adjustments for transactions made with the pcard.
4. Communicate sales tax exemption status information to all vendors upon purchase of goods, when possible.
5. Obtain and attach itemized transaction documents (receipts and the such) to the appropriate Bankers Trust pcard statement. Transaction documentation should be scanned and emailed with the matching, appropriate month's statement to the Business Office by **NO LATER THAN THE 10<sup>TH</sup> OF THE FOLLOWING MONTH.** Timely submission is critical and required for general ledger transacting.

#### **D. Authorized Uses of the Purchasing Card**

1. In general, the pcard is intended to buy supplies and expenses while traveling.
2. Purchases less than \$1000 may be made with the pcard within the established limits and restrictions of each individual card.
3. For purchases over \$1000, the pcard may still be used with specified approval. Please contact the appropriate Vice President.
4. Business meals where a majority of the guests are not UIU employees, so long as the business purpose, as well as all attendees' names, are indicated on the receipt/in the pcard reporting system.
5. **All purchases made with the pcard MUST be for the benefit of Upper Iowa University, within established budgets, and in accordance with the UIU Purchasing Card Procedure.**

6. All pcards issued by Bankers Trust in Upper Iowa University's name are property of the University and are to be used only for authorized Upper Iowa University purchases.

#### E. Unauthorized Uses of the Purchasing Card

1. Purchasing items equal to or greater than \$1000. Some exceptions may apply.
2. Personal items, including meals, may not be purchased under any circumstances, even with the intent of reimbursing the University after the purchase.
3. Capital Expenditures.
4. Cash advances.
5. Contractual Services (ie caterers, pest control, laundry services). Some exceptions apply.
6. The pcard shall not be used to authenticate your personal identity for non-University business purposes. The pcard is intended for official UIU business purposes only and is not to be used in any manner for personal purposes.
7. Restricted items, such as alcohol (some exceptions apply), weapons, drugs/controlled substances, and hazardous materials.

#### F. Making Purchases

1. All purchases are reflected on the Bankers Trust report which is submitted to the Business Office by **absolutely no later than the 10<sup>th</sup> of each month**. Cardholder approval is assumed by submission of report and supervisor approval is assumed by approval within Bankers Trust EZ Card site.
2. It is required that the cardholder obtain Budget Officer approval prior to any purchase card purchases. Each cardholder should work with his/her Budget Officer(s) to develop any desired departmental pre-approval processes.
3. The cardholder may be held personally liable for any purchases not pre-approved by the Budget Officer.
4. The cardholder must keep all pcard records, including **itemized** receipts or other documentation supporting charges on the pcard. Failure to provide an itemized receipt will result in the employee being held financially responsible for the cost of the transaction.
5. The cardholder is required by the **10<sup>th</sup>** of each month to submit one PDF of all required documentation of charges. This includes a copy of the completed Bankers Trust EZ Card report followed by the itemized receipts (please place in transaction order for ease of processing).

#### G. LIMITATIONS

1. **Shipping:** Cardholders should make prudent selection of shipping options. The cost of shipping heavier items and/or routine packages via express shipping from commercial shippers (FedEx, UPS, etc) can be very expensive. Such priority handling of shipments should only be utilized when absolutely necessary. As with all expenditures of University funds, prudence must be demonstrated and expenses justified.
2. **Returning Purchases:** Each cardholder is responsible for any returns of purchases. All returns must be credited to the cardholder's pcard. Cash refunds are strictly prohibited.
3. **Sales Tax:** UIU is a tax-exempt institution. The cardholder should remind all vendors of the University's tax-exempt status. Cardholders must review all receipts for each purchase to ensure sales tax has not been assessed. If sales

tax has been charged to a purchase, the cardholder should contact the vendor and request a credit, when applicable.

4. **Erroneous Charges:** If a cardholder believes that a charge has been posted incorrectly to his/her account, the cardholder must notify the vendor as soon as possible. The cardholder also must notify the Business Office of any disputed charges. If the vendor agrees that an error was made, the purchase will be credited to the account as soon as possible.
5. **Lost or Stolen Purchase Card/Fraud Activity:** The cardholder must notify the Business Office immediately of a lost or stolen card. The Business Office will cancel the card and request a new card be issued for the cardholder. If the cardholder believes a charge to be fraud, the cardholder should contact the number on the back of the pcard at once to report the charge and have the card closed.
6. **Termination of Employment:** Upon termination of employment, an employee's pcard will be gathered by the supervisor to be destroyed in accordance with the Termination Checklist on the UIU Employee Action Form and the Business Office will be contacted to close the card immediately.
7. **De Minimis Charges:** While the University asks for all itemized receipts, occasionally the cardholder may run into charges that do not provide receipts for small incidentals such as vending machines, automatic toll booths, etc. These such charges under \$10 will be considered de minimis in nature and will not require the cardholder to reimburse the University due to the lack of itemized receipt. However, reasonable effort should be used to secure all receipts, despite the amount.

## H. SANCTIONS

### 1. Misuse of Pcard

- a. Employees who are issued a pcard shall be held accountable for all transactions related to the card, including those transactions made with cards they have delegated to another. Consequences for misuse are serious.
- b. Administrative misuse includes, but is not limited to, lack of proper reconciliation materials (improperly completed report, missing receipts, late submission), as well as direct violations of pcard policies procedures.

### 2. Consequences of Misuse

- a. Level One: Warning from cardholder's supervisor.
- b. Level Two: Warning from appropriate Vice President.
- c. Level Three: Removal of pcard privileges.

Based on the severity of the misuse, the University may decide to initiate disciplinary action, up to, and including, possible termination and/or legal action.

The cardholder whose pcard has been revoked may regain use of a University pcard only by approval of the CFO, sought by the employee's supervisor.

In the case of personal purchases, repayment of the purchase by the cardholder to the University is required following resolution of the misuse. Repayment may be made by cash or check within 10 calendar days following resolution.

**Furthermore, purchases not accompanied by a valid, itemized receipt will be the responsibility of the cardholder.**

**CUSTODIAN**

Controller/Business Office

**RELATED DOCUMENTS, FORMS, AND POLICIES**

**BO-207 Travel Policy (proposed)**

**HISTORY**

<b>New/Revision Number:</b>	<b>Date of Action/Approval</b>	<b>Revision Change</b>
BO-208	5/29/24	Replaces "Procurement Card Procedures" dated 2/24/20