

**PROCUREMENT CARD PROGRAM**

**DEPARTMENT MANUAL**

**SECTION I**

**PROGRAM INFORMATION**



## **PROCUREMENT CARD PROGRAM GOALS**

The goals below begin at the statewide level and the intent is to have them flow down through all levels of the program, including the department level. When setting up department level processes, procedures, documentation, and forms, these goals should be in the forefront as decisions are made.

- **SAVINGS IN PROCESSING COSTS**
- 
- **CUSTOMER SERVICE**
- 
- **APPROPRIATE CONTROL**

### **J.P. MORGAN CHASE PROGRAM**

J.P, Morgan Chase is the issuing bank for the cards. They offer a program that allows the following:

#### Card Limits per Cardholder

- Maximum dollar amount per transaction – To be designated by department, not to exceed \$2000.00
- Maximum dollar amount per cycle period (5th - 4th of each month) – amount set by department
- Maximum number of transactions allowed per day - set by department
- Maximum number of transactions allowed per cycle - set by department

#### Exclusions by Merchant Category Code [(MCC)...aka Standard Industry Code - (SIC)]

Specific MCC/SIC codes are excluded from use on each card. These exclusions will cause a transaction to decline at vendors registered with these codes. In general these codes cover 1) access to cash (banks, betting, lottery), travel related purchases (airlines, travel agencies, restaurant meals), vehicle related purchases (vehicle rental, service stations, parts & repairs), politically sensitive issues (massage parlors, computer dating).

#### Default Account

- A valid account number associated with each card

# **THE PROCUREMENT CARD PROGRAM AND HOW IT WORKS**

## **THE PROCUREMENT CARD PROGRAM**

The Procurement Card program provides users in departments with a MasterCard credit card to use in making allowable, small dollar purchases for College business. All charges are the liability of the College. This credit card is used basically as you use a personal credit card.

- Identify a needed purchase
- Make sure it is an allowable purchase under the purchasing card rules and any grant terms that may apply
- Order or purchase the goods from the vendor using the credit card
- Obtain a receipt showing what was purchased
- Verify the charge on the monthly credit card statement
- Notify department reallocator of charges that the account or object code is different from default code
- File the receipts and monthly statements for future reference

Differences between the Procurement Card and a Personal Credit Card:

This credit card is used like a personal credit card, however, as a corporate card; there are differences that you should also be aware of:

- The department is liable for all charges made on a card before that card is reported as lost or stolen to Chase.
- There is no personal liability on the card unless the Cardholder violates the terms of the Procurement Credit Card Cardholder Agreement.
- The maximum per transaction limit is set at \$2,000, unless approved by Purchasing. The department may set a lower limit for any Cardholder. Each card is excluded from specific merchant types such as travel vendors, vehicle vendors, access to cash, betting, lottery, etc.
- Each card has limits which are specified by the Department for each Cardholder. These are per cycle period dollar limits and maximum number of transactions allowed per day and per cycle.
- Transactions made on the Procurement Card are downloaded monthly to the College. A reallocator is designated for each Cardholder. Cardholders must identify charges that require reallocation to an account other than their default account and notify their reallocator. Charges must be reallocated within 5 working days of emailed statement receipt.
- Cardholders who had transactions during a cycle period will receive an emailed Statement of Account. Both the Cardholder and their Approving Official must sign the statement. Any differences between the Chase statement and the Cardholders records must be reported to Chase and department reallocator.
- The transactions made on the Procurement Card are billed directly to the College, even though the name of the Cardholder is on the card. The College pays Chase once a month for all charges made by every Cardholder. The merchant is paid by MasterCard within 48 hours of when the merchant gives/transmits the transaction to MasterCard. The Cardholder's default account, or the account to which the transaction has been reallocated, is then debited for the amount of the transaction.

## HOW THE PROCESS WORKS

How you use the PCARD is pretty much identical to how you use your personal credit card. Described below are 7 simple steps to using the PCARD to make and account for a purchase. Some steps obviously have to be done by the cardholder. Other steps will be done by the Cardholder, the Reallocator, the Approving Official, or a support staff person, depending upon how your department has designed its procedures. Regardless of who does what, each of the following must be done.

### **Step 1 - Make a purchase.**

Many of the purchases will be done in person at a store. However, you may also make purchases over the phone, by fax, or mail by completing an order form for subscriptions etc. Internet purchases are allowed on secure web sites. It is recommended that the Cardholder keep a log of purchases made.

### **Step 2 - Receive the goods and obtain a receipt.**

For purchases made at a store, this will be done at the time of the purchase. Goods ordered by phone, fax or mail will be received in the mail or by freight carrier. Every purchase must be documented with a receipt which will usually come in one of three forms - standard store receipt, packing slip, or order form. Departments may request that their Cardholders ask the merchant to include an itemized invoice in with the packing slip. **This is not an invoice to be paid, but provides the itemized breakdown of the cost of all goods shipped.** All receipts must contain the following information.

- Vendor identification
- Date purchase was made
- A description of each item purchased
- Per item cost if available from the Vendor
- Identify as credit card purchase

### **Step 3 - Verify the goods received are what were ordered.**

Work with the vendor to correct any problems with the goods received.

### **Step 4 - Reallocate the charges.**

- Cardholder will print their emailed statement and attach backup documentation. Cardholder will identify purchases in need of reallocation and turn in all paperwork to the departmental reallocator. Reallocations must be done within 5 working days of statement receipt.
- Cardholders should review their monthly statements to make sure each transaction listed is theirs. If not, begin the Dispute process, see page 13.
- If transactions must be reallocated after the 5 working days, a Journal Entry Request will need to be submitted by the Department.

### **Step 5 - Verify that all charges on the monthly Statement of Account are correct.**

Receipts or a purchase log may be used to verify that all charges on the monthly statement are correct. File a dispute form with Chase for any charges in error. The Cardholder must sign the monthly Statement of Account.

### **Step 6 - Review and counter-certify the purchases.**

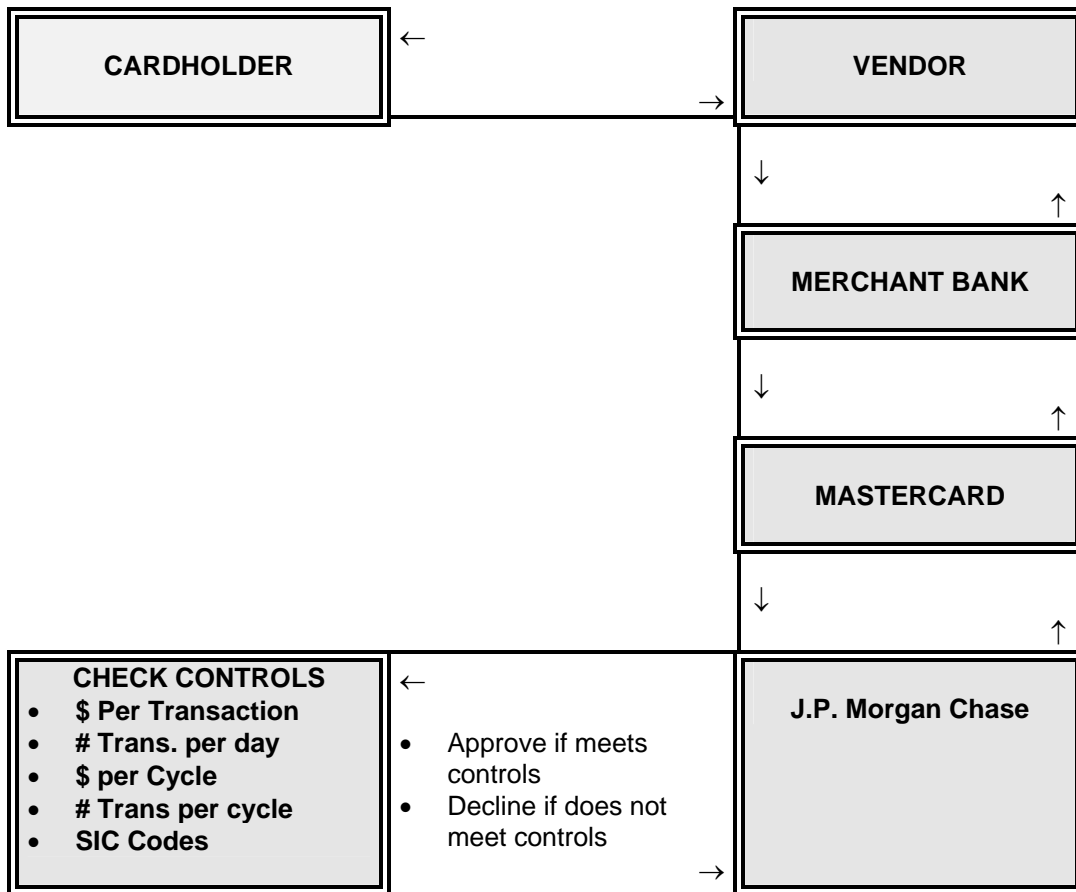
The Approving Official shall review the purchase documentation to confirm that all purchases are reasonable for the conduct of departmental business and that transactions are not violations. The Approving Official will counter-sign the Statement of Account for each of their Cardholders.

### **Step 7 - File the monthly statement and receipts.**

The monthly statement with all receipts attached shall be filed in the cardholder's department, by month. The College must retain these records for six years plus the current year. The department must file these in a manner to retrieve the supporting documents upon request by an auditor or other official person. Only the most current fiscal year's records are stored in the cardholder's department and will be called for submission to the Purchasing office in August of each year.

# PROCUREMENT CARD PROCESS

## TRANSACTION AUTHORIZATION



## DEFINITIONS

**Accountability** - The understanding and acceptance that one is answerable and responsible for ones actions and activities.

**Administrator (Program)** – The College employee who is responsible for overall administration of the program including program policies, procedures, card issuance/cancellation, monitoring Approving Officials/Liaisons, reporting, training and development of the Program. The primary interface with the State Purchasing Office.

**Approving Official (AO)** - A departmental employee designated to review PCARD purchases to verify they are reasonable purchases for the conduct of departmental business. This includes verifying that purchases are reasonable, in compliance with guidelines, etc. and within budget spending authority. Cardholders may not be their own approving official. Approving Officials should be someone in a position of authority over the cardholder (or at least in a lateral position) for this purpose.

**J.P. Morgan Chase** - the bank issuing the MasterCard credit cards.

**Cardholder (CH)** - An employee who has been issued a PCARD. The Cardholder is responsible for all charges made on the PCARD in accordance with the policies and procedures of the program and for immediately notifying the Department Liaison of a lost or stolen card.

**Cardholder Statement** - The monthly statement listing all transactions for the cardholder within the cycle.

**Credit** - A PCARD transaction reversing previous charges as the result of returning goods or any other valid reason.

**Cycle** - A defined period of time for which the payment to Bank One and the Cardholder Statement includes all PCARD transactions posted to Bank One. The period from the 5th of one month to the 4th of the subsequent month.

**Cycle Spending Limit** – The maximum dollar-spending limit a Cardholder may charge during a monthly billing cycle.

**Default Account and Object Code** - The account selected by the department for a Cardholder to which all purchases will be charged, unless they are reallocated by the Reallocator. The Default Account is included in the Cardholder setup information sent to Chase.

**Department Liaison (DL)** - The individual who is charged with the overall maintenance of the PCARD program for his/her department, is also the primary contact person for the Program Administrator.

**Dispute** - Any transaction appearing on the Monthly Cardholder Statement which the cardholder feels is invalid.

**Internal Controls** – The systems that management uses to regulate and guide operations, ensure accountability, and achieve program objectives.

**Merchant** - Any business that accepts a MasterCard credit card.

**Merchant Category Codes (MCC)** – A four digit number that describes the type of business that a vendor provides to MasterCard from a predefined list. Transactions at vendors with certain MCC codes may be prohibited and will be declined.

**Post Date** - The date a transaction is sent from MasterCard to Bank One.

**PCARD** - Procurement Card. A MasterCard credit card designed to make allowable, small dollar purchasing more efficient.

**Prohibited Purchase** – Purchases that are not made in compliance with applicable law, program parameters, purchasing policies and procedures and within approved budgetary authority.

**Purchase** - Allowable goods procured through the use of the PCARD.

**Purchase Authorization** - Authorization from your department allowing you to make purchases following your department's rules, limits, etc. This information appears on the Cardholder Account Form which is signed by the Department Liaison.

**Reallocation** - Using the Banner System to change the default Account Number and Object Code to the correct account number and object code to be charged for the purchase. Transactions that have not been reallocated by the 5<sup>th</sup> working day following statement notification date will feed with the default account and object code.

**Reallocator** - The departmental employee designated to do reallocation.

**Receipt** - A document from the vendor which identifies the specifics of what was purchased, the date purchased and the price. Usually consists of a traditional receipt but also includes packing slips and order forms for things such as publications, memberships, subscriptions, etc.

**Single Purchase Limit** – The maximum spending (dollar) limit a Cardholder is authorized to charge in a single transaction.

**Transaction** - A financial record sent to Bank One resulting from the use of the PCARD either for a purchase or a return of goods. The transaction ultimately is downloaded into the Banner System.

**Transaction Authorization** - The authorization the merchant receives from MasterCard to accept or decline the purchase.

**Transaction Date** - The date the transaction was placed with the vendor.

**Transaction Editing** - Changing the status of a transaction.

**Transaction Number Limits** – The number of individual purchases authorized per day or per cycle for each Cardholder.

**Transmit Date** - The date the transaction was transmitted from Chase to Fort Lewis College.

**Vendor** - Any business that accepts a MasterCard credit card.

## ACCOUNTING INFORMATION

- General Information
  - All transactions will be charged to the card default account number if they are not designated for reallocation.
  - Reallocations, if necessary, should be done no later than the 5<sup>th</sup> working day of following statement notification.
  - Transactions may be reallocated to multiple accounts
  - Reallocation is done on Banner
  - After the 5<sup>th</sup> working day of the month, reallocations or corrections must be done manually through a Journal Entry.
- Entering data
  - Some specific object codes are not allowed. See Section I, Program Information, Page 11 for list of object codes not allowed
- Banner Feed Information
  - All transactions feed to Banner on the 5<sup>rd</sup> of the month following the end of the cycle
  - Non-reallocated transactions feed following the end of the cycle using the Cardholder's default account and object code
- Transaction Status
  - Transactions may be put in Dispute status - This status is used for formal dispute with Bank One. Change in status does not keep the transaction from feeding to Banner or being paid.
  - Acceptable status choices are Accepted or Disputed.

## **PROGRAM MANAGEMENT**

### **RECEIPT OF CARDS:**

Purchasing will contact the Department Liaison to advise them when cards are available to be picked up. Along with each card, Purchasing will supply:

- Procurement Card Program Handbook for Cardholders, Approving Officials, and Reallocators.

### **DISTRIBUTING CARDS TO CARDHOLDERS:**

- To receive their card, Cardholders **MUST** be trained using the Procurement Card Program Handbook.
- Cardholder **MUST** sign the Cardholder Agreement when receiving their card.
  - The signed Cardholder Agreement is to be kept on file in the Purchasing department.
  - A copy of the signed Cardholder Agreement is available to the Cardholder or the Department Liaison upon request.
- Upon receipt of the card, Cardholder **MUST** sign the card.
- Instruct the Cardholder that instructions for activating their card are included with their card. Cards must be activated by the Cardholder before use.

### **ADDING CARDHOLDERS**

Cardholders may be added at anytime using the Cardholder Account Form in Section III. Send this completed form to Purchasing. Cards should arrive approximately 7-10 days after sending the form to Purchasing.

### **CANCELLING CARDHOLDERS**

The Department Liaison is responsible for canceling the cards of terminated or transferring employees and should use the following procedures:

- Retrieve the Card.
- Fill out the Card Cancellation form in Section III.
- Obtain the Cardholder's signature on the form and sign as the Department Liaison as well.
- Make a photocopy of the form and retain in the department's P-Card file.
- Send a photocopy of the Card Cancellation form and the card (cut into two pieces) to the Purchasing Office.
- Retrieve the Cardholder's monthly bank statements and source documentation.
  - Retain the Cardholder's statements and source documentation in the department until fiscal year end record submission to the Purchasing Office **OR** contact the Purchasing Office when the Cardholder is checking out to make arrangements for early record submission.

### **NOTIFY PURCHASING IF A CARD HAS BEEN LOST OR STOLEN**

You should phone Purchasing Overall Program Administration to report this, 247-7546. The Cardholder is to have immediately reported this to Chase via phone call to 1-800-316-6056.

### **CHANGING PARTICIPANT INFORMATION**

To change participant information such as name, phone number, address, etc., follow the form instructions and send the appropriate forms to Purchasing. Appropriate forms would be the Cardholder Account Form, Section III, form for Cardholders.

If for example, a name change due to marriage were needed for a Cardholder who is also the Department Liaison, and an Approving Official, then all three forms would be needed.

## PROGRAM CONTROLS

### Controls are in place to:

- Support detection of transactions not made by the cardholder
- Promote correct use of the card
- Promote timely reallocation of transactions
- Protect transaction data and card account numbers

### Built in Controls:

- Cardholder must activate card
- Card has tax exempt # and State of Colorado on the front of the card
- Transaction and dollar limits set on each card
- Merchant Category Code Groups (MCCG) Exclusions
- Hardcopy statement to Cardholder - requiring 2 signatures
- MasterCard Liability Protection Program for terminated employee cardholders
- The department has the right to cancel any card within their department at any time

### Control by Policies:

- Cardholder Agreement must be signed upon receipt of the card
- Departments must educate participants:
  - To report a lost/stolen card **immediately**
  - What can and cannot be purchased - Prohibited transactions. See Page 11 Program Information
  - Violations have consequences. See Page 16 Program Information
- Appropriate Approving relationships
- Formal disputes must be filed with Chase within 60 days of the last day of the cycle (4th of every month) where the transaction originally appeared

## LIMITING LIABILITY

The department is liable for:

- All charges made on a card before that card is cancelled or reported as lost or stolen to Chase
- All unallowable purchases, per the terms of your grant(s), made against grant accounts

The program has controls to protect and detect liability. These are:

- Cardholder must activate their card
- Merchant Category Code Groups (MCCG) Exclusions
- Copy of the card on file in the Purchasing Department
- MasterCoverage Liability Protection Program for terminating employee cardholders
  - **The MasterCoverage Liability Protection Program is available to protect FLC and its departments from employee fraud related to the P-Card Program. Detailed steps must be followed in order to qualify for the MasterCoverage Program, including but not limited to termination of the employee suspected of fraudulent activity. The MasterCoverage Program Summary is included in Section III Forms of this department manual. Contact Program Administration at 247-7546 for more information.**

In addition to the built in controls to help limit liability, there are department responsibilities and decisions that will affect the exposure. These responsibilities and decisions are:

- Educate your Cardholders to IMMEDIATELY report a lost or stolen card

- Educate your Cardholders to keep the card secure
- Educate your Cardholders to review their transactions on their Bank One statement

## CARD USE INFORMATION

The individual's name assigned to the card is the only person authorized to use that card – the card must not be given to or shared with other employees.

### Card must not to be used for:

- **PROHIBITED TRANSACTIONS**  
Listed below. It is a violation to use the card for any of these goods and services
- **TRANSACTIONS AT EXCLUDED MERCHANT TYPES**  
Listed below. The card will be declined by the merchant at the time of the transaction if used at merchants who are registered under these types of MCC
- **SPECIFIC OBJECT CODES**  
Listed Below. The PCARD System will not allow you to reallocate transactions to these object codes

PROHIBITED TRANSACTIONS	EXCLUDED MERCHANT TYPES by Merchant Category Code (MCC)	SPECIFIC OBJECT CODES not allowed
<ol style="list-style-type: none"> <li>1. Personal Purchases</li> <li>2. Cash Or Cash Type Transactions</li> <li>3. Split Purchases</li> <li>4. Inappropriate Purchases <ul style="list-style-type: none"> <li>• Contracts Requiring Authorized Signature</li> <li>• Drug Enforcement Agency Licensed Substances</li> <li>• Furniture</li> <li>• Restaurant Meals</li> <li>• Radioactive Material</li> <li>• Long distance and pay phone calls</li> <li>• Services (two exceptions: freight and quick copy charges)</li> <li>• Rentals of any kind</li> <li>• Alcohol for research or consumption</li> <li>• Travel Expenses - Lodging, Airfare, Vehicle, Meals</li> <li>• Vehicle Expenses - Vehicle Rental, Gasoline, Service Station Transactions, Auto Parts and Repairs</li> <li>• Unallowable Sponsored Project Purchases</li> <li>• Items carried in Central Stores</li> </ul> </li> </ol>	<ol style="list-style-type: none"> <li>1. Access to Cash Type Merchants <ul style="list-style-type: none"> <li>• Money Orders, wire transfer, stamp and coin stores, betting, lottery tickets, chips, wagers, financial and non financial Institutions - manual cash disbursement, travelers checks, money orders, precious metals, foreign currency, automated cash disbursements, merchandise services</li> </ul> </li> <li>2. Merchants for Existing State Programs: <ul style="list-style-type: none"> <li>• Travel Related Merchants - airlines, automobile rental, hotels and motels, lodging, resorts, timeshares, travel agencies</li> <li>• Transportation - , railroads, passenger, ambulance, limousine &amp; taxi, bus lines, charters, tour buses, cruise lines, steamships, etc.</li> <li>• Automobile and Truck Dealers and rental - sales, service, repairs, parts, ,</li> <li>• Eating places, restaurants, bars, cocktail lounges, nightclubs, taverns, drinking places (alcoholic beverages), fast food restaurants</li> <li>• Employment Agencies &amp; temporary help services</li> </ul> </li> <li>3. Politically Sensitive Issues <ul style="list-style-type: none"> <li>• Betting, lottery tickets, chips, wagers</li> <li>• Duty free stores</li> <li>• Furriers and fur shops</li> <li>• Pawn shops</li> <li>• Direct marketing insurance services</li> <li>• Telemarketing, travel related arrangement services</li> <li>• Cigar stores and stands</li> <li>• Bars, cocktail lounges, nightclubs, taverns, drinking places (alcoholic beverages)</li> <li>• Beer, wine, packaged liquor stores</li> <li>• Dating &amp; escort services, counseling services, massage parlors, health &amp; beauty spas, computer dating</li> </ul> </li> </ol> <p><b>For specific MCC numbers excluded - see attached list</b></p>	<ol style="list-style-type: none"> <li>1. Object Codes not allowed: <ul style="list-style-type: none"> <li>• 1101-0999 Revenue, revenue deductions.</li> <li>• Salary, wages, benefits and cost of goods sold, except 1021, 1022, 1041.</li> <li>• 31xx-32xx Services</li> <li>• 3860 Royalties/user fees</li> <li>• 4000-4030 Athletic Expenses</li> <li>• 41xx-43xx Travel &amp; Bad Debt Expense</li> <li>• 45xx-48xx Grants &amp; Billings</li> <li>• 49xx Other Operating Expenses</li> <li>• 54xx Foundation</li> <li>• 55xx-5940 Utilities &amp; Services</li> <li>• 60xx Vehicle Expenses</li> <li>• 61xx Rentals/Lease - Building, space and land</li> <li>• 69xx Agency Fund Expenses</li> <li>• 77xx Insurance</li> <li>• 78xx Interest/Transfers/Capital Leases</li> <li>• 79xx Overhead Costs</li> <li>• 8000-8650 Student aid</li> <li>• 9010 Capital Equipment</li> <li>• 9000-9290 Capital Outlay</li> <li>• 9700 Ind/Adm Costs Recovered</li> <li>• Budget pool object codes</li> </ul> </li> </ol>

## MERCHANT TYPE EXCLUSIONS BY STANDARD INDUSTRY CODE

Attempting to purchase at merchants with the following Standard Industry Codes will cause the transaction to decline.

Note: "xx" means all merchants with codes starting with the listed numbers.

### Contracted Services

07xx	All
1xxx	All

### Airlines

30xx	All
31xx	All
32xx	All
4511	Air Carriers, Airlines - Not Elsewhere Classified

### Automobile Rentals

33xx	All
34xx	All
35xx	All
36xx	All
37xx	All
7512	Automobile Rental Agency - Not Elsewhere Classified

### Transportation

40xx	All
41xx	All
42xx	All
43xx	All
44xx	All
45xx	All
46xx	All
47xx	All

### Utilities

4814	Telecommunication service including local and long distance calls, credit card calls, calls through of magnetic stripe-reading telephones, facsimile service
4815	MasterPhone™ telephone service - monthly summary telephone charges
4821	Telegraph services
4829	Money orders, wire transfer
4899	Cable & other pay TV
4900	Utilities, electric, water and gas

### Wholesale

5013	Distributors and Manufacturers
5021	Motor vehicle supplies and new parts
5172	Office and commercial furniture
	Petroleum products

### Retail Stores

5309	Duty free stores
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### Automobiles and Vehicles

5511	Automobile and truck dealers - sales, service, repairs, parts and leasing
5521	Automobile and truck dealers – used only
5532	Automotive tire stores
5541	Service stations (with or without ancillary services)

5542	Fuel dispenser, automated
5551	Boat dealers
5561	Camper dealers, recreational and utility trailers
5571	Motorcycle dealers
5592	Motor home dealers
5598	Snowmobile dealers
5599	Miscellaneous automotive dealers - not elsewhere classified
Clothing Stores	
5681	Furriers and fur shops
Miscellaneous Stores	
5811	Caterers
5812	Eating places and restaurants
5813	Drinking places (alcoholic beverages), bars, taverns, cocktail lounges and nightclubs
5814	Express payment service merchants-fast food restaurants
5921	Package stores, beer, wine, liquor
5933	Pawn shops
5960	Direct marketing insurance services
5962	Telemarketing, travel related arrangement services (excluding travel agencies)
5972	Stamp and coin stores
5983	Fuel dealers-fuel oil, wood, coal and liquid petroleum
Service Providers	
6010	Financial institutions - manual cash disbursements
6011	Financial institutions – automated cash disbursements
6012	Financial institutions - merchandise service
6050	Quasi Cash-member financial institution
6051	Quasi-cash Merchant
6211	Security brokers & dealers
6300	Insurance sales, underwriting and premiums
6381	Insurance premiums
6399	Insurance carriers not elsewhere classified
6529	Remote Stored Value Load-Member Financial Institution
6530	Remote Stored Value Load-Merchant
6531	Payment Service Provider-Transfer for a Purchase
6532	Payment Transaction-Member Financial Institution
6533	Payment Transaction
6534	Money Transfer-Member Financial Institution
7011	Lodging - hotels, motels, resorts
7012	Timeshares
Personal Services	
7210	Laundry , cleaning and garment services
7211	Laundry services-Family and commercial
7216	Dry cleaners
7217	Carpet and Upholstery cleaning
7230	Beauty and barber shops
7251	Shoe repair shops, shoe shine parlors & hat cleaning shops
7261	Funeral services and crematories
7273	Shoe repair shops, shoe shine parlors & hat cleaning shops
7276	Tax preparation service
7277	Debt, marriage, personal - counseling service
7278	Buying and shopping services and clubs
7296	Clothing rental-costumes, uniforms and formal wear
7297	Massage parlors
7298	Health and beauty spas

7299	Other services-not elsewhere classified
Business Services	
7361	Employment agencies, temporary help services
7372	Employment agencies, temporary help services
75xx	All
Repair Services	
75xx	All
76xx	All
Amusement and Entertainment	
78xx	All
79xx	All
Professional Services	
80xx	All
81xx	All
8351	Child care services
8641	Civic, social & fraternal associations
8651	Political organizations
8661	Religious organizations
8675	Automobile associations
8699	Membership organizations not elsewhere classified
8734	Testing laboratories (non-medical)
8911	Architectural, engineering and surveying services
8931	Accountants, auditors and bookkeepers
8999	Professional services not elsewhere classified
9211	Court costs including alimony & child support
9222	Fines
9223	Bail and bond payments
United Kingdom	
9751	U.K. supermarkets, electronic hot file
9752	U.K. supermarkets, electronic hot file

## DOCUMENTING EACH TRANSACTION

Every transaction made using the card must have valid and complete documentation. Below is an explanation of what is considered acceptable source documentation and an explanation of what information must be included in each piece of documentation.

### ACCEPTABLE SOURCE DOCUMENTATION:

Original Source Documentation is the documentation received from the merchant upon receipt of the goods, or in cases of dues, subscriptions or registrations, the form used to place the order.

Acceptable Source Documentation is defined as:

- Itemized receipt from the merchant
- Itemized packing slip from the delivery
- Print out of an itemized receipt for internet purchases
- Order forms for dues, subscriptions, registrations and similar items
- Invoice showing credit card payment

### INFORMATION THAT MUST BE ON THE DOCUMENTATION:

The documentation for every transaction made on the card must include the following information. If this information is not included in the merchant's documentation then it must be written directly on the documentation.

- Vendor Identification (Merchant name)
- Date purchase was made
- Description and quantity of each item purchased
- Per item cost if available

### IF THE ORIGINAL DOCUMENTATION FROM THE VENDOR IS LOST:

- Contact the merchant to provide a copy of the original documentation
- If the merchant cannot provide a copy:
  - Complete the Unavailable Document form in section III
  - Obtain the Cardholder's signature on the form
  - Obtain the Approving Official's Signature on the form
  - Attach the completed form to the Bank Statement

Note:

The Unavailable Document Form may be used in place of Original Merchant Documentation, **HOWEVER, repeated instances of missing Original Merchant Documentation will be considered a cardholder violation (except in cases where the merchant does not provide documentation to any of its customers) and the Cardholder may be required to obtain additional training on use of the program. Chronic abuse may result in cancellation of the card and will be investigated as potential personal purchase(s).**

### IF THE MERCHANT DID NOT PROVIDE DOCUMENTATION:

- Contact the Merchant to provide the Documentation.
- If the Merchant says they do not provide documentation to any of their customers as a standard business practice
  1. Contact Overall Program Administration (See Key Contacts). You will need to provide the merchant name, phone number, and a contact name.
  2. Complete the Unavailable Document form in section III, obtain both the Cardholder and Approving Official's signatures on the form, attach the completed form to the Bank Statement.

## RETURNS AND/OR EXCHANGES

- Make arrangements with the merchant before shipping an item for return.
- The merchant must credit a return and charge a new transaction. Exchange of like items, for example: different colors, may not require a credit transaction.
- It is a merchant violation to refund cash for a credit card return. Do not allow merchants to do this. It is a Cardholder violation to accept cash.
- Document all returns and exchanges. This information may be needed for a formal dispute.

## VIOLATIONS AND CONSEQUENCES

Below are 4 types of Cardholder violations and an explanation of what is an appropriate consequence for a specific violation. All violations are to be recorded on a Violation Warning Form (Section III, Forms) by the Approving Official or their designee and appropriate action is to be taken by the Approving Official. A copy of the Violation Warning Form is to be attached to the bank statement for the billing cycle in which the violation occurred and in some cases a copy of the form should also be forwarded to the Program Administrator. The Department and the Program Administrator have the authority to cancel a card at any time, regardless of the consequence listed.

### VIOLATIONS:

- |                              |  |
|------------------------------|--|
| <b>1. Personal purchases</b> | <b>2. Cash or cash type transactions</b> |
| <b>3. Split purchases</b>    | <b>4. Inappropriate Purchases</b>        |

#### 1. PERSONAL PURCHASE(S)

**Definition:**

A personal purchase is anything that is not purchased for use and ownership by the College.

**Violation:**

It is a Cardholder Violation to make ANY personal purchases or transactions with the Procurement Card or on any other purchase method. It is against the law to use government funds, state or federal, to purchase items for personal use. Even though the Cardholder may have paid the University back, or intends to pay back the amount of the purchase, it may be considered a fraudulent act.

**Consequence:**

The College must be reimbursed immediately for the amount of the personal purchase. The Card may be cancelled. Any violation of this policy may be investigated and could result in termination and/or criminal prosecution. Approving Officials are required to report all personal purchases, using the Violation Record Form, to the Program Administrator. In the event of neglect or willful default of these obligations, the College shall take any recovery action deemed appropriate that is permitted by law.

#### 2. CASH OR CASH TYPE TRANSACTIONS

**Definition:**

Cash, cash in addition to purchase, cash in lieu of credit to account, travelers checks, money orders, gambling, ATM transactions, etc.

**Violation:**

A cash or cash type transaction made using the Procurement Card.

**Consequence:**

Card may be cancelled and any violation of this policy may be investigated and could result in termination and/or criminal prosecution. Approving Officials are required to report all cash or cash type transactions, using the Violation Record Form, to the Program Administrator. In the event of willful or negligent default of these obligations, the College will take any recovery action deemed appropriate that is permitted by law.

### 3. SPLIT PURCHASES

**Definition:**

Split Transactions are defined as single items costing more than \$1,000 which are split between multiple transactions to circumvent the \$1,000 maximum limit (or cardholders personal maximum transaction limit).

**Violation:**

A split purchase as defined above.

**Consequence:**

Card may be revoked and the Cardholder may be required to obtain further training before the card is reinstated. Approving Officials are required to report all split purchases, using the Violation Record Form, to the Program Administrator.

### 4. INAPPROPRIATE PURCHASES:

**Information:**

Inappropriate Purchases are defined as: contracts requiring authorized signature, DEA licensed substances, furniture, restaurant meals, radioactive material, tax free alcohol for research, travel expenses, vehicle expenses, and services. See Page 11, Program Information for specifics.

**Violation:**

Purchase of any of the inappropriate items or services on the Procurement Card.

**Consequence:**

A verbal or written warning is to be given to the Cardholder by the Approving Official or the Program Administrator and the Cardholder may be required to obtain additional training on the use of the program. A copy of the written warning will be forwarded to the Program Administrator. Continued misuse may result in cancellation of the card.

**Note: July 1, 2003 Fiscal Rule 2-10 became effective involving various areas of the P-Card Program, most specifically Cardholder violations. According to the rule, all incidents of suspected fraud or card abuse should be reported, in writing, to the State Controller. Misuse of the card (improper or incorrect use) that is recurring or in excess of \$500 should also be reported to the State Controller. Please refer to Section III Forms to view the rule in its entirety. Contact Program Administration at 247-7546 for assistance in reporting the above mentioned violations to the State Controller.**

## END OF CYCLE STATEMENT OF ACCOUNT

A Statement of Account is printed for each Cardholder who had transactions which were posted to the bank during the cycle period (5th through 4th of each month). This Statement is emailed directly to each Cardholder. If a Statement is lost, a substitute Statement may be obtained by contacting the Program Administrator.

**Cardholder:**

The Cardholder must review the transactions and sign off on the hard copy Statement of Account received from Chase. The Cardholder must notify the reallocator of any transactions requiring budget change. The Cardholder should note any problem transactions for possible dispute. An itemized receipt should be attached to the hard copy Statement of Account for each transaction incurred during the billing cycle. If a receipt is missing refer to page 15, Program Information, for further instructions.

**Approving Official:**

The Approving Official must review the transactions and sign off on the Statement of Account for each Cardholder who had purchases during the previous cycle.

The Approving Official is to review each statement and documentation for:

- Original documentation for each transaction

- Prohibited Transactions - as listed in the Department Manual, Section I, Page 11 and Procurement Card Program Handbook, Page 7.

The Approving Official is to take appropriate action for all violations. Appropriate action for specific violations is listed in the Department Manual, Section I, Program Information, Page 16, and Procurement Card Program Handbook, Page 11. The Approving Official should work with the Department Liaison to rectify personal or cash transaction violations and for recurring loss of original documentation.

All violations are to be recorded by the Approving Official on the Violation Warning Form in Section III, and the completed form should be attached to the statement of account.

## **DISPUTES**

The following may be formally disputed with Chase:

- Unauthorized charges, including unauthorized phone or mail order charges
- Difference in amount authorized and amount charged
- Duplicate charges
- Transaction which is yours but you are challenging for other reasons
- Your account has not yet been credited in the PCARD System but you have received a credit voucher from the merchant or have been told by the merchant they will issue a credit
- Failure to receive goods
- Returned merchandise
- Unrecognized charges
- Altered charges
- Defective merchandise

Formal disputes must be filed with Chase within 60 days of the end of the cycle (4th of the month) in which the transaction first appeared. The dispute form (Cardholder Dispute Form) may be photocopied from the Department Manual. The Cardholder's signature is required on a dispute form. Department Reallocator should be contacted to formally dispute a transaction.

## **SOURCE DOCUMENT FILING**

Each Statement of Account, with the supporting transaction documentation attached, is to be filed in the department by Cardholder by month. The documentation must be available for audit upon request. Information for each fiscal year is to be submitted to Purchasing for record keeping by August 31st of the next fiscal year. Records will be kept for 6 years plus current fiscal year. In order to ensure uninterrupted privileges in the use of the PCARD, information must be submitted in a timely manner.

## **AUDIT OF THE PROGRAM**

The Procurement Card Program and transaction documentation will be audited periodically by Program Administration to ensure appropriate use of the card and compliance with the Program's rules and regulations. The Department Liaison(s) will be contacted in advance to schedule a time and place for the audit and will be asked to collect all Cardholder records from within the department. Program Administration may also request that departments send Cardholder records for review to the Purchasing Office via Campus mail. Many other sources may also request audit of this program from time to time. Additionally, a monthly report showing all vendor names and transactions posted to the card during the billing cycle is printed and reviewed by Program Administration, at which time the Cardholder(s) may be contacted to provide further information on questionable items.

## **VENDOR RELATIONS**

Corporate Credit Cards, such as our Procurement Cards, are a relatively new way of doing business for vendors as well as for the College. We all need to work with the vendors to make a smooth process.

**Vendors may want more information about the program:**

A vendor information sheet is in the Master Copy Forms Section III of this manual. This information sheet may be photocopied and sent or faxed to vendors. Remember to refile the master copy in this manual.

**Vendors may need an official tax-exempt form to exempt the transaction from taxes:**

This form can be faxed to the vendor. Please contact Accounts Payable, 247-7158, for form.

**Vendors may want an “account” set up before they allow use of the card.**

**Problem Resolution:**

Contact the vendor directly to resolve problems. It is a department decision as to when to keep working with the vendor and when to file a dispute with Bank One. We suggest you do not spend a lot of time on resolving small dollar purchase credits with the merchant file a dispute with Bank One and let them resolve the issue.

If the vendor has said they will issue a credit, but you do not see the credit on the end of the cycle statement, file a Dispute Form with Bank One. (See Dispute Form, Master Forms, Section III). Let Bank One spend the time to resolve this for you.

If you have been double charged on the statement, file a Dispute Form with Bank One and let them resolve this for you.

**Vendors who don't accept MasterCard:**

Suggest to vendors that they call 1-800-984-9982 to request information on becoming a MasterCard vendor.

**To find out if a vendor accepts MasterCard before you place an order:**

Call the vendor and ask if they accept the FLC Procurement Card.

**Vendors hold authorizations sometimes, turning in multiple authorizations at once:**

This causes Cardholders with low number of transactions allowed per day to sometimes decline. In order to alleviate this problem, Bank One recommends at least 10 transactions per day limit.

**Vendor packing slips sometimes do not list individual pricing for items purchased on one transaction:**

Lack of an invoice may make it more difficult to deal with reallocating the transaction to multiple accounts, and in partial returns. Have your Cardholders ask that the vendor include an itemized invoice in the delivery along with the packing slip, or have your cardholders ask the vendor to fax an itemized invoice.

**Note:** You are eligible for the same discount on College purchases when you use the P-Card as you are with a College Purchase Order.

# **PROCUREMENT CARD PROGRAM**

## **DEPARTMENT MANUAL**

### **SECTION II**

## **DEPARTMENT SET UP**



The list below shows the tasks you will need to complete in order to set up and manage the Procurement Card Program within your department. As you work your way through the 8 Set Up steps, check off completion on this sheet. Once all of the tasks are checked off, your department is ready to implement. All forms are in Section III Master Copy Forms.

**DEPARTMENT SET UP TASKS TO BE COMPLETED:**

**STEP 1**

**ENTER THE PROGRAM**

• **Designate the Department Liaison and backup(s)**

The Dean, Director, or Department Head must designate a Department Liaison to:

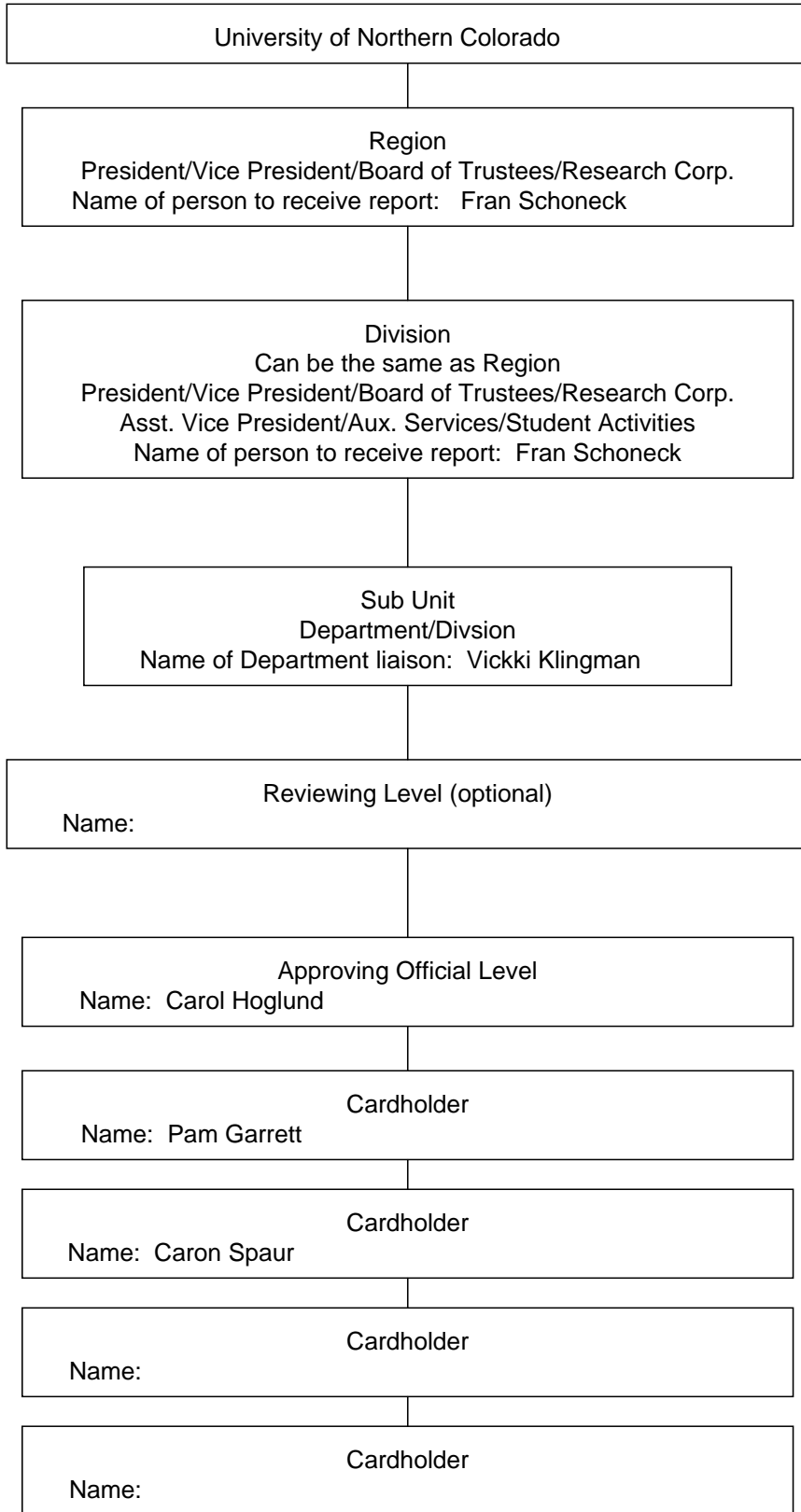
- Act as the authorized signer for the department. As an authorized signer, this person's signature gives the authority for Purchasing to process paperwork to set up Cardholders for your department.
- Manage the Procurement Card Program within the department by arranging training for new department participants, managing the set up, change and cancellation forms, answering program related questions from participants within the department
- Act as the liaison between Purchasing and department participants

The Department Liaison will have access to cardholder account security information and is responsible for the confidentiality of this information.

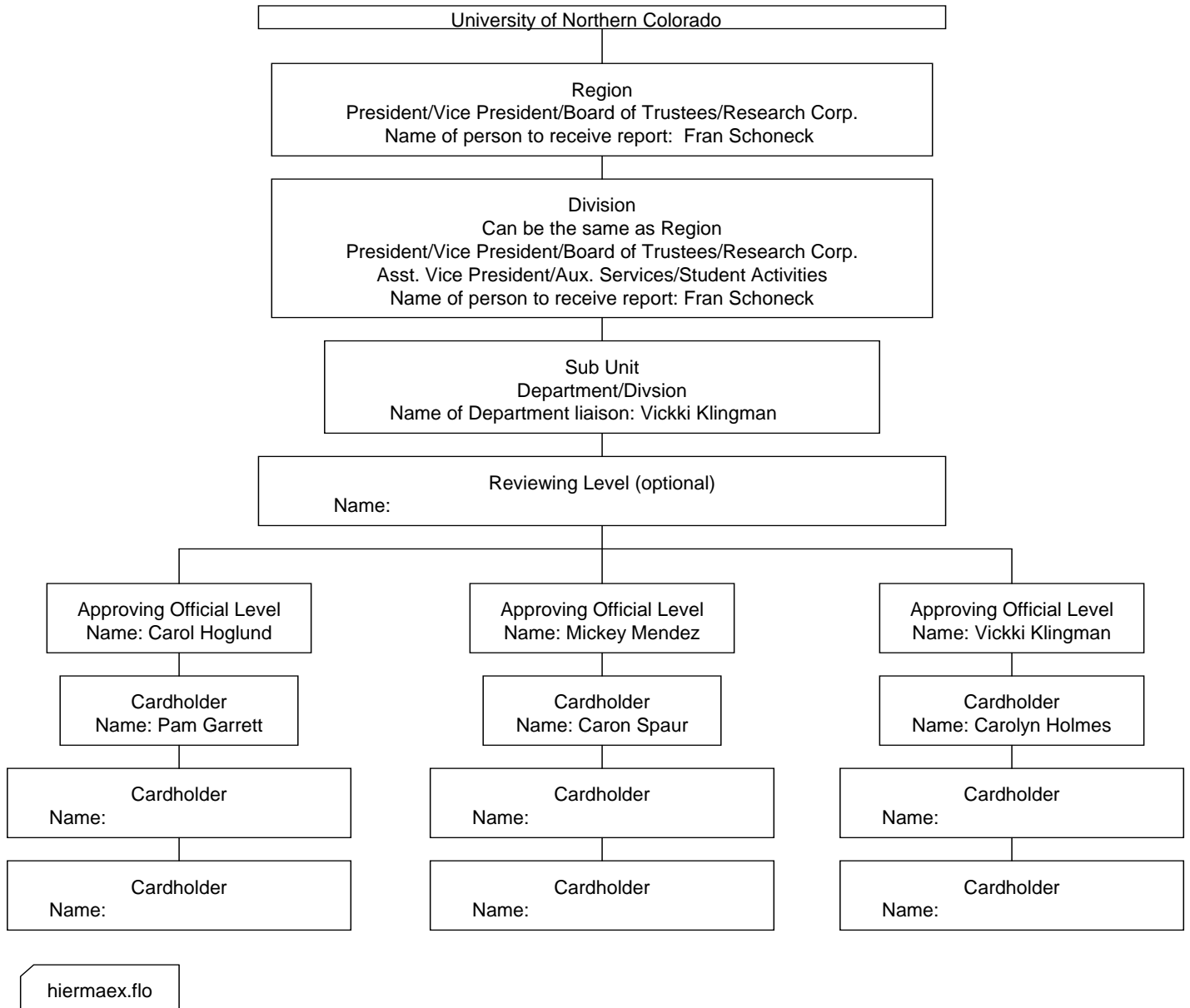
• **Designate who will participate in the Department Set Up Steps:**

- Department management must determine who will lead and participate in completing the Department Set Up decisions and steps within the department. These are the people will coordinate with Purchasing for plan implementation.

SINGLE LAYER HIERARCHY STRUCTURE  
EXAMPLE A



**MULTIPLE APPROVING OFFICIAL HIERARCHY STRUCTURE  
EXAMPLE B**





## STEP 2

### DESIGNATE PARTICIPANTS

Upon completion of this step you should:

- A. Have determined who will be the Department Liaison, the Approving Officials, the Reallocators, and who will be Cardholders at this time, and that they are all within the policies set for appropriate relationships

#### What is a “Participant”...

Participants are the people in the roles of Cardholder(s), Approving Official(s), Reallocator(s), and Department Liaison within your department Procurement Card Program. See Master Copy Forms Section III, “Participants and Roles” for further information.

#### POLICIES that must be followed when designating the participants...

- Every Cardholder must have an Approving Official.
- A Cardholder may NOT be their own Approving Official **under any circumstance**. An Approving Official may also be a Cardholder, but must have a different Approving Official.
- An Approving Official should be at least one level above the Cardholder. If this is not possible, an employee working directly for an individual may not be that individual's Approving Official. Approving Officials must be in a position to question the Cardholder and take appropriate action for violations without jeopardy to their position. The Approving Official should have knowledge of what the Cardholder should be buying for the University.
- The following employees are eligible to become Department Liaison, Reallocators, Approving Officials, and/or Cardholders:
  - Classified Staff
  - Unclassified Staff
  - Professional Exempt Staff
  - Faculty
- Department Liaison, Reallocators, Approving Officials and Cardholders (with the exception listed above) may also be any of the following:
  - A Cardholder
  - An Approving Official
  - A Reallocator for their own or others Cardholders' transactions.
  - The Department Liaison

## **Suggested approach to determining department participants...**

### **Who should be Cardholders?**

1. Determine who currently requests goods under \$2,000 per transaction.

Is it appropriate for your department that these people now procure the goods directly using the card? If yes, this is a potential cardholder.

2. Determine who currently procures goods under \$2,000 per transaction for the department, using any of the current procurement methods; Purchase Request, Field Purchase Order, RFPs, Petty Cash.
3. Determine which of each of these people is an eligible Cardholder per the policies listed on the previous page. These are the potential cardholders for your department.
4. Determine with reasonable confidence, which of the potential cardholders, will be "responsible cardholders", by adhering to the instructions set forth in the Procurement Card Program Handbook. These people should be your cardholders.

You may add and delete Cardholders at anytime.

### **Who should be Approving Officials?**

1. For each of your cardholders, determine who has knowledge of what is appropriate for that cardholder to be purchasing for College use.
2. Determine if this position has an appropriate relationship to the cardholder position.

If persons meet both of the above, these are your potential Approving Officials.

3. Determine with reasonable confidence, which of the potential Approving Officials will be "responsible Approving Officials", by adhering to the instructions for Reviewing Transactions set forth in the User's Guide. These people should be your Approving Officials.

### Who should be Reallocators?

1. Determine which of your Cardholders would take the responsibility for completing on-line reallocation of their own transactions. These are potential Reallocators.
2. Determine whom currently processes the paperwork for purchases made by others in the department. These are potential Reallocators.
3. Determine if the potential Reallocators have Banner capability to do reconciliation.
4. Determine which type of reallocation process fits your department's organization, needs and direction:
  - Centralized** - reallocation is done within your department by a person(s) for other cardholders.
  - Decentralized** - reallocation is done by each cardholder for their own transactions. Cardholder must have Banner knowledge and access
  - Combination** - Some cardholders reallocate their own transactions and some cardholder's transactions are reallocated by someone other than the cardholder.
5. Decide who will be Reallocators based on which type of reallocation process your department will use.

## STEP 4

### DOCUMENTATION AND PROCESS FLOW

Upon completion of this step you should:

- Have defined a process flow from purchasing through accounting, approval, filing, and disputes
- Have developed any forms that are needed to support your process flow
- Have written instructions for participants explaining the process flow and their part in it

We suggest you read all information in Step #4 before determining your documentation and process flow.

#### 1a. DOCUMENTATION - DEPARTMENT LEVEL

Your department may choose to add additional forms to support the process, and/or make the program fit in with existing processes. These forms may be 1) to ensure the Cardholder is authorized to make the purchase, 2) the sample Order Log provided by the program may not include all the information a department needs, 3) other forms the department may need to integrate this system effectively with their other department processes. These forms will be part of the department's process flow.

#### AUTHORIZATION TO PURCHASE

It is imperative that each Cardholder know what they are, and are not, allowed to purchase for the department, without prior approval.

Examples of types of authorization where existing or new forms may be required are:

- **Per Transaction Authorization** - Cardholders that routinely make purchases for others may currently require a written "request" from the end user for every purchase. The department may want to integrate this existing form and practice into their Procurement Card Program.
- **Limited Blanket Authorization** - Staff Cardholders may be currently allowed to purchase any operating goods without pre approval per transaction, however, they may not purchase equipment without pre approval
- **Blanket Authorization** - Cardholder purchases may need no pre approval per transaction. This is authorization to purchase whatever is needed using the card within the policies and card limits of the Procurement Card Program.

Department must:

1. Determine what type of purchase authorization each Cardholder has/needs. Keep in mind the goals of 1) savings, 2) service, 3) appropriate controls.
2. Provide this information to Cardholders when giving them their card.
3. Develop or modify, and provide to the Cardholder, any forms it determines are needed.
4. Define what is to be done with the forms and when. For example, Authorization form [is/is not] to be attached to [statement at the end of the month/each piece of source documentation] and forwarded to [Approving Official/Reallocator].

#### KEEPING TRACK OF ORDERS PLACED

Cardholders may want to keep track of the orders they place. A sample Order Log is provided in the Master Forms. Departments may want to modify this form by adding fields specific to their department information needs.

#### OTHER FORMS

Department may need to develop, modify, or use other existing forms to integrate this program into their department program.

#### 1b. DOCUMENTATION - OVERALL PROGRAM LEVEL

Overall Program documentation refers to the documentation that is required of all departments. The department must determine what is to be done with the documentation and when, to meet the requirements of the program. Below are the program documentation and the requirements. Also, in brackets below, are choices the department will need to make when determining their process flow.

- **Source Documentation** - refers to both transaction and credit documentation. Immediately upon obtaining and completing the documentation:
  - the Cardholder is to file source documentation to hold for their monthly statement, making note if the transaction will require reallocation from their default account code.
- **Cardholder Statement of Account**- Cardholder statement is produced at the 5<sup>th</sup> of the month by Bank One and delivered via email to the Cardholder. Upon receipt of the statement, the Cardholder is to:
  - Reconcile the statement and attach original receipts.
  - Clearly identify which transaction require reallocation
  - Cardholder signoff on the statement.
  - Forward to reallocator. Any reallocations must be done within 5 business days of statement receipt
  - Forward statement to Approving Official for review and approval. Statement can be returned to Cardholder for record keeping until records are forwarded to Purchasing each August for the prior fiscal year.

## 2. PROCESS FLOW

Defining your Process Flow is

- Determining the sequence and timing of the purchasing, accounting, approval, filing, and disputes steps and the paperwork moving through those steps.

**Below are the functions and the program documentation requirements for each function.**

Purchasing - using the card

Authorization to make a purchase -

- It is a department decision as to what paperwork will be required, who will approve the authorization, what documentation it is to be attached to, and to whom the authorization is to be forwarded and when.

Order Log -

- It is a department decision as to whether or not an Order Log will be required, and what the Cardholder is to do with the Order Log at the end of each cycle. It may be used to review & sign off on the statement if the source documentation has already been forwarded to the reallocator for accounting.

Source Documentation -

- This documentation is required for both reallocation and approval steps. Department needs to determine when and how this paperwork is to move forward in order to complete the reallocation process. Source documentation is required for every transaction.
- Sign Off on monthly Cardholder Statement - both Cardholder and their Approving Official must sign this statement. The source documentation for each transaction is to be attached to the Statement of Account when the Approving Official reviews the statement.

Accounting - Reallocating

Account(s) and object code

- The department process flow needs to include the correct account(s) being assigned to every transaction. It is a department decision as to who assigns the account and object code, and when it is assigned.
- The department process flow needs to include the designation of someone for the purpose of reallocation.

Source Documentation -

- The accounting function requires source documentation. A formal dispute should be initiated if what is on the source documentation does not match the hard copy statement from Bank One. It is a department decision as to how the source documentation gets to the Reallocator.

### Approval Function

#### Source Documentation and Cardholder signed Statement of Account

- The Approval function requires both source documentation and the end of the cycle Statement of Account, signed by the Cardholder. There must be documentation for every transaction on the Statement of Account. It is a department decision as to how to get the source documentation together with the Statement of Account for Approving Official review.

### Source Document Filing

Each Statement of Account, with the supporting transaction documentation attached, is to be filed in the department by Cardholder by month. The documentation must be available for audit upon request. Information for each fiscal year is to be submitted to Purchasing for record keeping by September 30<sup>th</sup> of the next fiscal year. Records will be kept for 6 years plus current fiscal year. In order to ensure uninterrupted privileges in the use of the PCARD, information must be submitted in a timely manner.

### Disputes Process

Statement of Questioned Item form must be signed by the Cardholder and filed with Bank One within 60 days of end of cycle (27th) when transaction first appeared. It is a department decision as to when to keep working with the vendor and when to file a dispute with Bank One. We suggest you do not spend a lot of time on resolving small dollar purchase credits with the merchant; file with Bank One and let them resolve.

When designing your department level process flow, keep in mind that this is an opportunity to start fresh and design a process that reduces or eliminates “disconnects”. A “disconnect” is anything that negatively impacts the effectiveness or efficiency of a process.

#### **Examples of possible disconnects to try to eliminate are:**

- Unnecessary steps
- Redundant steps
- Unnecessary hand-offs
- Not clear who is responsible to perform, manage, or support a step
- Bottleneck operations

#### **Examples of questions to ask when determining if your process has disconnects:**

- Is the process producing the needed inputs
- Is the process producing unneeded outputs
- Are any needed steps missing
- Are steps not adding value, not providing the right output

#### **Department must:**

- Determine what the process flow within the department will be
- Determine and design (if new) additional forms that need to be added to make a smooth process flow
- Write instructions to participants
  - what they are to do with documentation and when
  - what is each Cardholder’s authorization, before a purchase is made

## STEP 5

### FILL OUT SET UP FORMS

- A. Hierarchy Set Up
- B. Cardholder Account Set Up

Upon completion of this step you should

- have completed 3 hierarchy set up forms, 1 for each level except Cardholder level.
- have completed Cardholder Account Forms for those Cardholders you are setting up at implementation. Additional Cardholders may be added at any time.

In order to get your department set up with 1st Bank One and receive cards, set up forms must be filled out. The master copies of these forms are located in the Master Forms section of this guide. Remove each form as it is needed, photocopy it, and fill in the information according to the instructions on each form. Refile the Master Copy back into the same section for future use.

#### A. PARTICIPANTS/ROLES IDENTIFIED

#### B. CARDHOLDER ACCOUNT FORM

Keep the Cardholder Account Set Up forms secure. There is card security information on these forms. Fill out one Cardholder Account Set Up form for each Cardholder you are setting up at this time.

**You may want to make a master copy of the Cardholder Account form with consistent department information filled in. Use this new master to add, change or delete Cardholders. File the new master in Section III, Master Forms. This information is available from the P-Card Administrator.**

#### Defining Limits:

Define appropriate Card limits per the needs of the individual cardholder based on their buying needs.

- Number of transactions allowed per day
- Number of transactions allowed per cycle
- Total spending limit per transaction - maximum of \$1,000, may be set lower
- Total spending limit per cycle

#### Default Account:

Assign a valid account as default Account Number to each Cardholder.

## STEP 6

### PREPARE FILING SYSTEMS

Upon completion of this step you should know how and where the following documentation will be filed within your department.

- **Cardholder Account Forms:**

The original Cardholder Account Forms should be forwarded to the Purchasing Office.

- **Hierarchy Set Up Forms**

The Hierarchy Set Up Forms, for Department Liaison, Approving Official, and Reallocator levels may be kept in this manual, for future reference.

- **Source Document Filing:**

Departments are responsible for filing the source documents supporting the procurement card transaction. The purpose of the filing system is to be able to retrieve the source document which supports the Procurement card and transaction. The transaction will carry the following information, in addition to other information, which constitutes the filing elements.

- Cardholder # (last 7 digits)
- Vendor Name
- Transaction date (date of posting by bank)
- Amount of Charge

Departmental filing systems must be set up in order to retrieve upon request the source document supporting any procurement card transaction. All source documents shall be attached to the monthly Procurement Card Statement of Account and filed by cardholder, by billing cycle. Envelopes may be used. The department must file these in a manner to retrieve the supporting documents upon request by an auditor or other official person.

Records are to be forwarded to the Purchasing Office each August for the prior fiscal year.

## STEP 7

**Note:** Training for new cardholders is also available through the Purchasing Office. We recommend contacting Purchasing at 247-7546 to schedule a training session for any cardholder(s) being added to the program

### TRAINING PROGRAM

#### **The Purchasing department is responsible for training....**

Contact Purchasing to set up departmental training and the training of any new employees you add to your cardholders

#### **What should Cardholders and Approving Officials be taught...**

##### **Cardholder**

Cardholders are responsible for reviewing and understanding the information in the "Procurement Card Program Handbook.

##### **Important:**

- **Reporting lost or stolen card IMMEDIATELY**
- **Appropriate Card Use - what they are and are not allowed to purchase with the card**
- **Documentation is required for every transaction**
- **What information should be given when placing orders**
- **What is considered to be a violation**
- **There are consequences for violations**
- **The department instructions on process flow**
- **The Statement of Account must be signed**

##### **Approving Official**

Approving Officials are responsible for reviewing and understanding the information in the "Procurement Card Program Handbook

##### **Important:**

- **They are to review and signoff on a Statement of Account for each of their cardholders who had transactions during the previous cycle period**
- **What violations they are to be looking for when reviewing and signing off on the Statement of Account**
- **They must take appropriate action for all violations and should follow the Violations & Consequences guidelines for personal purchases, cash transactions, and for continued loss of original merchant documentation**

##### **Reallocators**

Purchasing will provide training sessions on use of the PCARD System for Reallocators.



**PROCUREMENT CARD PROGRAM**

**DEPARTMENT MANUAL**

**SECTION III**

**MASTER COPY FORMS**



**DEPARTMENT SET UP CHECK OFF SHEET**

The list below shows the tasks you will need to complete in order to set up and manage the Procurement Card Program within your department. As you work your way through the 8 Set Up steps, check off completion on this sheet. Once all of the tasks are checked off, your department is ready to implement

**DEPARTMENT SET UP TASKS TO BE COMPLETED:**

Departments must make the following decisions when implementing the Procurement Card Program. This information needs to be provided to all cardholders to promote an efficient process within the department and to ensure the integrity of the program.

- \_\_\_\_ Who will be Cardholders, who will be the Approving Official, who will be the Reallocator.
- \_\_\_\_ What level of authority each cardholder has to make purchases – does the Cardholder need pre-approval for each purchase, for certain types of purchases, etc.
- \_\_\_\_ Determine credit limits for each cardholder.
- \_\_\_\_ Set up an efficient method for cardholders to turn in their statements/receipts to the reallocator.
- \_\_\_\_ Who assigns the default account code for each cardholder
- \_\_\_\_ Develop a filing system for signed Cardholder Statements with receipts attached

All of the above steps have been completed by this department and we are ready to implement the PCARD program in our department.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Department Liaison or Department Head

Print Name \_\_\_\_\_

Print Department Name \_\_\_\_\_

## PARTICIPANTS AND ROLES

**Department  
Management**

---

Participates in the department set up decisions - what the process flow will be, if any additional forms are needed, which cardholders have what kind of purchasing authority.

**Name  
Department Liaison**

---

Is designated by the Department Head to be the authorized signer for all forms going to Purchasing, to manage the program within the department.

**Name  
Cardholder(s)**

---

Acquire authorized and allowable goods for the College using the Procurement Card MasterCard. Cardholders must ensure that there is documentation for each transaction, notify reallocator of any transactions that must be changed from the default account code, and must sign off on the Statement of Account for any cycle in which they had transactions.

**Approving Official(s)**

---

Ensure the integrity of the program by reviewing, approving, and signing off on Cardholder statement(s), thus certifying that the purchases made by Cardholders are legitimate purchases for College business and are not violations. The Approving Official is to take appropriate action for violations and all violations are to be recorded. Approving Officials may be Cardholders, but may not be their own Approving Official.

**Name  
Reallocator(s)**

---

Reallocate the transactions from the default account and object code to the final account(s) and object code. **Reallocator must have the capability to access the necessary Banner forms.** A Reallocator may be a Cardholder who is reallocating their own transactions, or an employee who reallocates the transactions of other cardholders.

**Name**





**Fort Lewis College  
PROCUREMENT CREDIT CARD**

**CARDHOLDER AGREEMENT**

Fort Lewis College is pleased to provide you with the Procurement Card. The card represents the College's trust in you and your empowerment as a responsible employee of the College to safeguard and protect its assets.

I, \_\_\_\_\_, hereby acknowledge receipt of a College Procurement Card, card number \_\_\_\_\_. As a cardholder, I agree to comply with the terms and conditions of this Agreement and the stated provisions of the FLC Procurement Card Program User Handbook provided to me. I acknowledge receipt of the User Handbook, confirm that I have read and understand its provisions and that I will comply with the terms and conditions and those of subsequent User Handbook revisions. I understand that the College is liable to J.P. Morgan Chase/Bank One MasterCard for all charges made by me. ***I further understand that any unauthorized, unallowable or otherwise inappropriate charges made by me, regardless of funding source, are the liability of my department and may result in my personal liability.***

As the holder of the Procurement Card, I agree to accept responsibility for the protection and proper use of the card as outlined in this Agreement and the User Handbook. I shall protect the card at all times and understand that the card is to be used only by the person whose name appears on the card for payment to vendors for allowable purchases. I understand that the College WILL audit the use of this Procurement Card and that I MAY NOT use the Procurement Card for personal purchases or the prohibited commodities listed in the User Handbook. Should the Procurement Card be lost, stolen or compromised in any manner, I shall immediately advise Bank One MasterCard (1-800-316-6056 for cancellation purposes) and my Department/Division Liaison.

I understand that the card is the property of the College, assigned to me by my Department/Division and that, in the event of willful or negligent default of these obligations, the College will take any recovery action deemed appropriate that is permitted by law. Furthermore, upon transfer from the department or termination of employment with the College, I agree to return this card to the Department Liaison or the Procurement Card Administrator for immediate cancellation.

**APPLICANT:**

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Print Name:** \_\_\_\_\_

**Department:** \_\_\_\_\_ **Campus Phone #:** \_\_\_\_\_

**Campus Address:** \_\_\_\_\_ **E-mail:** \_\_\_\_\_

**Training Completed** \_\_\_\_\_

Original to be retained in the Purchasing Office

# STATE OF COLORADO PROCUREMENT

## CODE OF ETHICS

Any person employed by the State of Colorado who purchases goods and services, or is involved in the purchasing process, for the State, shall be bound by this code and shall:

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
2. Demonstrate loyalty to the State of Colorado, Fort Lewis College, by diligently following the lawful instructions of the State of Colorado while using professional judgment, reasonable care, and exercising only the authority granted.
3. Conduct all purchasing activities in accordance with the laws, while remaining alert to, and advising the State of Colorado, Fort Lewis College regarding the legal ramifications of the purchasing decisions.
4. Refrain from any private or professional activity that would create a conflict between personal interests and the interests of the State of Colorado (C.R.S., 18-8-308).
5. Identify and strive to eliminate participation of any individual in operational situations where a conflict of interest may be involved.
6. Never solicit or accept money, loans, credits, or prejudicial discounts, and avoid the acceptance of gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
7. Promote positive supplier relationships through impartiality in all phases of the purchasing cycle.
8. Display the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the State of Colorado and the public being served.
9. Provide an environment where all business concerns, large or small, majority or minority owned, are afforded an equal opportunity to compete for State of Colorado business.
10. Enhance the proficiency and stature of the purchasing profession by adhering to the highest standards of ethical behavior.

FORT LEWIS COLLEGE PROCUREMENT SERVICE CENTER

Unavailable Documentation Form
CERTIFICATION OF LOST OR UNAVAILABLE
TRANSACTION DOCUMENTATION

This form is required for any transaction that does NOT have documentation from the merchant.
Warning: Repeated use of this form as substitute documentation could result in revocation of your PCARD.

Documentation from the merchant is required for EVERY Procurement Card transaction. Transaction documentation may be:

- Itemized receipt from the merchant
Itemized Packing slip from the delivery
Invoice showing credit card payment
Order form for dues, memberships, subscriptions or similar items

INFORMATION -

PCARD Transaction ID # Cardholder Name
Date Of Purchase Approving Official Name
Merchant Name Department Name

DESCRIPTION, QUANTITY, COST OF EACH ITEM PURCHASED:

Table with columns: Description, Quantity, Per Item Cost, Total Cost. Includes a row for 'Add additional sheet if necessary' and a 'Total Cost:' row.

REASON ORIGINAL DOCUMENTATION IS NOT AVAILABLE:

Blank lines for providing reasons for unavailable documentation.

Attach any additional information, correspondence or justification about this transaction. Report information to Procurement Card Administration if the merchant repeatedly does not provide documentation.

CARDHOLDER CERTIFICATION SIGNATURE - I hereby certify the following:

- All items purchased on this transaction were for University use and no personal purchases were made.
I will not seek reimbursement in any other manner for this transaction.
Original documentation is not in my possession for the reasons stated above.
I acknowledge that repeated lack of documentation could result in revocation of my PCARD.

Cardholder Name Signature: Date

APPROVING OFFICIAL DETERMINATION, CERTIFICATION SIGNATURE, AND ACTION

I hereby acknowledge lack of documentation from the merchant for this transaction and have made the following determination regarding the violation status of this transaction.

Mark the appropriate category below and take the action shown.
Instructions for making the determination are on the next page.

- This transaction is considered to be a PCARD violation. Action - Complete a Violation Warning form.
This transaction is not considered to be a PCARD violation. Action - A copy of this completed form is to be kept with the Cardholder's PCARD Statement which lists this transaction.
This transaction is considered a PCARD violation and is Suspected Fiscal Misconduct. Action - Report this transaction and situation to the Procurement Card Program Administration.

Approving Official Name Signature:

**FORT LEWIS COLLEGE  
PROCUREMENT CARD VIOLATION WARNING FORM**

This form is required for any Procurement Card transaction where a violation has occurred.  
Note: Violations could result in revocation of the Procurement Card.

**INFORMATION**

Cardholder Name: \_\_\_\_\_ Department Name: \_\_\_\_\_  
Cardholder's Approving Official Name: \_\_\_\_\_ Today's Date: \_\_\_\_\_  
Transaction ID #: \_\_\_\_\_ Transaction Date: \_\_\_\_\_  
Merchant Name: \_\_\_\_\_ Transaction Amount: \_\_\_\_\_

**TYPE OF VIOLATION**

The following Procurement Card violation has been found in reference to the above transaction.

Approving Official Instructions— obtain information from the Cardholder about why this purchase was made on his/her Procurement Card. Mark the appropriate category below. See Approving Official or Cardholder Handbook for details on recognizing a violation.

- \_\_\_\_\_ **PERSONAL PURCHASE**
- \_\_\_\_\_ **CASH TRANSACTION**
- \_\_\_\_\_ **SPLIT PURCHASE**
- \_\_\_\_\_ **INAPPROPRIATE PURCHASE:**
- \_\_\_\_\_ **Contract requiring authorized signature**
- \_\_\_\_\_ **Drug Enforcement Agency Licensed Substance**
- \_\_\_\_\_ **Furniture**
- \_\_\_\_\_ **Radioactive Material**
- \_\_\_\_\_ **Restaurant Meals**
- \_\_\_\_\_ **Travel & Travel related expenses**
- \_\_\_\_\_ **Vehicle Expenses**
- \_\_\_\_\_ **1099 Reportable Services**
- \_\_\_\_\_ **UNALLOWABLE PURCHASE UNDER THE TERMS OF APPLICABLE ACCOUNT.**
- \_\_\_\_\_ **OTHER**

**CARDHOLDER EXPLANATION** – Explain why this purchase was made on a College Procurement card and information on what has been done to correct the situation. Attach additional sheet if necessary.

\_\_\_\_\_

**APPROVING OFFICIAL DETERMINATION, CERTIFICATION SIGNATURE, ACTION** - Mark appropriate category and take the actions listed. Instructions for making the determination are on the next page.

\_\_\_\_\_ **I hereby acknowledge that the above transaction is a violation of the Procurement policies and I further acknowledge that the Cardholder has been warned through the use of this form. The Procurement Card will not be revoked at this time. Actions – 1) obtain the Cardholder's signature on this form, 2) send the original of this completed form, along with the documentation for the above transaction to Purchasing Office 3) keep a copy of this completed form with the Cardholder's Statement and/or in a separate "violations file" in the department, 4) give a copy of this form to the Cardholder.**

\_\_\_\_\_ **I hereby acknowledge that the above transaction is in violation of PCARD policies and the PCARD is being revoked at this time. Actions – 1) notify the cardholder in writing that their PCARD is being revoked, 2) retrieve the card from the Cardholder and destroy it, 3) notify Procurement Card Program Administration that the card has been revoked and request immediate card cancellation with the bank.**

Approving Official Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Date

**CARDHOLDER CERTIFICATION SIGNATURE**- I hereby acknowledge that the above transaction is in violation of the PCARD policies. I further acknowledge that repeated violations could result in revocation of my PCARD. I further acknowledge that I have been warned through the use of this form. I understand that I am permitted to make purchases that are in compliance with PCARD policies and agree to refer to my PCARD Handbook or contact my Department Liaison or PCARD Program Administration if I am unsure about PCARD policies or instructions.

Cardholder Name: \_\_\_\_\_ Signature: \_\_\_\_\_

**Note: According to Fiscal Rule 2-10, effective July 1, 2003, all incidents of suspected fraud or card abuse should be reported, in writing, to the State Controller. Misuse of the card (improper or incorrect use) that is recurring or in excess of \$500 should also be reported to the State Controller. Please refer to Section III Forms to view the rule in its entirety. Contact Program Administration at 351-1612 for assistance in reporting violation to the State Controller.**

## Transaction Dispute Form

Cardholder Name and Return Address:	Cardholder Phone Number:
	Cardholder Fax Number:
	Merchant Name:
	Amount:
	Transaction Date:
	Transaction #:

To assist our investigation, please indicate below the reason for your dispute. If you have any questions, please call our Dispute Representatives at 1-800-297-0768.

\_\_\_ I did not make or authorize the above transaction.  
(Please indicate the whereabouts of your procurement card.)

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\_\_\_ There is a difference in the amount I authorized and the amount I was billed.  
(A copy of your charge must be enclosed.)

\_\_\_ I only transacted one charge, and I was previously billed for this sales draft.  
Date of previous charge: \_\_\_\_\_

\_\_\_ The above transaction is mine, but I am disputing the transaction.  
(Please state your reasons why in detail.)

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\_\_\_ Please send me a copy of this sales draft. (Your account will be charged \$5.00 for each copy supplied.)

\_\_\_ I have received a credit voucher for the above transaction, but it has not yet appeared on my account.  
(A copy of the credit voucher must be enclosed.)

\_\_\_ I have received a credit voucher for the above transaction, but it has not yet appeared on my account.  
(A copy of the credit voucher must be enclosed.)

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**Transaction Dispute Form (continued)**

\_\_\_\_ My account has been charged for the above transaction, but the merchandise has since been returned. The detail of my attempt to resolve the dispute with the merchant and the merchant's response is indicated below. (Please enclose a copy of your postal receipt.)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_ Other (Please explain):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Date**                      **Cardholder Signature**                      **Printed Name**

Send completed form to:  
Bank One Corporate Products-Disputes  
P.O. Box 2015-Department B3  
Elgin, IL 60121

Or Fax to: (847) 931-8861

Fort Lewis College

*Purchasing Office*

**Returned Card Receipt Form**

This form is to be completed and a copy of it returned to the Purchasing Office, for individuals who turn in their card upon transfer, termination or cancellation of the card. The Department Liaison should also retain a copy.

Department Name:

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Department Address:

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Date: \_\_\_\_\_

This is to acknowledge the receipt of the State of Colorado Procurement Card

Card Number \_\_\_\_\_ from \_\_\_\_\_  
Cardholder name

On \_\_\_\_\_ by \_\_\_\_\_  
Date Individual who retrieved card

This card will be cancelled immediately and destroyed in accordance with agency guidelines.

\_\_\_\_\_  
**Date Cardholder Signature Printed Name**

\_\_\_\_\_  
**Date Personnel Department Signature Printed Name**

\_\_\_\_\_  
**Date Purchasing Administrator's Signature Printed Name**

**Return one copy to Purchasing,**

**Retain one copy in the employees file**



**VENDORS:**

**INTRODUCING  
FORT LEWIS COLLEGE**

**PROCUREMENT CARD PROGRAM**

**WHAT IS THE PROCUREMENT CARD PROGRAM**

- A purchase method where end users make their College purchases using a MasterCard.
- The card is intended to be used by end users in all University departments to make small dollar purchases, under \$2,000 total, including shipping.
- Each card has individual daily and monthly dollar volume and number of transaction limits. If those limits are exceeded when a vendor “authorizes” or processes the transaction the information will cause the transaction to decline.
- Specific Standard Industry Codes (SIC) will cause the card to decline. - Travel, Restaurants, etc.
- Purchases are tax-exempt.
- This program is part of the State of Colorado Procurement Card Program
- The program is sometimes referred to a “Procurement Card” or “Purchasing Card”.
- J.P. Morgan Chase is our issuing bank.

**WHAT ARE THE BENEFITS TO THE VENDOR**

- Fast payment - within 2-3 days, the vendor is paid through MasterCard rather than waiting for the College to cut a check for the payment
- Elimination of invoicing and check posting
- Elimination of “collection” research time and effort

**HOW TO RECOGNIZE A PROCUREMENT CARD PURCHASE**

All Fort Lewis College Procurement Card Program MasterCards have:

- The FLC logo and name- - on a black MasterCard.
- “State of Colorado, Tax Exempt #98-02753 on the front of the card.

**HOW TO AUTHORIZE, DOCUMENT AND PROCESS TRANSACTIONS**

- Do not include tax in the transaction
- Apply all applicable educational and government discounts when pricing the goods
- Authorize each transaction individually - combining transactions for authorization or processing may cause the transaction to be declined due to the individual limits per card
- Supply documentation for every transaction at the time of purchase, or with the shipment, that includes a description of the goods sold and the item price and quantity of all goods on the order
- Do not reference any Purchase Order, Standing Order, or Memorandum Purchase Order numbers on the documentation
- Do not send an invoice to the College’s Accounts Payable office
- Process the transaction through the merchant bank as with any other MasterCard transaction

**WHO TO CONTACT FOR ADDITIONAL INFORMATION**

Fort Lewis College Purchasing Department

Becky Maloney, phone: (970)274-7546, fax (970)247-7548, maloney\_b@fortlewis.edu  
Phone 1-800-948-9982 for information on becoming a MasterCard Vendor

# STATE OF COLORADO FISCAL RULES

## Rule 2-10 PROCUREMENT CARD

### RULE:

All state agencies and institutions of higher education eligible for the State of Colorado procurement card program shall enter into an agreement with the State Procurement Card Program to participate. State agencies and institutions of higher education may not enroll in other credit or debit card program agreements for purchases covered by the procurement card program.

#### **Personal Services**

Procurement cards may be used to pay for services as well as goods. It is the responsibility of the controller at each state agency or institution of higher education using procurement cards for 1099 reportable transactions to have in place a methodology to identify and report this information.

#### **Purchases in Excess of \$5,000**

If authorized by the controller of the state agency or institution of higher education, procurement cards may be used to pay invoices in excess of \$5,000. Use of the procurement card is not a substitute for a commitment voucher or encumbrance as required by Fiscal Rule 2-2.

#### **Preaudit Responsibility**

Use of the procurement card does not eliminate the need for a preaudit, which should be completed when the disbursement is made to the bank or when distributions are made. The agency or institution of higher education is responsible for reconciling the disbursements made to the bank with the total of validated individual charges for the state agency or institution of higher education. The dispute mechanism should be used when charges from the bank are challenged.

#### **Reporting Misuse**

All incidents of procurement card misuse that are recurring, significant, or in excess of \$500 should be reported in writing to the State Controller in a timely manner. This report should include results of any investigation or follow-up including corrective measures implemented to prevent or reduce the likelihood of future occurrences.

#### **Open Charge Accounts**

State agencies or institutions of higher education participating in the procurement card program shall use the state procurement card for purchases at local vendors in lieu of open or other charge accounts. The state agency or institution of higher education's procurement card administrator and the controller or chief fiscal officer must approve exceptions to this requirement in advance. Open accounts should be closed as soon as procurement cards are available to state agency or institution of higher education personnel.

Issued by the State Controller's Office Rule 2-10

Date Issued: 7/1/03 Date Revised: 4/1/04



*MasterCard  
International*

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3-9891 9/03  
MasterCard Fulfillment #: