

Valparaiso University
Procurement Card Policy and Procedures

Purpose

The purpose of this document is to communicate the policies, procedures, and responsibilities to be followed by all University procurement cardholders and by those supervising employees who have been issued a procurement card.

Forms

[Procurement Card Application](#)
[Employee Procurement Card Agreement](#)
[Purchase Log](#)
[Missing Receipt Affidavit](#)
[Unauthorized Purchase Explanation](#)

Abbreviation

PCPP: Procurement Card Policy and Procedures

Definitions

See appendix A for PCPP definitions.

Introduction

The procurement card system significantly shortens the purchasing and payment cycle from the traditional procurement process. The program is a more efficient way of handling travel expenses and small purchases by reducing the costs related to processing reimbursement requests and low-dollar-value purchase orders. The University makes one electronic payment monthly for all cardholder accounts.

Requesting and Receiving a Procurement Card

Requesting a procurement card

Department Heads may request a card for their employees or department by filling out a [procurement card application](#). Applications are located on the [Office of Procurement intranet site](#). The employee or Department Head will fill out a procurement card application and obtain the signature of the Department Head.

Receiving a procurement card

The new cardholder will be asked to read the PCPP prior to receiving the procurement card. The procurement card and sales tax exemption card will be issued to the cardholder by the Purchasing Office at which time the cardholder will also read and sign the Employee Procurement Card Agreement. The agreement establishes a commitment that the cardholder will follow the PCPP. This is the University's record that the employee has been issued a procurement card and agrees to comply with the Procurement Card Policy and Procedures.

Authorized Use of the Procurement Card

Individual Cardholder

The procurement card can only be used by the person whose name is embossed on it. The cardholder may make transactions on behalf of others in his or her department. The cardholder is responsible for the security and protection of the card and account number.

Department Cards

The Department Head may request a card in the name of the department rather than in the name of an individual. This type of procurement card has the name of the department embossed on it and can only be used by staff members authorized by the Department Head. Department Cards are intended to be used for small items purchased locally. Monthly limits are restricted to \$500 per month. Travel and travel reservations are not permitted on department procurement cards. Cards issued to departments must be kept with a Department Card Coordinator. It is recommended that the department procurement card be returned to the Department Card Coordinator by the end of the workday. The Program Administrator may perform an audit of this procedure.

Purchase Procedure

Before making a purchase, the cardholder will check as many sources of supply as is reasonable to the situation to insure the best value. Orders being shipped must be sent to the cardholder's campus address. The cardholder will need the original sales documents for the purchase log and account reconciliation.

Gift Cards: Cardholders must supply the name of the gift card recipient and the reason for the gift on the purchase log. Gift cards given to University employees will be taxable through payroll. The Finance Office will submit information to the Payroll Office.

Returns, Credits, and Disputes

Returning Purchased Items: If an item is not satisfactory, is damaged or defective, or is a duplicate order, etc., the cardholder must contact the vendor to explain the problem, resolve the problem or return the item purchased. The cardholder's account must be credited for the return.

Credits: If an item has been returned, the cardholder must verify that the credit is reflected on the next statement of account. If credits are not listed on the statement of account, sales documents should be retained by the cardholder. The cardholder must contact the vendor again. If the vendor does not post a credit the cardholder must contact the bank to request a credit.

Disputing Charges: To dispute an incorrect charge the cardholder should first contact the vendor for a resolution. If this attempt fails, the cardholder must call JP Morgan Chase Commercial Card Services Dispute Department at 1-800-316-6056 immediately.

Purchase Restrictions and Unauthorized Use

Restricted Purchases: All purchases are subject to the following restrictions:

- The University's Travel and Travel Expense Reporting Policy.
- University related business only.
- Hospitality meals only as described in the Hospitality Policy.
- Spending limits within cardholder's single transaction limit.
- Retail items must be in stock.
- Internet purchases require an invoice page that includes the full cost, including shipping.
- Merchant code (vendor) blocking may be utilized to restrict purchases within select vendor categories. Merchant blocking can be individualized for each cardholder.
- Any purchase restricted by Valparaiso University policy.

Unauthorized Use: The procurement card shall not be used for the following:

- Any travel-related meals (see Travel Policy for meal per diem).
- Capital furniture and equipment, defined as any one item costing more than \$2,500 (including any taxes or shipping fees).
- Purchases in excess of budget.
- Cash advances unless previously authorized for foreign travel by the Program Administrator.
- Hospitality meal receipts that do not provide a full list of items and payment detail.
- Hotel fees for in-room meals.
- Hotel fees for in-room long distance telephone calls.
- Hotel fees for in-room movies.
- Hotel fees for fitness center use.
- Personal purchases.
- Travel purchases for a spouse or guest.
- Travel and travel reservations (hotel, rental car, airfare) **on department cards.**
- **Payment to an individual or non-corporate entity for services reportable on IRS form 1099**
- Any purchase that is prohibited by Valparaiso University policy.

University Department Heads may determine additional unauthorized purchases or procurement card restrictions within his or her department.

Consequences for Unauthorized Purchases, Restricted Purchases, and Authorized Purchases Missing a Receipt.

Cardholders may be subject to disciplinary or legal action for making a restricted purchase, unauthorized purchase, authorized purchase missing a receipt, or for any other improper use of the procurement card. This includes termination of employment, closing the cardholder's procurement account, and/or civil prosecution to seek the return of funds, and/or handing the matter over to legal authorities for criminal prosecution.

A cardholder who makes an unauthorized or restricted purchase must submit an [Unauthorized Purchase Explanation](#). A cardholder who makes an authorized purchase missing a receipt must submit a [Missing Receipt Affidavit](#). Either form must be signed by the cardholder and the Department Head and must accompany the monthly statement of account. Copies will go to the cardholder's file. The cardholder will be liable for the total dollar amount of an unauthorized purchase that is a personal purchase and may be liable for any other unauthorized or restricted purchase. A cardholder's procurement account may be closed upon making any unauthorized purchase, restricted purchase, or an authorized purchase missing a receipt. Upon the third occurrence of an unauthorized purchase, restricted purchase, or an authorized purchase missing a receipt, the cardholder's procurement card account will be permanently closed. However, the cardholder's account will be closed upon the second occurrence if the unauthorized purchase is a personal purchase. In addition the cardholder must attach a check payable to "Valparaiso University" fully reimbursing the University in the amount of any unauthorized purchases that are personal purchases. The cardholder, the Department Head, and the area Vice President will be notified of any account closures hereunder. An authorized purchase missing a receipt does not include any purchase where a receipt is not required pursuant to Valparaiso University policy.

Roles and Responsibilities for Usage and Reporting

General Procedure: The cardholder or Department Card Coordinator will print the account statement upon email notification from the Program Administrator on or after the 7th of each month. Statements are available from the JP Morgan Chase Smart Data Online website.

Roles and Responsibilities

Cardholder and Department Card Coordinator Responsibilities:

- Maintain accountability for all activity on the credit card.
- Purchase within budget available.
- Purchases comply with the University Travel and Travel Expense Reporting Policy.
- Purchases comply with the University Hospitality Policy.
- Reimburse the University for unauthorized purchases or restricted purchases and fees related to the collection of those charges.
- Safeguard the card by keeping it securely in his/her possession, signing the back of the card and returning an expired or replaced card.
- Do not permit anyone else to use the procurement card.
- Report a lost, stolen, or compromised account to the bank immediately at 800-316-6056 and also contact the purchasing office at 464-5225 ext. 1.
- Obtain original, detailed sales documentation/receipts unless receipts are not otherwise required pursuant to Valparaiso University policy.
- Record monthly purchases on the purchase log form.
- Record general ledger number changes on the purchase log only if it is a change from the default.
- Attach an email to the purchase log authorizing the use of a GL budget account outside your immediate department, if applicable.
- Review and reconcile the account statement with receipts, verify that the statement is correct.
- Immediately attempt to resolve transaction disputes with the vendor and report unresolved disputes to the bank at 800-316-6056.
- Report fraudulent or suspicious charges to the bank and the Purchasing Office.
- Attach any additional documentation required by the PCPP for unauthorized purchases or missing receipt to the monthly statement of account (i.e. missing receipt affidavit, unauthorized purchase explanation).

- Sign and date the completed account statement and forward to approving supervisor for signature.
- Submit monthly account statement to the Finance Office by the 16th of each month.
- Submit any required Missing Receipt Affidavits or Unauthorized Purchase Explanation forms by attaching to the monthly account statement. Forms are also due on the 16th of each month

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Additional Responsibilities for the Department Card Coordinator:

In addition to the above cardholder responsibilities, the responsibilities of the department card coordinator also include: checking out the card for use, collecting the card, collecting receipts, and recording purchases on the [purchase log](#). The Department Card Coordinator, the employee making the purchase, and the Department Head are responsible for the security and protection of the card and account number.

Additional Cardholder and Department Cardholder Reporting Responsibilities for:

Late Account Statements: Fully completed and signed account statements are due to the Director of Accounting on the 16th of each month. Procurement cards will be temporarily closed the first and second time the account statement is late. Upon the third occurrence of a late submission of the monthly statement of account, the cardholder's account will be permanently closed. The cardholder, the Department Head, and the area Vice President will be notified of the account closure.

Approving Supervisor Responsibilities:

Review each purchase on the cardholder's statement of account ensuring each purchase has a detailed receipt and is recorded on the purchasing log. By signing the statement, the Approving Supervisor has approved each purchase and verifies that:

- Purchases constitute approved University business and comply with the PCPP.
- Purchases are appropriate and reasonable.
- Purchases comply with the University Travel and Travel Expense Reporting Policy.
- Purchases comply with the University Hospitality Policy.
- Documentation provides sufficient detail to ensure verification of all expenditures.
- Purchases are within budget.
- Detailed receipts and sales documents for each purchase are attached.
- Additional required documentation is attached, if applicable. (e.g. Missing Receipt Affidavit)
- A reimbursement check for a personal purchase is attached, if applicable.
- The goods were received or the services were performed.
- Any additional restrictions or usage policies set forth by the Department Head have been met.

In addition, the Approving Supervisor will:

- Take or recommend corrective action when procurement cards have been used inappropriately.
- Immediately notify the Program Administrator when a cardholder leaves the department or the University.
- Periodically review the continuing need for each cardholder account.

By signing the statement of account, the Approving Supervisor confirms that all purchases are authorized and approved and in conformance with policy and all sales documents and applicable forms are attached. The statement of account must be forwarded to the Director of Accounting by the 16th of each month.

A department that does not fulfill its responsibilities under this policy may have its procurement cards revoked, suspended, or closed.

Director of Accounting Responsibilities

- Reconcile all cardholders' statements of account with the central bill.
- Audit compliance with PCPP, Hospitality Policy and Travel Policy.
- Enter general ledger account changes on bank website.
- Make one monthly payment that covers all accounts.
- Report delinquent statements and unauthorized purchases to the Program Administrator.
- Maintain files for completed statement of accounts submitted to the Finance Office.

Program Administrator Responsibilities

- Day-to-day management and operation of procurement card program.
- Order and issue new procurement cards.
- Provide information and training on the PCPP as well as the bank website.

- Maintain procurement card accounts and procurement card website.
- Enforce card limits and controls.
- Issue late statement notices.
- Suspend or close procurement cards.
- Maintain the records of: procurement card applications, agreements, and maintenance requests.
- Notify cardholders and Department Heads of noncompliance and account closure.
- Close accounts that have been reported lost, stolen, or compromised.
- Reissue procurement cards upon expiration or cards that have been lost or stolen.

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Appendix A

Definitions:

Approving Supervisor: University personnel with the authority and responsibility for providing cardholder and procurement card policy oversight within the department. The approving supervisor reviews each transaction on the cardholder account statement and has the authority to approve purchase activity by signing cardholder statements.

Cardholder: University personnel who have been issued procurement cards and who are authorized to make purchases and dispute charges in accordance with the Procurement Card Policy and Procedures.

Department Card Coordinator: A department staff member designated by the Department Head to be responsible for the handling and use of the department procurement card.

Department Head: The University representative with authority to approve a new credit card application.

Department Procurement Card: A procurement card issued in the name of the department with a monthly limit of no more than \$500.

Director of Accounting: The University's Director of Accounting is responsible for collecting and auditing monthly statements, changing budget accounts, reconciling individual statements with the central statement, and reporting on delinquent statements.

Program Administrator: The University's Purchasing Assistant is responsible for the PCPP including; issuing procurement cards, establishing credit limits, replacing missing or stolen cards, and closing accounts.

Statement of Account: The monthly listing of all transactions per billing period. The statement is issued by the bank and is available to the cardholder via a website.

Vendor: A company from which a cardholder is purchasing goods or services under the provisions of this procedure.

Valparaiso University

Employee Procurement Cardholder Agreement

I, (employee name) _____, hereby request a procurement card to perform work for the University. As a cardholder I agree to comply with the Procurement Card Policy and Procedures and with the following terms regarding my use of the card.

- I have been given access to the Procurement Card Policy and Procedures on the intranet and can request a hard copy if needed, and I understand my responsibilities and requirements as a cardholder and agree to comply with all of the terms and conditions to which I am responsible under the Policy.
- I understand that I am responsible for proper use, management, and reporting as specified in the Procurement Card Policy and Procedures.
- I agree to use this card for approved business-related purchases only and agree not to make personal purchases. I understand that my Approving Supervisor and the Director of Accounting will audit the use of this card. Unauthorized use will be reported to my supervisor and the Program Administrator who will take action as determined by the Procurement Card Policy and Procedures.
- I understand that upon the third occurrence, in any one category, of a late statement, missing receipt or unauthorized purchase my card will be permanently closed.
- I agree to personally pay for any personal purchases on my account statement upon submission and am fully aware that my account may be closed for making a personal purchase.
- I agree to return the procurement card and tax-exempt card to my Approving Supervisor immediately upon request or upon termination of employment.
- If the procurement card is lost, stolen or the number has been compromised, I agree to notify JP Morgan Chase Bank at 1-800-316-6056 immediately and the VU Purchasing Office at 219-464-5225, extension #1. I am responsible for any charges made from the time the card is lost until the card is reported lost.

Cardholder (print)

Cardholder signature

Program Administrator

Date

Date

