

Procurement Card

Original Implementation: July 26, 1999

Last Revision: January 29, 2019

Purpose

This policy establishes guidelines for university purchases using a procurement card (p-card) and related requirements and activities.

Definitions

Procurement Cards (p-cards) will be issued in the name of the employee with the state of Texas seal and the wording 'For Official Use Only' clearly indicated on the card. The p-card is to be used for official university business purposes only and may not be used for any personal transactions.

General

Approved university employees may use the university procurement card (p-card) in accordance with the P-Card Program Guide to order supplies and small items in amounts not exceeding per transaction and monthly limits. The director of procurement, the procurement card coordinator and procurement department purchasers may purchase on behalf of the university any item of any amount using a procurement card if they have determined payment by p-card represents the best value to the university and all procurement policies and rules have been followed.

The terms and conditions of the MasterCard procurement card contract were specified and awarded by the Texas Comptroller of Public Accounts for the state of Texas. In addition to internal policies and procedures, Stephen F. Austin State University will comply with the terms and conditions of the state contract.

Responsibilities

The cardholder is responsible and accountable for the security and documentation associated with the use of the SFA procurement card and for complying with all policies and procedures related to the p-card program. Documentation shall include providing transaction detail information for each transaction through the university's financial system and keeping documentation of all transactions including returns, credits and disputed charges as required in the p-card Program Guide, and for uploading p-card transaction records monthly into the university's electronic records portal.

The department head or his/her designee is responsible for: 1) designating departmental cardholders and their spending limits; 2) determining yearly encumbrance amounts for each fund/org against which credit card charges will be made; and 3) approving monthly reconciliations of p-card cardholder statements and supporting documentation to ensure purchases are within SFA policies and procedures, and departmental budgets. Department heads are responsible for ensuring that all

employees issued a card understand the departmental budget constraints under which they are to use the card.

The procurement office is responsible for maintaining complete and accurate information regarding p-card users and associated spending limits, establishing and updating restricted merchant category codes, determining compliance with university policies and procedures through periodic cardholder audits, cardholder training, monitoring p-card activity, and other duties related to p-card administration. Cardholder limits will be compared to actual expenditures and adjustments will be made as needed by the p-card coordinator in order to limit the university's risk of liability and exposure.

Card Use by Another Employee or Student

The only person authorized to use the p-card is the cardholder whose name appears on the card. The cardholder may not allow another university employee or a student to use their card unless the cardholder and department head have completed a P-Card Use form and filed it with the p-card coordinator in the procurement office. Refer to the P-Card Program Guide for detailed information on allowing another employee or student to use a card, as specific rules apply.

Training and Issuing Cards

All department heads will be required to attend training and sign the Cardholder Application/Approval Form before any cards will be issued to employees within the department. All employees will be required to attend training and sign a Cardholder Agreement before being issued a card. All cardholders will be required to complete refresher training either in person or on-line with testing every two years. Acceptable grades and actions associated with not meeting grade requirements are outlined in the P-Card Program Guide.

Making a Purchase with the P-Card

Refer to the P-Card Program Guide for detailed information related to making a purchase with the p-card. The director of procurement, the procurement card coordinator and procurement department purchasers are not subject to the P-Card Program Guide, but rather to university policies and procedures relating to purchases.

Monthly Card Reconciliation

The transaction detail entries are required and provide an accounting and audit trail for expenditures made with the p-card. Each individual purchase must be detailed in the university's financial system. See the P-Card Detail Training Manual for detailed instructions on completing the transaction detail entries on-line through the university's financial system.

Upon receipt of the monthly statement from the credit card vendor, the cardholder shall reconcile the statement with the Transaction Detail Summary and forward the reconciled statement, Transaction Detail Summary and all supporting documentation to the department head for review and signature. If the department head is the cardholder, the department head must sign as the cardholder, and another employee within the department must sign as the reviewer. The department head or reviewer is responsible to review all transactions listed on the Transaction Detail Summary to verify that all purchases are appropriate expenditures for the department and fund/org charged. If the department head/reviewer questions any transaction, they should bring it to the attention of the department head or p-card coordinator, or it may be reported anonymously through the university's fraud and ethics reporting process. Reported transactions will be audited and appropriate action taken as specified herein and in the P-Card Program Guide.

P-card transaction records, as identified in the P-Card Program Guide, are to be uploaded in the university's p-card records portal each month, and will be retained according to the Texas Records Retention Schedule. These are the official university records. Reference the P-Card Program Guide P-Card Records Portal instructional guide for procedures and detailed instructions. Paper records retained by departments should be kept for three (3) years plus the current fiscal year to comply with the state of Texas Records Retention Schedule. The records for procurement card purchases will be required for periodic audits by the procurement office or when SFA is audited by the Texas Procurement and Support Services Division of the Texas Comptroller's Office, the Texas State Auditor, SFA controller or Department of Audit Services.

Card Termination

Certain p-card rule violations will result in immediate deactivation or cancellation of all of a cardholder's cards. Other violations will be tracked based on demerits accumulated by the cardholder. Each month, demerits accumulated over the previous 6-month period will be reviewed and appropriate action taken. Demerits will not carry over from one 6-month period to another. Note the reasons for cancellation or deactivation of cards should not be considered all inclusive. Demerits may be identified during any transaction review, research, or audit by either the p-card coordinator or the Department of Audit Services.

Occasionally, exceptions to the p-card rules may be approved by the p-card coordinator prior to the transaction taking place. If so approved, the cardholder and p-card coordinator will have an Exception form on file with the transaction, and the card cancellation, deactivation, or demerits will be waived.

- 1. Immediate Card Cancellation with no Option to ever Receive Another Card** - When there is intentional abuse or fraud of a p-card to make personal purchases, the p-card is used to secure a cash advance, or a second p-card is lost or stolen within three years after the first lost or stolen card, all of the cardholder's cards will be cancelled with no option to ever receive another card.

2. **Immediate deactivation** – If all transactions on the cardholder’s p-card statement have not been detailed in Banner by the required deadlines as outlined in the P-Card Program guide, their p-card will be deactivated until all transactions have been detailed in Banner to the satisfaction of the p-card coordinator. When a cardholder commits the following violations, all of the cardholder’s cards will be deactivated for a period of three months: a) transaction details are not posted by the required date for three consecutive months or three months during a six-month period; b) second offense of splitting purchases to avoid purchasing procedures; c) failure to provide documentation within the requested timeframe for a p-card audit. Cards will only be reactivated after three months and after the cardholder attends an instructor-led training.

3. **Demerit Accumulation** - Demerits will accumulate against each cardholder when various violations are identified (see Demerit Schedule in the P-Card Program Guide). An accumulation of demerits over a six-month period will result in the following actions:

Four demerits accumulated within the first four months of a six-month period will trigger a need for a full audit of three months of transactions.

Six demerits accumulated within a six-month period will cause all of cardholder’s cards to be deactivated for a minimum of three months. Before any cards will be reactivated, the employee will be required to attend an instructor-led training.

Ten demerits accumulated within a six-month period will cause all of cardholder’s cards to be cancelled for a minimum of one year. New cards will be issued only after the one-year waiting period and only upon completion of a new P-Card Application/Approval Form and attendance of an instructor-led training.

4. **Other Card Cancellations and Actions** -

Non-Use: If the cardholder has not used the procurement card within one year, the p-card will be cancelled. To receive a new card, the cardholder will be required to submit a P-Card Application/Approval Form and attend training.

Termination of University Employment: When a cardholder terminates employment with the university, the department has specific obligation to reclaim the p-card and return it to the p-card coordinator prior to the employee termination date. A request may be made to the p-card coordinator for the card to be shredded by the department head or his/her designee. The request can be granted at the p-card coordinator’s discretion. Failure to reclaim or dispose of cards as designated may result in the department being responsible for payment of any fraudulent charges and revocation of all department card privileges. Verification of card return will be part of an employee’s exit interview with human resources. Any fraudulent charges made by a terminated employee after the employee’s termination will be reported to the University Police Department. The terminated employee will be expected to reimburse the university.

Transfer to a Different University Department: When a cardholder changes employment from one university department to another, the department has specific obligation to reclaim the p-card and return it to the p-card coordinator prior to the effective date of change. A request may be made to the p-card coordinator for the card to be shredded by the department head or his/her designee. The request can be granted at the p-card coordinator’s discretion. Failure to reclaim or dispose of cards as designated may result in revocation of all department card privileges.

Failure to Promptly Report a Lost or Stolen Card: If a cardholder fails to make a report of a lost or stolen card immediately upon discovery, the cardholder may be required to reimburse the university

for any fraudulent charges made on the card until it has been cancelled. The university will pay the charges and the employee will be required to reimburse the university. The cardholder will be subject to a minimum 3-month waiting period before a new card will be issued and will be required to attend an instructor-led training.

Failure to Complete the Mandatory Refresher Training: Any cardholder who fails to complete the mandatory refresher training every two years will have all cards deactivated until the refresher training is complete. If the refresher training is not completed within six months of card deactivation, all cards will be cancelled, and the employee will be required to submit a P-Card Application/Approval Form and attend an instructor-led training before receiving new cards.

Administrative Authority: The department head or supervising dean, vice president, or president has the authority to request that the p-card coordinator deactivate or cancel an employee's cards at any time for any reason. Any cards so deactivated or cancelled may be reactivated or new cards issued only with approval by the position that originally requested the deactivation or cancellation. Upon the p-card coordinator's determination or upon the request of the Department of Audit Services or general counsel's office, the p-card coordinator may deactivate an employee's card while transactions are being researched, investigated, or an audit is being conducted. At the conclusion of the research, investigation or audit, the cards will be reactivated and/or appropriate action taken as specified herein and in the P-Card Program Guide.

Cross Reference: P-Card Program Guide, P-Card Record Portal instructional guide

Responsible for Implementation: Vice President for Finance and Administration

Contact for Revision: Director of Procurement and Property Services/HUB Coordinator

Forms: Cardholder Application/Approval Form, Cardholder Procurement Card Agreement, P-Card Use Form, Tax Exempt Letter, P-Card Dispute Form, P-Card Documentation/Problem Resolution Form, P-Card Exception Form, HEF Approval Form

Board Committee Assignment: Finance and Audit