PROCUREMENT CARD POLICIES AND PROCEDURES

Policy Statement

The Procurement Card Program offers the university a way of doing business by providing Visa credit cards to end users in the departments. The cards provide an easy, familiar purchase method that will greatly improve customer service by reducing order time for small dollar purchases (under $5000 per transaction) for both commodities and services.

The program helps to lower the overall administrative costs for processing small dollar purchases from order through payment. For every purchase that is made using the card, the processing time and effort the department, Purchasing, and Office of the Controller put forth individually to pay for that order is reduced.

Reason for Policy/Purpose

This policy is required for the effective communication of university policies regarding procurement cards.

Who Needs to Know This Policy

All members of The University of Southern Mississippi community.

Website Address for this Policy

www.usm.edu/institutional-policies/policy-adma-pur-011

Definitions

Policy/Procedures
Anyone wishing to obtain a procurement card must complete the Procurement Card Application at https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms and send it to Becky Holder, Procurement and Contract Services, Box 5003, Phone: 266-4131; E-mail: K HOLDER@usm.edu; Secondary Contact: Sandra Reiter, E-mail: Sandra.REITER@usm.edu

The billing period for the procurement cards is from the first to the last calendar day of the month.

Procurement and Contract Services has implemented a software program that will be used to manage the P-card program here at Southern Miss. The program is called “Resolve” and will allow cardholders to manage their accounts online while also reducing the paper flow and manual entry work.

The program requires that cardholders/proxies attach their receipts electronically in one of two ways: by scanning the receipt into the program or by faxing the receipt to an 866 number which will handle converting the receipt to a PDF and e-mail it to a pre-determined e-mail address so that it can be uploaded to your voucher.

Upon receipt of the overall account statement, Accounts Payable will remit payment to Regions for the entire balance.

I. Getting Started

The department must complete the following steps to participate in the Procurement Card Program.

1. Designate a cardholder to act as a liaison for the department by dealing with the cardholders, vendors or merchants, Procurement Services, Visa and the contract. This individual will be responsible for all aspects of the procurement card program within the department, such as uploading receipts in Resolve and assigning budget strings to transactions, and filing and retaining cardholder statements and all supporting documentation for future audits.

2. Define documentation and process flows associated with procurement card transactions.

3. Prepare a filing system to accommodate the following items:
   a. Monthly statements
   b. Supporting documentation
   c. Copies of cardholder agreement
   d. Copies of cardholder application

   The documents may be requested by auditors or other official persons and must be readily accessible.

4. Attend a participant training program. At a minimum, the cardholder must attend the training to be familiar with the processes involved with the procurement card. These sessions provide an overview of the program, policies and procedures, etc. Training sessions are scheduled in SOAR. You will need to log in to SOAR to register for the
class. It is called Procurement Card Training. The cardholder/proxy will also be required to attend a Resolve training class to learn how to process the transactions in the Resolve program.


6. The card holder and the department head must both read and sign the Cardholder Agreement form available at https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms.

7. Forward the Cardholder Application to our office for processing.

II. Challenges to Be Aware Of

The following is a list of guidelines for avoiding problems and obstacles often faced during card use. Failure to follow these guidelines may result in delayed processing or issuance of a Violation Notice.

1. Purchases on the Procurement Card are exempt from sales tax. It is the cardholder's responsibility to remind the merchant at the point of sale that he or she is using a University Procurement Card that is exempt from state sales tax. Contact Purchasing to obtain the sales tax exemption number. If sales tax is charged, contact the merchant and request a refund.

2. An itemized original receipt is required for documentation of purchases. A packing slip is NOT sufficient.

3. If a merchant does not provide a receipt, the cardholder should request one. If the cardholder is unable to obtain a receipt or a receipt is missing for any other reason, a Missing Document Affidavit available at https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms must be completed and attached to the copy of the Credit Card Voucher submitted to Purchasing. The Missing Document Affidavit must include a list of every item purchased on the receipt, an explanation of why the receipt is missing, signatures of the cardholder, his or her supervisor, and Notary Public. The copy of the Missing Document Affidavit that is provided on the web site may be printed and used.

4. If the cardholder will be unavailable for an extended period of time and will not be able to process transactions in Resolve in a timely manner, arrangements must be made for another individual to verify the charges and process them.

5. All items on receipts MUST be identifiable. Provide a description of any items that are indicated on the receipt by a stock number, model number, or any other coding that does not readily identify the item purchased.

III. Audit of Departmental Records

Please note that all departments will be subject to random and surprise audits from the university's Internal Audit Department and/or the Office of the State Auditor.

The following points are closely scrutinized during audits:

1. The card must be physically secure when not in use (cardholder’s wallet not considered secure long-term storage).
2. A telephone log must be maintained for all telephone orders.
3. If a cardholder allows another person within the department to use the card, the cardholder must sign the original receipt above the other person's signature.
4. Evidence of reconciliation of card purchases to monthly budget reports must be provided.
5. Submission of receipts in Resolve is reviewed for timeliness.

IV. Use of the Procurement Card

Following are the minimum conditions/instructions/limitations required for all transactions utilizing The University of Southern Mississippi Small Purchase Procurement Card:

1. NO Procurement Card transaction may exceed five thousand dollars ($5000) unless special permission is granted by Procurement and Contract Services.
2. State contract items SHALL NOT be purchased using the Procurement Card.
3. NO personal use of the Procurement Card will be authorized or allowed.
4. NO ATM cash withdrawals will be allowed on the Procurement Card.
5. Only in-stock, immediate delivery items may be purchased. NO BACK ORDERS ARE ALLOWED. Verify that phone orders are in stock and ready for immediate shipment.
6. Telephone orders must be invoiced ONLY at or after date of shipment. A telephone order log SHALL be maintained by the cardholder.
7. Procurement Card purchases are exempt from state and local taxes.
8. All purchases are to be made WITHIN THE LIMITS set by the available budget authority.
9. NO equipment over $1000.00 or special inventory items regardless of price shall be purchased with the card. See list of Special Inventory Items available at https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms unless prior approval from Procurement and Contract Services is granted.
10. The Procurement Card SHALL NOT be used for travel (i.e. Registration Fees). The only exemption is car rental with state contract vendors.
12. The cardholder must obtain itemized transaction receipts from the merchant for each use of the card.
13. The cardholder should ensure that the prices paid are fair and reasonable.
14. All items purchased are required to be for bona fide university purposes.
15. Gifts, incentives, or awards are not allowable purchases on the procurement card.

If any of the policies or conditions of Procurement Card use are not met, a Violation Notice may be issued to the cardholder. Copies of an issued Violation Notice will also be forwarded to the vice president of Business and Finance, the Internal Auditing Department, the Purchasing Department, and the cardholder's supervisor. The Violation Notice serves as a first time warning; if another violation occurs on a particular card, the card may be revoked.

V. RESOLVE
The university implemented the Resolve P-card Management system in July of 2010 to help cardholders manage their p-card transactions online, as well as, to improve the functionality of processing those transactions to the G/L each month. All cardholders at USM are required to process and manage their P-card Transactions with this tool.

Cardholders are required to attend a training session to learn how to use the Resolve program prior to making purchases with their cards.

As mentioned earlier, the billing cycle for all purchases with a university-issued P-card is from the first to the last day of each month. The Controller’s office sets a date each month for all financial transactions from the prior month to be entered so that the prior month can be closed in SOARFIN. Procurement Services will generally set the deadline to manage all p-card transactions in Resolve approximately two (2) days prior to the deadline established by the Controller’s Office. This is necessary to allow time to resolve budget check issues of transactions that post late in the billing cycle. The Controller’s Office generally sets the deadline for the close of financials on or around the 7th or 8th of the month, therefore, the deadline for P-card transactions will generally be around the 5th of each month. Once the Financial Close date is known, the P-card Administrator will send an e-mail to all cardholders notifying them of the deadline to have all prior month p-card transactions managed in Resolve.

There are three (3) processes that must be completed in Resolve for every p-card transaction. (1) Expense Account(s) must be assigned; (2) receipt(s) and any other required forms must be uploaded; and (3) the budget authority, Procurement, and SPA (if a grant expenditure) must approve the transaction. All of these things should be accomplished prior to the deadline established to manage the prior month’s transactions in Resolve. Online tutorials are available on the Procurement website for cardholders who may need a refresher of how to manage or approve a transaction in Resolve.

It is important to understand that until an expense account is assigned and a receipt has been attached, the transactions will not move to approvals so that it can be approved by the appropriate people. Therefore, you should not wait until the last minute to assign accounts and upload receipts, as it may not give approvers time to approve the transaction before the deadline.

It is also important to understand that while you can log in and upload receipts, as well as, approve transactions after the close process has been run, you cannot assign an expense account after that point because the system expenses the transaction to your default budget string when we run the close process. The only way to correct the expense account at that point is with a paper voucher, which is required.

The following procedure is provided to assist cardholders in closing each month’s billing cycle:

1. After the close process is run in Resolve, the P-card Administrator will run reports to determine what cardholders have pending transactions. Those reports will include the un-expensed transactions report (lists transactions that did not get assigned an expense account prior to close), the missing receipt report (lists all transactions that did not have a receipt attached), and an unapproved report (lists all transactions that are missing one or
more approvals). Those reports will be merged to match transactions that have one or more issues. All denied transactions will also be reviewed to determine if pending issues are still there as well.

2. A P-cardholder Non-Compliance Form, available from https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms, will be generated for each cardholder that has one or more transactions on the reports listed above. The issues will be identified on the form, as well as, the action that will need to be taken by the cardholder to resolve the issues, along with a date by which those issues must be resolved. (Generally no more than one (1) week from issue of the form to the cardholder).

3. Once the date to resolve the issues has passed, the P-card Administrator will generate the reports again to see if any issues remain and if so, what cardholders still have outstanding issues.

4. Cardholders with issues outstanding after the deadline to resolve them will have their card suspended (disabled) until such time as all issues are resolved. Cardholders that have their card suspended on several occasions may lose the use of the card permanently.

VI. Prohibited Purchases

The following purchases are prohibited with the Procurement Card:

- Gasoline (unless prior approval is given by P-card Administrator)
- Travel related expenses (except car rental through state contract vendor)
- Purchases over $5,000 without prior Procurement & Contract Services’ approval
- Cash advances
- Radioactive, explosive or other hazardous material
- Items for personal use
- Alcoholic beverages
- Gifts to employees
- Items on back order
- State contract items without prior approval from Procurement & Contract Services
- Door prizes
- Gift baskets

VII. Allowable Purchases

The following purchases are allowable with the Procurement Card:

- Admission or entry fees for student trips
- Auto rentals (state contract vendors only)
- Commodities
- Equipment rental
- Freight/shipping charges
- Memberships
- Postage/post office box rental
- Reprints (journals)
- Services
Review

The Director of Procurement and Contract Services is responsible for the review of this policy every four years (or whenever circumstances require immediate review).

Forms/Instructions

Forms available at https://www.usm.edu/procurement-contract-services/p-card-manual-and-forms

Appendices

N/A

Related Information

N/A

History

01/20/11: Updated.
11/01/11: Formatted for Institutional Policies website.
02/20/13: Formatted for template. Minor editing throughout.

Amendments: Month, Day, Year – summary of changes
Authorization

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ADMA-PUR-000-011

As the Responsible Officer, I have reviewed this policy and believe it represents the current policy.

[Signature]
Responsible Officer

11 MARCH 2013
Date