

University of Arkansas Cooperative Extension Service
Purchasing Card Guidelines

Contents

- I. Overview
- II. Requesting a Purchasing Card
- III. Cardholder Responsibilities
- IV. Restrictions
- V. Order and Receipt Process
- VI. Contracts
- VII. Non-Acceptance of Purchasing Card
- VIII. Resolving Errors, Disputes, Credits, Returns
- IX. Record/Log Procedures
- X. Segregation of Responsibilities
- XI. Purchasing Card Coordinator Responsibilities
- XII. Audit of Purchasing Card Activity
- XIII. Contacts

I. OVERVIEW

The University of Arkansas Cooperative Extension Service (UACES) has established its Purchasing Card (P-Card) Program to provide a more efficient and cost-effective method of purchasing and paying for low dollar transactions. The program will replace, eliminate, or reduce the number of low dollar orders, specific purchase orders, blanket orders, and requests for personal reimbursements because of expenditure of personal funds for items. Cardholders may use the P-Card at any merchant/vendor that accepts the card, except as noted in this manual. The P-Card program is intended to enhance Extension's effectiveness and economy of operations.

This manual provides the guidelines under which a P-Card may be used. This manual can also be accessed electronically at the Financial Services website http://www.uaex.edu/depts/financial_services. The success of the program and its continued use depends on your participation and cooperation. Please read the guidelines carefully.

The Program **IS AUTHORIZED** for:

- Official UACES use only
- Purchases are not to exceed the pre-set maximum per transaction amount established for the specific card (**including** freight/handling services, taxes where applicable)
- Certain categories of merchants/vendors and commodities

The Program is **NOT** intended:

- To avoid or bypass appropriate purchase or payment procedures. Rather, the program complements the existing processes available.
- To access cash or credit
- For personal use

ADVANTAGE: The P-Card enables cardholders to perform more effectively and focus on the value-added aspects of their jobs by reducing:

- Time needed to purchase commodities
- The number of requisitions, purchase orders, and low-dollar orders
- Requests for personal reimbursements
- Invoice processing
- The number of checks issued

The P-Card can be used for in-store purchases, mail, fax, and telephone orders. Due to security concerns, cardholders should limit Internet ordering to secure sites (encrypted for privacy) only.

Who can be a cardholder? UACES employees on regular appointment as authorized by your supervisor. Temporary employees are not eligible for the program.

What is an Account Manager? A person designated by supervisors or financial managers to maintain a record of all purchases for each card and prepare the Purchasing Card Log form monthly.

Who is the P-Card Coordinator? Renee Perkins, Accounts Payable Supervisor in Financial Services is the current P-Card Coordinator.

II. REQUESTING A PURCHASING CARD

All P-Cards are issued at the request of the section or county office and by the approval of Financial Services.

- Each card applicant must complete a Purchasing Card Application Form ([Appendix 1](#)) and forward through their supervisor for approval. After the supervisor's approval, then forward the approved form to Financial Services.
- Each card must have a complete coding string (fund/orgn) assigned to it. This funding string will be the default coding for purchases.
- Prior to being issued a P-Card, the applicant and Account Manager must attend a mandatory training session provided by the Financial Services staff. Financial Services will keep records of attendance at such training sessions.

- Upon completion of the training session, the cardholder will indicate they understand the intent of the Program and agree to adhere to the established guidelines by signing the Purchasing Cardholder Agreement ([Appendix 2](#)).
- Financial Services will maintain originals of the Purchasing Cardholder Agreement ([Appendix 2](#)).
- The applicant may begin using the P-Card immediately upon receipt.

III. CARDHOLDER'S RESPONSIBILITIES

Cardholders are responsible for the security of their P-Card and the transactions made against it. The card is issued in the cardholder's name and any purchases made with the card will be his/her responsibility. Any use of the Card that does not comply with the guidelines established for this program may result in consequences ranging from card suspension to appropriate disciplinary action, up to termination.

Upon receipt of a P-Card, a cardholder will sign the back of the card immediately and **always keep it in a secure place!** Although the card is issued in the cardholder's name, it is the property of UACES and is only to be used for official Extension purchases as defined in this document.

Cardholders will exercise good judgment and act responsibly when using their cards.

The P-Card does not affect the cardholder's personal credit rating. Use of the P-Card results in UACES liability, not a personal liability for the cardholder. Payment for charges will be made by UACES state or grant funds, or county sweep account funds.

Card Security

- The cardholders are the **only** people authorized to use their cards.
- Cardholders must safeguard their P-Cards and numbers against use by unauthorized individuals in the same manner you would secure your personal credit card.
- The individual whose name appears on the card is responsible for purchases recorded to the card.

Record Keeping, Purchasing Card Statement/Billing Distribution Form, and Reconciliation

Record keeping is essential to ensure the success of the program. Each supervisor will select one person, the **Account Manager**, to maintain a record of all purchases for that card. A Purchasing Card Log Form ([Appendix 4](#)) will be maintained for each billing cycle for each card issued (as defined below) including date of transactions, dollar amount of the transactions, date verified, and adjustments (credits, disputes, etc.).

Cardholders are responsible for obtaining proper documentation of all purchases. Required documentation includes one or more of the following: credit slips, charge slips, packing slips, or cash register receipts. The documentation must include a detailed list of the items purchased. If the documentation provided does not meet the requirements, a detailed explanation must accompany the cardholder's log.

The Cardholder must notify the Account Manager if the default fund/orgn coding string is to be changed on any purchases.

US Bank (USB) will bill UACES on the 15th of each month. The current USB VISA billing statement will be available in Banner for each billing cycle *following the last day of the billing cycle*. These periods from the 16th of one month to the 15th of the following month will be known as "billing cycles". If there are no purchases during a particular billing cycle, no forms need to be completed. After each billing period, the Account Manager must indicate the coding to which their purchases should be charged by completing the Purchase Card Transaction Form (FAAINVT) in Banner.

Within **5 calendar days** after the USB VISA billing statement is available in Banner, the Account Manager must reconcile the Log Form and receipts, etc, with the statement and forward the completed log form, the original receipts and the Purchasing Card Statement/Distribution Form to Financial Services. All purchases for the billing cycle will be charged to the default fund/org unless the information is revised in Banner. For instructions on how to access the Purchasing Card Transactions see Appendix 6.

If the billing distribution is not completed by the deadline, the default fund/org coding string will be used for the distribution of charges. It is imperative that the designated Account Manager complete the billing distribution by the stipulated deadline. Payment transfers from the default coding will be monitored to determine if there is a consistent pattern of noncompliance.

Lost or Stolen Card

Unlike personal credit cards where cardholders are responsible for paying the first \$50.00 if the card is stolen, the Purchasing Card Program holds UACES responsible for paying **all** charges resulting from the stolen or lost cards **until USB VISA has been**

notified.

Therefore, the cardholder must immediately notify:

- USB VISA – 800-344-5696
- Your Account Manager
- Financial Services – 501-671-2047

USB VISA will cancel the P-Card that has been lost or stolen and will reissue another purchasing card. There is an approximate seven (7) day time period before receiving the replacement purchasing card. Upon receipt of the replacement purchasing card, immediately sign the back of the purchasing card and notify the Purchasing Card Coordinator of the new account number.

Cancellation of Purchasing Card

On or before the cardholder leaves the department or county, the P-Card must be deactivated. Purchasing cards may not be transferred from one employee to another. The cardholder or their immediate supervisor must notify the P-Card Coordinator in Financial Services that they are leaving UACES. The P-Card should then be cut in half and forwarded to Financial Services. The P-Card Coordinator will notify USB to deactivate the card.

Changing Purchasing Card Information

The name on the purchasing card cannot be changed to another person. A new purchasing card must be requested under the name of the new cardholder by completing a Purchasing Card Application Form ([Appendix 1](#)).

Card Renewal

Renewal purchasing cards will be issued every two years. USB will mail renewal purchasing cards directly to Financial Services, which will then issue the cards to individuals. Upon receipt, immediately sign the back of the new purchasing card. The cardholder should cut the outdated card in half and discard.

Unauthorized Purchases

Any UACES employee that makes a purchase that is not permitted or unauthorized will be personally financially responsible for the payment of the charges associated with that purchase and will be subject to disciplinary action.

IV. RESTRICTIONS

No individual transaction may **exceed the card's pre-set per transaction limit** (including freight/handling services and taxes where applicable).

The State of Arkansas has had USB VISA "block" certain types of merchants (financial institutions, insurance carriers, etc) for purchases under the state Purchasing Card.

Purchases are not allowed from debarred or suspended vendors. Financial Services will provide updated listings of such vendors through e-mail notifications to P-Card holders. Failure to observe this requirement may result in revocation of purchasing card privileges.

It is likely that any vendor currently being utilized as a source for products or services will accept the purchasing card. If a purchase has been declined and the cardholder feels that it should not have occurred, contact the USB VISA Customer Service 800 number indicated on the P-Card. Customer Service will be able to tell the cardholder if the vendor was blocked or if the cardholder may have exceeded the monthly credit limit or single transaction dollar limit on the card.

Restricted items, such as those on state contracts, are detailed in the following section. A summary of restricted items is also available in Appendix 5. Items purchased with ADC funds are not to be charged on UACES P-Cards.

V. ORDER AND RECEIPT PROCESS

Order and Receipts for Goods and Services

All purchases must comply with the UACES Purchasing and Accounting Policies and Procedures.

P-Cards are for business purposes only and may be used in any of the following situations:

- In-store purchases
- Mail orders
- Telephone orders
- Fax orders
- Internet Orders - Due to security concerns, Internet ordering must be limited to secure sites (encrypted for privacy) only. Internet Explorer and Netscape Navigator both provide a message when a third party could observe information you send.

Determine the appropriate vendor for the desired purchase. Do not use vendors on the ineligible vendor list available through Financial Services.

Please be mindful that it is always advisable to purchase goods at the best possible price. You may need to obtain verbal or written quotes or bids when purchasing certain items if multiple vendors exist.

When purchasing materials that are to be shipped or delivered:

- Request the vendor provide a receipt with the shipment detailing the items purchased.
- Provide the vendor with a complete shipping address (your name, department or county name, complete street address, room number, city, state and zip code).
- Provide the vendor with your P-Card number and the expiration date or present the card at the point of sale. Be prepared to show identification when using the P-Card at stores.
- Vendors are paid within three days of submitting cardholder's transactions to USB VISA. Cardholders should request vendors give a detailed description of goods purchased on the charge slip, not just "miscellaneous."

Sales and Use Tax

UACES is a state agency and is not exempt from sales taxes. If an out-of-state vendor is not registered in Arkansas to collect sales taxes, then UACES will pay the state of Arkansas a use tax. Sales tax should be listed as a separate line item on all purchases and not included in a single total price.

If a purchase is made by phone, mail or Internet that does not include sales tax, the Account Manager must indicate this on the Purchase Card Log. This information will be used by Financial Services to remit the appropriate use tax and your department, grant or county budget will be charged.

Business versus Personal Purchases

UACES employees will use good judgment regarding the necessity and the appropriateness of all purchases they make with the UACES P-Card. It is important to be conservative about what constitutes a business-related use. Items that are personal in nature will NOT be purchased with the P-Cards. Please see the List of Restricted Items (Appendix 5).

Office Supplies

Items such as letterhead, envelopes and copy paper are available at the UACES Warehouse. Please check first with the warehouse for the availability of these items at <http://pubs.uaex.edu>. Department or county staffs should purchase office supplies on-line from the state contractor (currently Office Depot). The P-Card may also be used to purchase office supplies in local Office Depot stores. The buyer will receive the state contract price on such items.

Computers/Software

Before purchasing computer hardware and related peripheral equipment or software, contact Financial Services at jlipsey@uaex.edu or (501) 671-2296. These items and software may be on state contracts.

If the computer hardware/software will be installed on a local area network (LAN), contact the UACES IT Department to determine compatibility. You may contact Susan James at sjames@uaex.edu or (501) 671-2192.

Equipment

A commodity costing \$1,000 or more (including sales tax and any shipping costs) and having a useful life of more than one year may be considered a fixed asset. Fixed assets items will NOT be purchased on the P-Card. These items must be purchased through the requisition system.

Printing

Since state rules regarding the purchasing of printing services from other than state agencies are very restrictive, UACES Print Media Services should be the first contact for any printing needs. If they are unable to do the job, purchasing should be contacted for more information on how to proceed so that we can make certain whether the job is copying and not printing and to make sure proper purchasing procedures are followed.

State/University-Owned Fleet Vehicles Gasoline and Maintenance Costs

UACES P-Cards will not be used to purchase gasoline or diesel fuel. Drivers of UACES vehicles will continue to use the Wright Express Fleet Card for such purchases. The P-Card may be used for emergency service, such as towing, batteries, and repair of tires, but NOT to purchase tires unless approved by Financial Services. Maintenance invoices must indicate fleet vehicle number, type vehicle and license number. Any scheduled maintenance for a vehicle should be requested using regular purchasing procedures.

Travel

All travel-related expenses, including meals and lodging expenses, will NOT be permitted on the P-Card.

Subscriptions, Publications, Memberships and Registrations

Employees will use standard purchasing procedures (requisitions and P.O.'s) for annual subscriptions, registrations or membership renewals. Subscriptions or memberships must be mailed to a UACES address and adhere to the policy.

Personal Services

The purchase of personal services on the UACES P-Card will not be permitted.

Personal services are defined as services of an intangible nature where there is no physical product or where the product produced is minor in relation to the personal services provided. Examples are data processing, consulting, maintenance, writers, actors, artists, speakers, instructors, etc.

Serial Purchasing

The splitting of orders to circumvent State and UACES purchasing procedures (which may require competitive bidding) will not be permitted. Violators will have their purchasing cards revoked.

Contract and Minority Vendors

The use of contract and/or minority vendors is strongly encouraged. Contact the Financial Services staff for information on contract and minority vendors.

VI. CONTRACTS

The authority to review, approve, and sign applications, proposals or contracts for the Division of Agriculture is delegated from the President of the University to the Vice President for Agriculture or his designee. All purchases that require a contract must follow the procedures outlined in Extension policy CESP 3-42. Any purchase requiring a contract should be routed through the proper purchasing channels and will not be permitted on the UACES P-Card.

VII. NON-ACCEPTANCE OF PURCHASING CARD

If a vendor will not accept a P-Card, you can choose another supplier, use the regular purchase order system, or in some cases, pay for the item(s), and ask for personal reimbursement.

VIII. RESOLVING ERRORS, RETURNS, CREDITS, DISPUTES

Cardholders are responsible for the first contact with vendors on any erroneous charges, disputed items, or returns as soon as possible. Disputed billings can result from failure to receive the goods charged, defective merchandise, incorrect amounts,

duplicate charges, credit not processed, as well as fraud and misuse.

Disputed Items

If the cardholder has a disputed charge, first try to reach a resolution of the problem with the vendor who provided the item. In most cases, disputes can be resolved directly between the cardholder and the vendor. If not,

- Contact USB VISA. USB VISA customer service **MUST** be notified of any disputed item within 60 days of the statement date.
- If cardholder is still unable to reach an acceptable solution, contact:

Purchasing Card Coordinator: Renee Perkins
Telephone: 501-671-2047
Fax: 501-671-2209

Credits/Returns

If an item purchased with the P-Card is returned, request from the vendor that a credit be placed on the cardholder's purchasing card account. Refer to the sales receipt or shipping form to obtain the details needed by the vendor to apply the credit.

A credit should be issued for any item that the vendor has approved for return. The credit will appear on a subsequent statement. It is the cardholder's responsibility to assure that such credit does appear on their account.

- Any credits or returns **MUST** be handled as a credit transaction on a subsequent USB VISA billing statement. Do not accept a refund in cash or check format.

Credits should be recorded in Banner using the same fund/orgn string used to record the original purchase.

Documentation

Documentation of credits, returns and exchanges must be retained with the Purchasing Card Log Forms.

IX. RECORD/LOG PROCEDURES

- The Account Manager must record all purchases on a Purchasing Card Log Form ([Appendix 4](#)) and retain all original receipts, sales slips, service order, cash register receipts, packing slips, and credit receipts. These are official Extension

Date of Issue: Feb. 8, 2006

- records and are to be forwarded to Financial Services monthly.
- A separate log should be maintained for each card to coordinate with the monthly billing cycle.
 - Compare the Purchasing Card Log Forms and original receipts, packing slips, etc, with the Purchase Card Transaction Form for the purchasing card number in Banner. The USB VISA billing statements are available following the last day of the billing cycle. If there are problems, note them on the Purchasing Card Log Form and take the appropriate steps (See Section VIII. Resolving Errors, Disputes, Credits, Returns). It is important that the review and verification is accomplished on a timely basis.
 - It can take up to three days for a transaction to be posted, therefore, some purchases may appear on the Purchase Card Log for a billing cycle that do not appear on the billing statement. This is known as a timing difference. If this occurs, line through the posting on the transaction log, note it with "Not Billed on this Cycle" and re-enter the data on the log for the next billing cycle.
 - To obtain a copy of a charge or credit slip, contact USB VISA Customer Service at 800-344-5696.
 - After the Account Manager has verified the statement, the original Purchasing Card Log Form should be signed by the supervisor and forwarded, with the original receipts and adding machine tapes verifying totals (if necessary) to Financial Services as soon as the statement is verified.
 - A copy of the Purchase Card Log Form should be retained by the Account Manager for future reference.
 - Noncompliance with the policies/procedures established for this program may result in consequences ranging from suspension of purchasing cards to appropriate disciplinary action.

X. SEGREGATION OF RESPONSIBILITIES

Proper accountability over the P-Card program requires segregation of duties and responsibilities. As a result, the cardholder may not also serve as the Account Manager for the same card. This segregation will ensure that the person making purchases with a card is not also responsible for reviewing the monthly transactions on that card.

XI. PURCHASING CARD COORDINATOR RESPONSIBILITIES

A Purchasing Card Coordinator is responsible for the program. Responsibilities include:

- UACES contact with US Bank.
- Reviewing P-Card applications for completeness of required information
- Submitting completed applications to US Bank and receiving P-Cards from US Bank
- Conduct mandatory training for Cardholders, Departmental and County Account Managers before releasing P-Cards to the Cardholders
- Requiring the Cardholder to sign the Cardholder agreement, which signifies agreement with the terms of the P-Card program

- Resolving disputed charges/discrepancies not settled by the Cardholder or Account Manager
- Securing revoked P-Cards and submitting the information to US Bank
- Processing the upload of the monthly billing information
- Reviewing the US Bank invoice for payment
- Reviewing/auditing usage of P-Cards for appropriateness

XII. AUDIT OF PURCHASING CARD ACTIVITY

To assure appropriate institutional control of the P-Card program, the Purchasing Card Coordinator will randomly select purchasing card transactions to audit. Each month, a sample of the Purchasing Card Log forms submitted will be selected for review. The review should consist of the following:

- Documentation (cash register receipt, credit slip, packing slip) should be reconciled to the Purchasing Card Log form ([Appendix 4](#)).
 1. If the cardholder does not provide such documentation, it should be explained on the Purchasing Card Log Form.
 2. The cardholder must dispute any unverified transactions and attach appropriate documentation.
- Review the extensions and additions on attached receipts, credit slips, or packing slips.
 1. Attach adding machine tape, if one was necessary to verify.
 2. Update the Purchasing Card Log Form to include any changes from the original data entered.
 3. Discuss with the cardholder any disputes.
 4. Ensure sales tax is charged on in-state purchases and use tax was remitted on all other purchases.
- If inappropriate purchases appear, the employee should be contacted to return the merchandise to the vendor, if possible. In some situations, the employee should be directed to reimburse the UA Extension.
- Check the Ineligible Vendors List available by contacting Financial Services. If a transaction was conducted with an ineligible vendor, the cardholder must be informed that if practical, the product must be returned, and warned that future transactions with that vendor are not permitted.
- Review the transactions for state contract items or otherwise unallowable items. If an unallowable transaction was conducted, the cardholder must be informed that, if practical, the product must be returned and warned that future transactions of that type are not permitted.
- Review the Banner activity for the transactions included on the Purchasing Card Log form for appropriate Fund/Org/Program. If any transactions are charged to grant funds, the Grants Accounting Manager should review the transactions for appropriateness.

Record Retention Requirements

- Records shall include credit slips, cash register receipts, packing slips, service slips, Purchasing Card Log Forms, and Billing Inquiry Forms.
- Official documents are to be kept five (5) years plus the current year by Financial Services. The Account Manager should retain a copy of the signed log for a minimum of one year.
- The cardholder or Account Manager should keep a copy of the Cardholder Agreement ([Appendix 2](#)). Originals are maintained by UACES Financial Services.

Misuse of the card or failure to comply with policies and procedures will result in cancellation of cards, and appropriate disciplinary action may be invoked.

XIII. CONTACTS

Renee Perkins, Purchasing Card Coordinator	Tel 501-671-2047
Jim Lipsey, Purchasing Specialist	Tel 501-671-2296
Karen Scott, Director of Financial Services	Tel 501-671-2045
USB Customer Service	Tel 800-344-5696