



ProCard Policies & Procedures

Training Guide

Prepared by:
Department of Procurement
Sampey 4106
897-4722





ProCard Benefits



- An accelerated process for routine or small purchases
- Eliminates the "Under \$250 PO"
- A reduction in paper work
- A quicker way to obtain goods
- Annual financial rebates to the Seminary





Eligible and Non-Eligible Purchases



Sample of items eligible for purchase on the ProCard:

- Athletic Supplies
- Books
- Component Parts for Equipment
- Equipment Rental
- Instructional Materials and Supplies
- In-town business meals
- In-town travel related expenses
- Membership Dues
- Miscellaneous office supplies
- Postage, Stamps, and Shipping Charges
- Conference Registration Fees
- Subscriptions
- Copies/duplication
- Building Supplies – lumber, hardware, plumbing, electrical, etc.
- Custodial supplies
- Photographic/reproduction supplies and fees
- Bulk Food – for dining services only
- Maintenance agreements and service agreements
- Direct marketers (orders from direct mail catalogs)
- Webinars
- Other purchases that are not specifically listed under the NON-ELIGIBLE items list.

Sample of NON-Eligible Items

- Items classified as equipment – see list in policy
- Central Stores stocked items
- ATM Cash withdraws
- Items for personal use or consumption
- Gifts, incentives, or awards
- Gift cards
- Gasoline

Note: for in-town travel and business meal, personal mileage will not be reimbursed.





Purchasing Options Guide



- **Procurement Card**
 - Must be a ProCard Eligible purchase
 - No split transaction will be allowed to circumvent the \$2,500 threshold. Purchases over \$2,500 must be accompanied by 3 quotes and the itemized receipt. This will result in card cancellation.
 - No sales tax allowed on purchases – regardless of tax amount
- **Purchase Order**
 - If the item is Capitalized AND/OR considered equipment, you must submit a capital request first, before going through the requisition process.
 - Purchase orders are limited to \$10,000.
- **Request for Proposal (RFP)**
 - Reserved for purchases that exceed \$10,000
 - Ensures the Seminary obtains competitive bids on larger projects
 - Contact the Procurement Office for details
- **Check Requests**
 - Honorariums for speakers, etc.
 - Refunds



Regulations for Each Transaction



- The cardholder must obtain itemized transaction receipts for all purchases.
- Sales tax may NOT be charged to the card. All Procurement Card purchases are exempt from state and local taxes.
- No item classified as equipment can be charged to the card.
- Back Orders may NOT be charged to the card. You must verify that items are in stock and ready for immediate shipment.
- Available budget authority must exist to cover the amount of the purchase.
- All items purchased must relate to a bona fide Seminary purpose.
- The cardholder must ensure prices are fair and reasonable.



ProCard Sign-Out Process



Each department that has a procurement card will have a designated person who is responsible for the signing-out of the card so that purchases may be made.

Typically, the name listed on the procurement card is a Dean, Director, or Department Head. However, there will be an administrative assistance in each department that is responsible for the (1) the safekeeping of the card, (2) the sign-out sheet, (3) obtaining all receipts, and (4) ensuring each purchase fall within the guidelines of this policy.

The following steps will be taken to sign-out the procurement card for every purchase. The procurement card must be kept in a locked draw except when checked out to an individual: A sample sign-out sheet is listed on the next slide.

1. The department staff member will contact the department's card administrator (reconciler)within the department to check-out the procurement card.
2. The card administrator will have the employee sign the log sheet AND will verify that what they are requesting is a legitimate purchase. You may always contact the Procurement Department if you are having trouble distinguishing if the item in question is a legitimate procurement card purchase.
3. The procurement card will be given to the employee to make the desired purchase
4. The employee will return the card immediately after making the purchase AND submit the original, itemized receipt to the reconciler
5. The card administrator will (1) tape the receipt to an 8.5" x 11" sheet of copy paper, (2) write the accounting distribution on the sheet of paper, and (3) file it in the reconciliation binder with the rest of the receipts.





Monthly Statement Reconciliation



Each cardholder will receive a detailed memo statement from US Bank every month. This statement will list the transactions that US Bank has transmitted to the Seminary for the cycle and should match (1) your sign-out sheet and (2) original receipts you have obtained.

For the credit card statement, the statement cycle period will be the last day of the month. This insures that each month's expenses are kept on separate statements. The reconcilers will then have 7 business days to reconcile the procurement card account. Reconciliation consists of:

- Verifying all transactions are legitimate Seminary purchases
- No tax, or unauthorized purchases were charged to the card
- All receipts are present (or the Missing Document Affidavit is provided for missing receipts)
- The receipts, sign-out log, and Access On-line all match
- Accounting distributions are keyed in Access On-line for each transaction





Steps to Reconciliation



Reconciliation must be performed monthly. Please follow the steps listed below when performing the monthly reconciliation.

1. Print the credit card transaction statement
2. Arrange the original receipts in the order they are listed on the credit card statement
3. Attach the original receipts AND the sign-out sheet to the credit card statement
4. Enter the accounting distributions in Access On-line for each charge
5. Have the person, whose name appears on the card, sign off on the credit card statement, after the reconciliation has been performed.
6. The reconciler will have the first 7 days of each month to perform the reconciliation. If this is not done by the specified date, an amount equal to the departments statement will be charged to their general operating account. It will then, be the responsibility of the reconciler to create a series of journal entries to correct this transaction on the general ledger.
7. The reconciler will then file the monthly statement (which also includes the receipts, and sign-out sheet).
8. Each department will be audited annually for approved charges, sales tax, completed documentation, etc.





Annual Auditing



Processing transactions through procurement cards poses additional risk to the Seminary. For this, the Procurement Department will conduct annual audits in each department to ensure that each Seminary department is maintaining compliance with the Procurement Card Policy.

It is the sole responsibility of the card administrator to ensure that their department in maintaining compliance with policy. To further assist the Seminary departments in establishing the procurement card program, the Procurement Department will perform a follow-up audit after the first month's use and answer any questions the department may have.

Subsequent to this, random, annual audits will be performed each year in each Seminary Department.



Consequences for Violations



CATEGORY 1 OFFENSE	DISCIPLINARY ACTION
<ul style="list-style-type: none"> • Unallowable Use • Missing Receipt/Missing Receipt Form • Non-reconciliation of Monthly Statement • Incomplete Receipts (must be <i>itemized</i>) • Missing/Incorrect Signatures • Incomplete Log Sheet • Sales Tax 	<p>First Annual Audit Written warning <u>and</u> must resolve discrepancies</p> <p>Second Annual Audit 1 week card suspension per illegitimate transaction <u>and</u> must resolve discrepancies</p> <p>Third Annual Audit Card will be evaluated for cancelation <u>and</u> must resolve discrepancies</p>
CATEGORY 2 OFFENSE	DISCIPLINARY ACTION
<ul style="list-style-type: none"> • Gift Cards • Split Transactions to Circumvent Transaction Limit • Inappropriate Use of Funding Source • Out of Town Travel Purchases • ATM Cash Withdrawals • Gasoline for Vehicles 	<p>First Offense 1 month card suspension</p> <p>Second Offense Automatic card suspension until further notice</p>
CATEGORY 3 OFFENSE	DISCIPLINARY ACTION
<ul style="list-style-type: none"> • Fraudulent Use (such as personal purchases) 	<p>Any Offense Incident is reported to campus police for investigation Incident is reported to cardholder and supervisor(s) Cardholder's ProCard is cancelled</p>





Backup Personnel



All departments that have been issued a procurement card must have a back-up person that is able to handle the signing-out and reconciliation of the card. This is mandatory for several reasons:

1. The reconciler may need to make a purchase for the department using the card. This ensures that people are involved in the process for accountability
2. In the absence of the reconciler, the back-up person will need to be able to sign out the card and also perform the monthly reconciliation if needed.





Equipment ProCard



Occasionally, equipment needs to be purchased from stores such as Wal-Mart and Sears. These mass merchandisers do not accept purchase orders.

If a Seminary department needs to purchase equipment from a vendor, that department should contact the department of Procurement to determine eligibility and method of payment.





General Policy Issues (1 of 5)



Cardholder Responsibilities

Along with the authority to use the procurement card comes the responsibility of:

- Monitoring the *mySouthern* intranet website for changes to the procurement card program.
- **SECURITY** – Employees are required to keep the procurement card secure at all times. The Seminary procurement card is to be protected by the same safeguards that are applied to the security of a personal debit or credit card. Because all workspaces are not equipped in the same fashion, it is left to the discretion of each cardholder to determine where the most secure place would be depending on the specific nature of their responsibilities and the constraints of their physical workspace.
- Obtaining and retaining appropriate documentation for purchases, for a period of 7 years - receipts, transaction log sheets, and US Bank memo statements.
- Ensuring the reconciler reconciles all procurement card activity on a monthly basis.
- Completing the Missing Document Affidavit when necessary documentation is not provided.

Sales Tax Exemption

Seminary purchases are exempt from Kentucky Sales Tax. Advise the seller/cashier/clerk that your purchase is tax-exempt before the transaction is completed. If tax is added in error, the cardholder is responsible for obtaining a credit from the vendor – regardless of the amount.





General Policy Issues (2 of 5)



Card Information Revision

Should any information on the original procurement card application/cardholder agreement need to be revised, written or email notification must be sent to the Department of Procurement

Card Cancellation

Do NOT send the destroyed card(s) to the Department of Procurement.

All cards that have no activity for twelve (12) continuous months shall be automatically cancelled. The cardholder should cut the card into multiple pieces then the completed procurement card Certificate of Destruction form must be signed by two people that witnessed the destruction of the card and sent to the Department of Procurement.

Procurement cards must be cancelled under the following circumstances:

- The cardholder's termination of employment with the Seminary.
- The cardholder's transfer to another position within the Seminary.
- The deletion of the Seminary general ledger cost center.
- The card is revoked by the cardholder's Supervisor or the Department of Procurement due to misuse by the cardholder.



General Policy Issues (3 of 5)



Card Surrender

The procurement card must be temporarily surrendered to the employee's supervisor at the beginning of a leave of absence.

Receipt of Materials and Services

The cardholder shall be responsible for ensuring receipt of materials and for contacting the vendor to resolve any delivery problems, discrepancies, and damaged goods claims.

Point of Delivery

Goods purchased with the procurement card shall be shipped for "desktop" delivery rather than to Central Stores. Vendors should be given a complete mail to or ship to address to guarantee correct delivery.

Returns and/or Exchanges

It is a merchant violation to refund cash for a procurement card return. Do not allow merchants to do this. It is a cardholder violation to accept cash. Violations of procurement card usage may result in criminal or civil prosecution.

1. Make arrangements with the merchant before shipping an item for return.
2. 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.)
3. Document all returns and exchanges. This information may be needed for a formal dispute





General Policy Issues (4 of 5)



Disputed Transactions

The cardholder is responsible for contacting the vendor and/or US Bank at 1-800-344-5696 about any erroneous charges, returns, or disputed items. Disputed billing can result from:

- Failure to receive goods or services charged
- Fraud or misuse
- Altered charges
- Defective merchandise
- Incorrect amounts
- Duplicate charges
- Procurements not processed

In case of suspected fraud, please notify the Procurement Department at 502-897-4395, as soon as possible.

Contact the vendor first to resolve any questionable charges. If agreement cannot be reached with the vendor, notification to US Bank should be made by use of the [Procurement Card Dispute Form](#). Fax the form to US Bank at fax number 701-461-3463, no later than the 60 days after receipt of the first bill on which the error or problem appeared.





General Policy Issues (5 of 5)



Card Renewal

A renewal procurement card will automatically be mailed to the Procurement Department two years from the issue date. Cardholders will be notified when their Procurement cards are available for pick up. Renewal cards must be personally picked up in the Procurement Department and a cardholder agreement must be signed. In order to dispose of the old card, please complete the Procurement Card Certificate of Destruction form and submit the form to Administrative Support.

