# Purchasing Card Policies and Procedures

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Purchasing Card Policy

1. Basis of the Policy

The University of Nebraska is responsible for paying for business related expenses that support its mission. Employees are responsible for prudently using University resources for business related purchases, and the University provides a Purchasing Card (P-Card) Program to allow designated employees to do so.

2. Purpose

One method of communication that is particularly effective for internal control is the formal documentation of policies and procedures. This policy is designed to provide readily available guidance to employees who need it through delineation of authorities and responsibilities, documentation of procedures, and description of controls and control-related procedures for the purpose of increasing employee understanding. Designated employees who have been granted the privilege and trust of using a Purchasing Card must follow the established Policies and Procedures to ensure continued purchasing card program success.

3. Authority over Purchasing Cards

Under Policies of the Board of Regents, the Vice President for Business and Finance is charged with establishing uniform standards relating to purchasing. Policies also state each principal business officer (Vice Chancellor for Business and Finance) may establish campus purchasing policies and procedures which are supplemental to and consistent with this purchasing (and therein, P-Card) policy. Nothing herein shall be construed to prohibit the Vice Chancellor for Business and Finance (hereinafter Vice Chancellor) from establishing campus P-Card policies and procedures which are more restrictive; however, those supplemental policies must be signed by the Vice Chancellor and formally appended to this policy.

The Vice Chancellor at each campus has been given the responsibility for the management of its P-Card program. The Vice Chancellor has designated a P-Card Administrator, who is responsible for the overall management of the P-Card Program, including the administration of these Policies and Procedures. Purchasing responsibility is delegated to the user department which is responsible for selecting and authorizing card holders and reconcilers. Departments should develop effective controls to ensure sound financial management. Designated staff in the Division of Business & Finance are available to provide technical assistance in developing financial controls. To ensure the continued success of the P-Card Program and to meet financial requirements, periodic reviews to verify transactions will be conducted by the Division of Business & Finance.
The P-Card represents the University’s trust in the P-Card holder as a responsible employee who will safeguard and protect University assets. The P-Card should be used only by the individual named on the card. The P-Card holder must safeguard against the use of the card by unauthorized individuals.

Purchasing authority is delegated to designated employees by their Departments to make business related purchases with a purchasing card not to exceed a single transaction limit as specifically approved. The purchasing card may not be used for travel expenses or any personal expenses. Unauthorized use may be cause for the immediate cancellation of the card.

Finally, the authority to enforce P-Card Policies is the responsibility of the Vice Chancellor. When a business case exists, limited exceptions to the P-Card Policies and Procedures may be granted upon written request from the user department and with written approval from the designated authority within the Division of Business & Finance.

For more detailed information, see Purchasing Card Procedures.
Purchasing Card Procedures

The University of Nebraska Procurement Card (P-Card) simplifies purchase and payment of certain items and services costing $4,999 or less. The P-Card bank pays vendors directly for purchases within a short period of time, and the University issues a single weekly payment to the bank for all University charges. Because of these process efficiencies the University encourages departments whenever possible (excepting those cases where the University has a preferred vendor contract, which is covered by a separate policy) to use a P-Card for purchase of supplies, small equipment and services from any authorized vendor who accepts a P-Card. This is in accordance with applicable Purchasing and P-Card procedures.

Cardholders use the P-Card to purchase allowable goods and services. Billing and settlement with the bank are centralized. All transactions are automatically loaded into SAP reducing the need for purchase orders, invoices, and vouchers.

The University is held to a high level of accountability for its business practices. As such, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. The use of the P-Card must be within the parameters of the general and specific restrictions in this document.

1. Obtaining a Purchasing Card/Application Process

To obtain a P-Card, an employee must complete an application, have it approved by his/her department chair, head, or administrator, successfully complete a training program, and receive approval from the Division of Business & Finance. Each cardholder may have only one P-Card and the cardholder must be an employee. Sound business practices require that an individual other than the P-Card holder approve and reconcile all purchases made by the cardholder. Therefore, each cardholder must have a reconciler. The department head or administrator shall assign a reconciler for each cardholder.

It is recognized that due to limitations in number of staff, campuses may employ a “pooling concept”, whereby a pool of reconcilers can be established to create the separation of duties sought in this policy.

2. Issuing of Purchasing Cards

The University in coordination with P-Card bank issues a purchasing card. The purchasing card will include the name of the cardholder, institution, and the Nebraska sales tax exemption number. Cardholders may have to show identification and sign for the purchasing card.

3. Purchasing Card Limits

The maximum dollar amount per transaction is $4,999, however lower limits may be requested to enhance departmental control. The normal monthly transaction dollar limit is $10,000. If the department chair, head, or administrator provides adequate justification, the monthly transaction limit
can be adjusted if approved by the Division of Business & Finance. All changes must be requested and approved in writing.
4. Purchasing Card Utilization

Utilization of the P-Card will be reviewed annually by the Division of Business and Finance. The purpose of the review is to verify that all cards are still needed and that limits are set appropriately. Underutilized purchasing cards may be cancelled.

To ensure the continued success of the P-Card program and to meet financial requirements, periodic audits to verify transactions will be conducted. Adequate documentation must be maintained to support the transactions with the P-Card holder’s reconciler. Cardholders must forward all supporting documentation to the reconciler who has been assigned the responsibility of record retention. These receipts are required for the verification of the transactions and for proper expense allocation of the purchases.

5. P-Card Holder Responsibilities

The P-Card holder is responsible for knowing and applying all of the Policies and Procedures related to the P-Card Program. The cardholder must:

   a. Complete an application for a P-Card;
   b. Complete the University P-Card training;
   c. Sign a P-Card holder agreement;
   d. Assure the physical security of the P-Card;
   e. Report the loss of the card immediately to the issuing bank (US Bank, NA – 800-344-5696, 24 hours per day) and to the Division of Business & Finance;
   f. Assure compliance with P-Card Policy and Procedures;
   g. Assure that purchases are made only for approved University-related business purposes;
   h. Provide documentation to the reconciler in a timely manner. Documentation must be maintained in accordance with the University’s Records Retention Policy;
   i. Assure the proper use of the University of Nebraska’s sales tax exemption (which is provided during training);
   j. Confirm that deliveries match orders, coordinate returns, and contact the Division of Business & Finance regarding unresolved issues;
   k. Assure that the proper University cost objects and general ledger accounts are charged for purchases;
   l. Address any questions regarding the use of the P-Card to the Division of Business & Finance;
   m. Identify disputed purchases and contact the merchant to resolve. Disputes must be resolved within 60 days of the transaction;
   n. Abstain from splitting transactions to circumvent spending limits;
   o. Upon employment separation or change in department, return the P-card to the University; and
   p. Notify the Division of Business & Finance of the reconciler’s separation of employment or extended leave.

6. Reconciler’s Responsibilities

The department approved reconciler is responsible for the following:

   a. Complete the University P-Card policy and reconciliation training;
b. Sign a P-Card reconciler agreement;
c. Assure each transaction complies with P-Card policies and procedures;
d. Review and reconcile all P-Card holder transactions in a timely manner;
e. Check that all documentation is retained according to record retention policy;
f. Track disputed items to ensure credit;
g. Assure that proper documentation, including the business purpose, is provided in support of all P-Card transactions and that the transactions are for appropriate University business uses;
h. Notify the Division of Business & Finance of the cardholder’s separation of employment, change in department, or extended leave; and
i. Address questions regarding the use of the P-Card to the Division of Business & Finance.

7. Monitoring Activities and Other Business & Finance Review

One of the key concepts in internal control systems is monitoring, which assesses the quality of the systems’ performance. The scope and frequency of monitoring activities depends on management’s assessment of risks and the effectiveness of on-going monitoring activities.

Monitoring activities represent a valuable control that completes the system of internal controls in card operations. Examples of monitoring activities include the following:

- Reviews of daily transactions, new applications/changes/deletions, error and exception logs, workflow reports, transaction warning reports, and batch errors.
- On site assistance visits or desk reviews of reconcilers.
- Reviews of parked transactions.
- Reviews of declined purchases and spending limits.
- Reconciliation of the approved cardholders list between SAP and the bank servicing the Purchasing Card program.
- Review of MCCs (merchant category codes).

Monitoring activity should be properly documented and maintained.

8. Documentation Requirements

Original documentation must support the legitimate business purpose of all transactions made with the P-Card. Documentation must include the name of the supplier/vendor, the date and dollar amount of the transaction. No adjustments should be made to the original documentation. If additional information is needed, it should be attached to the original and signed and dated.

The following are examples of supporting documentation:

a. Detailed cash or sales receipts, or invoices (including Internet orders, i.e., screen prints of the details of the Internet purchase including prices, taxes, handling charges, delivery charges, and the total expenditure);
b. Packing slips, only if the dollar amount of the transactions is present and detailed purchase prices are included;
c. Subscription forms or dues statements; and
d. Conference registration forms.
9. Record Retention

The department must retain all transaction records in its files according to the University record retention policy. University record retention policy can be found at www.nebraska.edu/administration/general-counsel-legal.html.

10. P-Card Controls

The responsibility for financial control of the P-Card rests with the department. The department chair, head, or director is responsible for ensuring that purchasing duties are performed with competence and honesty, and the department is responsible for monitoring the effectiveness of its controls. The appropriate use of the P-Card lies not only with the P-Card holder, but also with the approving department. The following are examples of internal controls:
   a. Approving P-Card applications;
   b. Reviewing all ledgers showing P-Card activity;
   c. Approving all reconcilers; and
   d. Assuring that all P-Card holders comply with policies and procedures.

11. How to use the Purchasing Card

Procedures to follow when using the P-Card:
   a. Identify if the purchase is appropriate for a P-Card transaction and appropriate business use;
   b. Check the list of restricted commodities to confirm that the purchase is allowable; and
   c. If the product or service being purchased is available from a current University “preferred vendor”, the order should be placed with the contracted vendor due to the significant savings in time and money this option offers. Never e-mail the P-Card number. Determine if the transaction total is over the P-Card limit. Exceptions to lower transaction limits (i.e., $1,499 or $2,599) may be obtained in advance (see section 15, “Purchasing Card Exceptions”), however $4,999 is the limit for individual transactions. If the transaction total is more than $4,999, it should be processed using another authorized method such as a purchase order, direct pay, etc.

Contact the vendor/supplier and:
   a. State that you are calling from the University of Nebraska and that you will be making a credit card purchase;
   b. Emphasize that the University of Nebraska is Nebraska sales tax exempt;
   c. If the vendor/supplier requests the University of Nebraska sales tax exempt number, provide the number listed on the front of the P-Card;
   d. The vendor may request a copy of a Form 13 as proof of the sales tax exemption. If a Form 13 is requested by the vendor, contact the Division of Business & Finance;
   e. Do not fax, e-mail, or scan the P-Card to the vendor/supplier;
   f. Order item(s);
   g. Give vendor/supplier the P-Card number and expiration date;
   h. Give vendor/supplier the P-Card holder name, the department name, and the complete delivery address (building name, room number, and street address) to ensure proper delivery; and
   i. Make sure that the appropriate department personnel have authorized the purchases, and that all departmental procedures have been followed.
The purchase transaction documentation must be retained according to University of Nebraska Record Retention Policy.

12. Acceptable Purchases

Examples of typical P-Card transactions include, but are not limited to, the following:
   a. Books, training materials and subscriptions;
   b. Conference registrations;
   c. Advertising services;
   d. Athletic supplies;
   e. Laboratory supplies;
   f. Safety supplies; and
   g. Intercampus and intra-campus payments.

13. Prohibited Purchases

Examples include:
   a. “Pyramiding” (dividing a large purchase into smaller ones to bypass a spending limit);
   b. Personal use of any kind;
   c. Travel expenditures (Airlines, Car Rental, Lodging, etc.);
   d. Food or beverage;
   e. Recruiting expenditures (e.g., dinner, entertainment, etc.);
   f. Gifts, donations, contributions, or celebrations;
   g. Gift cards;
   h. Medical, drug, or pharmaceutical expenditures;
   i. Lab animals;
   j. Payments to individuals, employees, or students for any reason;
   k. Potentially hazardous materials or services related thereto;
   l. Any expenditures not normally within the cardholder’s job responsibilities;
   m. Amusement and entertainment; and
   n. Cash advances.

A more detailed list of permissible and non-permissible purchases is available as part of the purchasing card training class or from the Division of Business & Finance.

14. Procedures for Violations of the Purchasing Card Policy

Two violations of the Purchasing Card Policy will normally result in the immediate termination of the cardholder’s account for a minimum of one year. A notice of violation will be sent to the cardholder, reconciler, and supervisor, approving official and the department chair, head, dean, or director. Issuance of a new card after the one year period will require a new application and successful completion of the Purchasing Card Training.

Fraudulent use of the P-Card will result in corrective actions in accordance with the policies of the Department of Human Resources, including reimbursement and the possibility of termination.
15. Purchasing Card Exceptions

Exceptions to the P-Card restrictions may be granted upon written request from the user department and with written approval from the Division of Business & Finance.

16. Purpose for Merchant Category Codes

In most national credit card systems, suppliers are assigned a four-digit code according to their Merchant Category Classification (MCC). These codes are used in the University’s system as a reference and, where necessary, to block certain supplier purchases. Only MCC codes identified as allowable will be “open”, whereby charges can be made and processed. All requests for exceptions to blocked MCCs must be justified in writing to the Division of Business & Finance who, along with the department, will retain a copy of the justification. The Division of Business & Finance will notify departments in writing if approval has been granted. (See section 15, “Purchasing Card Exceptions”)

17. Third Party Providers

All third party payment providers such as PayPal require a statement of business purpose for the transaction. Included with this information should be a description of the items purchased and the vendor name.

18. Rebates, Rewards, Promotional Items

No rebates, rewards, or promotional items shall be accepted by the cardholder as a result of the P-Card transaction for his/her personal use. These may be accepted by the cardholder’s department or the University for appropriate departmental/institutional business use.

19. Sales Tax

As a rule, the University is exempt from paying Nebraska sales tax. The University of Nebraska sales tax exemption number is printed on the front of the P-Card. In the event that the merchant mistakenly charges sales tax that exceeds $20, the cardholder should seek reimbursement as soon as possible.

20. Preferred Vendor Contracts

The University has developed several preferred vendor contracts that provide significant savings to the University in terms of both time and money. Departments are strongly encouraged to use these contracts. Please see the Division of Business & Finance Internet/Intranet web site for more information.

In addition, the University has developed several relationships with large volume vendors that provide cost effective and efficient ordering of routinely used articles. These efficient ordering methods are available through SAP ZORDER- Web Vendors.
21. Contact Information

Report a Lost/Stolen Card or Disputed Item:
US Bank Customer Service (lost/stolen card, disputed items, card acceptance)
1-800-344-5696 (outside United States: 1-701-461-2042 – Collect)

Any questions regarding the Program Policies and Procedures should be directed to the following University of Nebraska campus contacts.

Lincoln: Marc Chauche, mchauche2@unl.edu, 402-472-2214
Medical Center: Nicole McCoid, 402-559-5400
Omaha: Ken Hultman, 402-554-3514
Kearney: Kim Christensen (308-865-8525) or Jane Sheldon (308-865-8525)

Misuse or Fraudulent Use of Purchasing Card:

State Ombudsman- (800) 742-7690 or
Nebraska Auditor of Public Accounts - (800) 842-8238
22. Campus Specific Provisions

This section details campus-specific modifications to the University of Nebraska Purchasing Card Policy and Procedures.

22.1 University of Nebraska at Kearney:

Security for Financial Information

All employees of the University of Nebraska are responsible for the proper handling of confidential or proprietary information that they have access to or use to perform their job duties. This includes P-Card numbers and vendor bank and federal identification numbers that may be required in the vendor payment process.

P-Cards can be used for electronic purchases through secure web sites only. P-Card numbers and expiration dates shall not be included in email messages. P-Card numbers should be provided verbally as required to complete the purchase or payment transactions. If you receive an email from a vendor you are conducting business with requesting confirmation of your University credit card number, provide only the last four digits of the P-Card number or complete a phone call to the vendor.
22.2 University of Nebraska Medical Center:

22.2.1 Prohibited Purchases (see section 13)

The use of off-campus graphic design, photography, printing and related services for publications, events (exception: commencement photography services), or other collateral material must be contracted with one of our preferred vendors to ensure compliance with standards set forth by the University of Nebraska Medical Center (UNMC) brand.

22.2.2 Gifts (see section 13)

Gifts to Non-Employees on behalf of the UNMC: The giving of a non-cash gift to a non-University individual or organization on behalf of UNMC may under certain circumstances be allowed for business related purposes. The following are examples that are allowable:

- Institutional gifts – when UNMC officials are visiting abroad or are hosting visitors from other institutions as a sign of appreciation or gratitude, visiting dignitaries, scholars, volunteers, and clients

The authority to approve and authorize gifts is delegated by the Vice Chancellor for Business & Finance to the Assistant Vice Chancellor for Business & Finance or designee. Unauthorized gift purchases will require reimbursement to UNMC cost objects and the P-Card will be cancelled.

22.2.3 Gift Cards (see section 13)

The purchase of gift cards is limited to the following:

a. Approved UNMC programs;
b. Approved Institutional Review Board (IRB) programs and research participants; and
c. Upon written prior approval of the Director of Procurement and the Assistant Vice Chancellor for Business & Finance.

Gift Card Requirements

a. Gift cards must be kept in a secure location (locked drawer or safe);
b. The distribution of the gift cards must be documented, including date of distribution, name of recipient and the signature of the recipient acknowledging receipt;
c. If a gift card is awarded to an employee, the campus Payroll office must be notified as the gift card is a taxable benefit;
d. If a gift card(s) is given to a non employee, and the total amount given is greater than $600 in a calendar year, the department must submit a W9 form and report the amount received to Accounts Payable for IRS 1099 reporting;
e. The department must retain all distribution records in its files according to the University record retention policy; and
f. UNMC will conduct special reviews of departments that distribute gift cards.
22.3 University of Nebraska- Lincoln:

22.3.1 Security for Financial Information

All employees of the University of Nebraska are responsible for the proper handling of confidential or proprietary information that they have access to or use to perform their job duties. This includes P-Card numbers and vendor bank and federal identification numbers that may be required in the vendor payment process.

P-Card numbers and expiration dates should not be included in email messages. P-Card numbers should be provided verbally as required to complete the purchase or payment transactions. If a vendor requests confirmation of a University credit card number, provide only the last four digits of the P-Card number or call the vendor.

22.3.2 Responsibilities (see sections 5 & 6)

In addition to identifying P-card holders and their related reconcilers, user departments must also identify an approving official for each P-card holder.

Approving Official’s Responsibilities

The approving official cannot be supervised by the cardholder. This is to assure independent approval of transactions.

The approving official is responsible for the following:

a. Ensure compliance with P-Card policies and procedures;
b. Review, approve and sign individual transactions or the weekly summary of cardholder transactions;
c. Ensure that any purchases are within the limits assigned to the card (i.e., no “pyramiding”);
d. Ensure that proper documentation, including business purpose, is provided in support of all P-Card transactions and that the transactions are for appropriate University business purposes;
e. Forward documentation to the reconciler on a timely basis;
f. Notify the Division of Business & Finance of the cardholder’s separation of employment so the P-Card will be deactivated;
g. Notify the Division of Business & Finance of the reconciler’s change of duties or separation of employment and assign a new reconciler for the affected cardholders; and
h. Address any questions regarding the use of the P-Card to the Division of Business and Finance.

22.3.3 Sales Tax (see Section 19)

In the event that a merchant charges UNL sales tax that should not be assessed, the cardholder should seek reimbursement as soon as possible, regardless of the amount of the sales tax.