



EOU PROCUREMENT CARD POLICY AND PROCEDURES

Effective: May 23, 2006 Revised: April 30, 2009

Who Should Read This Policy

Unit Administrators responsible for departments issued EOU (Eastern Oregon University) procurement cards. All Custodians and Designated Users of EOU procurement cards.

Background & Purpose

OUS (Oregon University System) has established a procurement card program. This program provides for the rapid acquisition of primarily low dollar items. The procurement card program is designed to promote purchasing efficiency, flexibility, and convenience. Procurement card purchases shall be made in accordance with established purchasing rules and policies. The procurement card program is administered by the OUS and is implemented at the institution level.

OUS has contracted with U.S. Bank to provide Visa credit cards, called procurement cards. The procurement cards may be used to purchase goods and non-tax reportable services for the institution. Benefits of the procurement card program are reduced time, paperwork and handling costs along with a more rapid and efficient receipt of goods. By using the procurement card the traditional requisition – pricing inquiry – order placement – delivery of goods – invoice – voucher review – payment cycle is greatly reduced. U.S. Bank issues procurement cards to EOU campus departments. Each card is assigned to a department Custodian. The Custodian maintains documentation, reconciles the bill on a monthly basis, and ensures that the card is used only for authorized purchases.

Policy

The EOU Procurement Card Program Administrator shall have the authority to implement the procurement card purchasing program as established by OUS. Designated procurement card Custodians and Designated Users are responsible for compliance with the procurement card policy and procedures. The EOU Program Administrator is responsible for training Designated Custodians and Users with regard to the EOU Procurement Card Policy and Procedures. Violations of the EOU Procurement Card Policy and Procedures are subject to review and necessary disciplinary action.

Procedures

1. PROGRAM DESCRIPTION

1.1 Applying for a VISA Card

The Unit Administrator (department head or designee) contacts the EOU Program Administrator. Details will be discussed and a mandatory training session for the Unit Administrator, Custodian and Designated Users will be scheduled. Under no circumstance will an individual be a Card User without attending training provided by the Program Administrator.

1.2. Authorized Designated Users

The Unit Administrator designates the procurement card Custodian and Designated Users. There is a limit of five Designated Users and no students are allowed to be a Custodian or a Designated User. An EOU Procurement Card Signature Authorization/Agreement form must be completed, read and signed by employees authorized to use the procurement card, the Custodian, and the Unit Administrator. The form must then be filed with the Procurement Card Program Administrator.

1.3 Termination / Separation of Service by a Card User

When an EOU authorized user terminates/separates from a department, the Unit Administrator or Custodian shall immediately (within 24 hours) contact the Procurement Card Program Administrator reporting the change. When the Unit Administrator, Custodian or User terminates/separates from a department, the Procurement Card Program Administrator will cancel the card. The Unit Administrator or

Custodian will be required to fill out a New Card Application form and send to the Program Administrator. Upon the arrival of a newly issued card a new EOU Procurement Card Signature Authorization/Agreement form will be filed with the Procurement card Program Administrator. After the process is completed the new card will be issued.

1.4 Adding / Changing Card User

When adding or changing a Card User, file a new EOU Procurement Card Signature Authorization/Agreement form and file with the Procurement Card Program Administrator.

1.5 Reconciliation of Charge Receipts

Reconciliation between the Card User charge receipts and charges reported by U.S. Bank must be prepared monthly. The Custodian is responsible for ensuring monthly card statement reconciliation for all occurring charges. After completing the reconciliation, the Custodian must sign the monthly statement attesting to the fact that all charges are valid and were initiated by an authorized Card User. In NO case may a Card User review his/her own charges. The Unit Administrator or designee must review, sign and date the charges.

1.6 Card User Transaction and Credit Limit Information

Individual transaction limit: Default \$2,500.

Daily number of transactions allowed: no limit

Monthly credit limit: Default \$2,500 Contact the Procurement Card Program Administrator to initiate the process for establishing credit limits higher than \$2,500.

1.7 Authorized Procurement Card Uses

Purchases from vendors that accept credit card payments may be charged to a procurement card except as prohibited by current EOU Purchasing Procurement Card Policy and Procedures.

The procurement card is designed to promote purchasing efficiency, flexibility, and convenience. The following is a partial listing of typical uses:

- Office and computer supplies
- Teaching and research supplies
- Materials for minor repairs
- Non-capitalized furniture/equipment
- Conference registration (not entertainment)
- Subscriptions to newspapers, journals and periodicals
- Reference materials such as books
- Software
- Airfare
- Seminar registrations
- Conference hotel lodging (deposits only)
- Housekeeping, laboratory, maintenance supplies

1.8 Prohibited Procurement Card Uses

- Alcoholic beverages
- Personal purchases
- Cash advances
- Inter-departmental expenses
- Rentals / Leases - ie: equipment, rooms, buildings, land, etc.
- Vehicle rental - ie: cars, vans, pickups, trucks, trailers, boats, etc.
- Transportation costs - ie: bus fares, train fares, ferry, gas, etc.
- Lodging (may be used to hold a room)
- Misc. lodging charges ie: room service, movies, phone, laundry service, etc.
- Meals
- Food / Groceries
- Entertainment
- Hosting groups and guests
- Gifts, gift certificates, gift cards etc.
- Awards / Prizes
- Memberships

- Utilities
- Communications
- Capitalized equipment and upgrades
- Weapons / Ammunition
- Selling / Marketing costs
- Fees, Services, and 1099 tax reportable expenses

Exception to 1099 Reportable Expenses – The OUS policy does not allow 1099 reportable expenses to be charged using the procurement card; however, there are certain vendors that are exempt from 1099 reporting due to their vendor status. Exceptions to this ruling will be considered by the Program Administrator on a case by case basis. In all cases, procurement card charges must always have an authorized purpose.

Merchant Category Codes (MCC) – The Merchant Category Code (MCC) is a four-digit code used by the bankcard industry to classify a merchant's primary business. The MCC describes a merchant's product, service, or nature of business and are used by card issuers to categorize, track or restrict certain types of purchases. In cases where a merchant is engaged in more than one type of business, the MCC will reflect the merchant's primary line of business.

For a complete listing of MCC Codes that EOU does not allow – [MCC Codes Not Allowed](http://www.eou.edu/busserv/forms/mcc_codes_not_allowed.pdf) (http://www.eou.edu/busserv/forms/mcc_codes_not_allowed.pdf)

For a complete listing of MCC Codes that EOU allows - [MCC Codes Allowed](http://www.eou.edu/busserv/forms/mcc_codes_allowed.pdf) (http://www.eou.edu/busserv/forms/mcc_codes_allowed.pdf)

2. PURCHASE DOCUMENTATION

2.1 Primary Documentation

The Custodian secures and retains documentation to support purchases charged to the procurement card. Examples of primary documentation include sales slips, cash register receipts, invoices, order forms, reconciliation records and receiving reports. Charge slips that do not itemize are inadequate documentation.

2.2 Secondary Documentation

When no primary documentation exists, such as when making a telephone purchase, include a secondary backup document. Examples include the following, but are not limited to, a print screen, email, and a copy of a catalog page. If primary documentation becomes available for a purchase, it needs to be retained by the Custodian.

2.3 Sign Out and Activity Log

Procurement cards must be signed in and out via the Procurement Card Sign Out and Activity Log. Each time the card is checked out to make a purchase the Card User must list the date, their name, vendor, description of item purchased, and amount charged. After purchases are made and the procurement card returned, the return date must also be entered on the log. Use of the procurement card account number without the physical presence of the procurement card shall also be recorded on the Procurement Card Sign Out and Activity Log.

3. MONTHLY STATEMENTS

3.1 Master Billing

Each month, the Program Administrator receives and pays the master bill from U.S. Bank for all procurement card charges.

3.2 Departmental Monthly Statement

At the end of each billing cycle, the Custodian shall receive a monthly statement of the card transactions for that period.

3.3 Statement Verification

To verify the monthly statement the Custodian shall check each transaction listed against the Sign Out and Activity Log and purchase documentation. (See Section 2 Purchase Documentation.) The original

sales documents (packing slip, invoice, cash register tape and credit card slips, etc.) for all items listed on the monthly statement MUST be neatly attached to the statement, in statement sequence. This data attachment is critical to provide audit substantiation. The careful matching of complete purchase documentation to the statement is vital to the successful use of this program. After this review, the Custodian shall sign the statement verifying the completion of the reconciliation process. The Unit Administrator then performs a secondary review.

3.4 Purchase Returns

If an item is not satisfactory, received wrong, damaged and/or defective, duplicate order, etc., the Card User should make contact with the vendor to explain the problem and inquire about the return policy.

3.5 Purchase Credits

If an item has been returned to the vendor and a credit voucher received, the Custodian shall verify that this credit is reflected on the monthly statement. If purchased items or credits are not listed on the monthly statement, the Custodian shall retain the appropriate transaction documentation until the next monthly statement. If the purchase or credit does not appear on the statement within 60 days after the date of purchase, the Custodian or Unit Administrator shall notify the Procurement Card Program Administrator.

3.6 Problem Purchases

If items purchased using the credit card are found to be unacceptable, the Card User is responsible to obtain a replacement or correction of the item as soon as possible. If the vendor has not replaced or corrected the item by the date the Card User receives his/her monthly statement, then the purchase of that item will be considered in dispute.

3.7 Journal Vouchers

For all expenditures, it is the responsibility of the Custodian to journal voucher the charges or credits from the 28995 account to the appropriate index and account codes. This needs done monthly in order to follow accounting procedures.

4. DISPUTED ITEMS

Disputes regarding charges, products or services must be resolved with the merchant or bank as appropriate. All disputes must be reported to US Bank within 60 days from statement date. Notify U.S. Bank at (800) 344-5696 and the Program Administrator. Any refund or adjustment obtained from the vendor will be credited to the card.

5. CARD SECURITY

5.1 Procurement Card Physical Security/Responsibilities

The Custodian is responsible for the physical custody and security of the card and account number. The VISA card may be physically checked out for local use only. The VISA card must be physically secured at its assigned location each night. The procurement card account number and related documentation shall be secured in the same manner as the procurement card. It is the Card User's responsibility to safeguard the credit card and the account number when using the procurement card. The Card User must not allow unauthorized individuals to use his/her account number. The credit card should never be taken out of the local area.

5.2 Lost or Stolen Cards

If the card is lost or stolen the Custodian will immediately (within 24 hours) call U.S. Bank at (800) 344-5696. Then notify the Program Administrator at [541-962-3377](tel:541-962-3377) jspencer@eou.edu

5.3 Close or Cancel Account

To close or cancel an account or card, contact the Procurement Card Administrator at 541-962-3377 jspencer@eou.edu.

6. PROCUREMENT CARD VIOLATION

6.1 Violation Definition

A violation is any action that is not in accordance with one or more of the following: OUS and EOU procurement card policies, EOU Procurement Card Agreement, State Law, and Oregon Administrative Rules.

6.2 Violation Procedures

Any violation will be grounds for immediate review possibly resulting in surrender of the Procurement Card and permanent loss of Procurement Card purchasing privileges. Violations may also be grounds for personal liability, disciplinary action, up to and including dismissal and criminal sanctions. The Program Administrator has the right to cancel the card at anytime when a violation is discovered and the Unit Administrator and Custodian will be notified subsequently.

6.3 Violation Examples

Level 1 - Purchases of Food, Flowers, Travel (Hotel, Gas), No Documentation or Secondary Review

- **First violation:** email notification to the Unit Administrator, Custodian and violating Card User identifying the violation and providing an explanation or clarification of the policy.
- **Second violation:** email notification to the Custodian and Unit Administrator identifying the violation. The email will also require the Custodian and violating Card User to attend a Program Administrator provided training session. The card will be placed on probation and audited within three months.
- **Third violation:** email notification to the Custodian and Unit Administrator identifying the violation and informing of card cancellation. The Unit Administrator can request a new card in six months from cancellation date. Authorization of violating Card User is subject to Unit Administrator approval.

Level 2 - Personal Purchases, Alcohol, and Traveling Out of Local Area With Card

- **First violation** email notification to the Custodian and violating Card User identifying the violation and providing an explanation or clarification of the policy. The violating Card User will be removed for six months and reauthorization will be subject to a Unit Administrator approval. The card will be placed on probation and audited within three months.

7. RESPONSIBILITIES

7.1 Card User - Personnel who are authorized to make procurement card purchases.

- Checks procurement card in and out via written documentation.
(Not required when procurement card has only one authorized user.)
- Secures the procurement card and account number when in Card User's possession.
- Makes procurement card purchases in compliance with EOU Procurement Card Policies and Procedures.
- Collects and submits to the Card Custodian appropriate purchase documentation for each procurement card transaction.
- Informs Card Custodian of transaction disputes and procurement card administrative changes (i.e. when they will no longer act as an authorized Card User for the department.)
- Inform Card Custodian, Unit Administrator, Program Administrator, and US Bank immediately (within 24 hours) regarding lost/stolen procurement card.
- Resolve returns on purchases and other problem purchases.

7.2 Card Custodian- The individual responsible for the procurement card security and control, and monthly statement reconciliation of procurement card charges.

- Manages physical custody of the procurement card and account number, unless delegated.
- Ensures card with multiple Card Users is checked in and out via written documentation.
- Reconciles monthly statement of procurement card transactions.
- Journal Voucher all expenditures monthly to the appropriate accounts from 28995.
- Provide signature on statement indicating final approval of monthly reconciliation.
- Notify Program Administrator of any changes to EOU Procurement Card Signature Authorization/ Agreement.
- Resolve problem purchases/ disputes.
- Maintain complete transaction records.
- Communicate all necessary information with Card Users including violations.
- Ensures compliance with EOU Procurement Card Policy and Procedures.

7.3 Unit Administrator- Individual appointed by the President or designee. They include: Vice Presidents; Provost; Vice Provost; Deans; Directors; Division and Department Heads; as well as other managers authorized to determine and assign duties to University employees. Authority and responsibility for management of financial matters is vested in Unit Administrators.

- Making sound business and program decisions based on financial resources allocated to the unit.

- Ensure that financial matters are conducted in accordance with sound business practice, generally accepted accounting principles, and in compliance with applicable laws, regulations and procedures.
- Maintaining and reviewing adequate records that document decision-making, in accordance with published requirements and good judgment.
- Ensures that any redelegation of authority is judiciously made, formally documented and communicated to the appropriate offices at EOU.
- Authorizes by signature initial procurement card application.
- Identifies who will be the Card Custodian and who will be Card Users.
- Reviews Card Custodian procurement card transactions (unless delegated.)
- Ensures overall program compliance with EOU Procurement Card Policy and Procedures.

7.4 Procurement Card Program Administrator- The person in the Business Affairs Office who is responsible for implementing and administering the EOU Procurement Card Policy and Procedures. Manages all campus EOU Procurement Card Program details. Including all Card User and Card Custodian inquiries. Delegates Procurement Card Program duties as necessary.

- Approves initial application.
- Requests procurement cards from US Bank via US Bank application.
- Maintains records of:
 - Procurement Card requests
 - Credit Limits
 - Signature Authorizations/ Agreements
 - Procurement Card Training of all Card Users & Card Custodians
 - Custodian and Card User changes/ additions/ deletions
 - Lost/ Stolen/ Destroyed procurement cards
 - Annual Post Audits
 - Purchase violations and follow up
- Processes Lost/ Stolen procurement cards and updates.
- Forwards new/ replacement cards to Card Custodians.
- Performs annual Post Audits and follow up.
- Alerts Card Custodians of inappropriate charges (as identified on post audit) or potential vendor problems.
- Acts as the primary liaison with US Bank and EOU Administration.
- Revokes, suspends or cancels procurement cards.

8. AUDITS

The goal of the Audits is to ensure that all Policies are followed. Audits will be performed yearly, however newly issued cards and cards placed on probation will be audited within 3 months. The Program Administrator also has the authority to perform unannounced audits. If a violation is detected at anytime, the procedures listed in Section 6 Procurement Card Violations will be applied.

9. YEAR END RESPONSIBILITIES

The Custodian is responsible for ensuring that the organized documentation and reviewed monthly statements for the current fiscal year ending June 30th arrive in the Accounts Payable office no later than July 15th. At this time all charges to the 28995 account will be journal vouchered to the appropriate index and account codes.

CONTACTS

Program Administrator: Jolynne Spencer 541-962-3377 jspencer@eou.edu
 Accounting Technician: Carrie Pollard 541-962-3856 cpollard@eou.edu