

# ADMINISTRATIVE POLICIES AND PROCEDURES

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**SUBJECT:** PURCHASING CARD PROCEDURES

**NUMBER:** 1020

**AUTHORIZING BODY:** VICE PRESIDENT FOR FINANCE AND ADMINISTRATION

**RESPONSIBLE OFFICE:** ACCOUNTS PAYABLE

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**RATIONALE:** To facilitate a lean and contemporary purchasing process, Oakland University (University) provides a Purchasing Card Program (Program) which enables departments to make credit card purchases of allowable goods and services as described in the policy below. The purpose of this policy is to set forth a uniform set of rules and procedures with respect to the Program and the use of the Purchasing Card (P-Card).

**POLICY:** The Program enables University employees to make University purchases in amounts up to \$5,000 using a University-owned P-Card. The Program is designed to provide a quick and convenient alternative to the traditional check payments normally used for departmental petty cash, personal funds reimbursement, and Small Order Purchases.

The University, through its employees, is responsible for proper use of the P-Card for University purchases. The University controls P-Card use based on supplier/merchant type as well as transaction and monthly dollar limits consistent with departmental needs.

It is the cardholder's responsibility to be aware of and comply with the P-Card restrictions and requirements as described in this policy. The P-Card is the property of the University and *unauthorized use of the P-Card is prohibited.*

Charges made to the P-Card are billed directly to the University and paid automatically. Therefore, no personal or non-business related items may be charged to the P-Card.



Each University department and employee is responsible for ensuring that purchases support the mission of the department and the University. Departments must ensure that purchases are fiscally responsible, within budget or funding constraints and adhere to all other University policies and procedures.

Any violation of this policy could lead to disciplinary action including termination from the University.

**SCOPE AND APPLICABILITY:** This policy pertains to all University employees who have been issued a University-owned P-Card, and their supervisors.

### **DEFINITIONS:**

***Account Number:*** The accounting designation used to indicate the type of expenditure.

***Executive Officer:*** President, Vice-President or others defined by the e-class EE.

***Fund Number:*** The accounting designation used to indicate the funding source for the procurement/purchase.

***Fund Signing Authority:*** Each payment authorization must be signed by an authorized fund signer. Departments must authorize signers by completing signature cards and submitting those signature cards to Accounts Payable. See [OU AP&P #200 Authorized Signers](#).

***Merchant Category Code (MCC):*** The four-digit number assigned by the credit card networks (Visa, MasterCard, Discover, American Express) to a business entity that accepts Bankcards, which denotes the type of business or service it is in. MCC's are used by credit card networks to categorize, track or restrict certain types of purchases.

***Preferred Provider Agreements:*** Agreements negotiated by Purchasing or by educational cooperatives for best value and pricing to be used by departments. In some cases, these agreements have alternative payment methods such as direct billing accounts.

***Purchasing Card (P-Card):*** A credit card made available for use by an employee of the University (contracted through a bank by the University) to enable the employee to conveniently process business-related purchases as appropriate for his/her position or department.

***Purchase Order (PO):*** A contract issued by Purchasing to a vendor committing the University to procure goods or services. A PO is the primary method of procurement for goods and services exceeding \$5,000 per transaction and also for items under \$5,000 that are excluded under the SOP, P-Card or PV requirements as described in [OU AP&P #1000 Procurement](#).

***Small Order Purchase Order (SOP):*** A method of procurement for goods and services for transactions of \$5,000 or less, subject to the restrictions noted in the Goods and Services with

Special Payment Requirements table from [OU AP&P #1000 Procurement](#). SOPs are documented on pre-numbered forms available through Purchasing.

**Smart Data Generation 2 (SDG2):** The University's current web-based reporting and P-Card expense management solution used to allocate P-Card transactions. All cardholders are encouraged to utilize this solution to ensure that expenses are correctly allocated to the proper Fund and Account and that Account Code E095 is cleared on a monthly basis.

## **PROCEDURES:**

### **APPLYING FOR AND OBTAINING A PURCHASING CARD**

To obtain a P-Card, complete an Oakland University Purchasing Card Application and Agreement Form (P-Card Application, see Exhibit 1) which can be found on the [Accounts Payable website](#). The Fund Number provided on the form by the applicant will be the default fund to which all P-Card payments will be charged. The employee's department must forward the completed application signed by a person with appropriate Fund Signing Authority (usually the direct supervisor) to the Accounts Payable department for approval and processing.

If the P-Card will be used for charges to be paid from an external grant or contract, approval from the University's Office of Research Administration (ORA) is also required on the application with a brief statement explaining the need and planned use of the P-Card to support the grant or contract activity. P-Cards have been identified as a significant area of risk in relation to oversight of sponsored funding. However, there is a significant operational benefit of a P-Card, therefore each application that will use an external grant or contract as its funding source will be evaluated on its individual circumstances. For more information, please refer to the Grant Funding Procedures section of this policy on page 9.

The financial institution which is providing the P-Card program will issue each P-Card to the University in the name of a specific employee.

Every new cardholder must attend an orientation session to receive his/her P-Card. When the Accounts Payable department receives the P-Card from the financial institution, an orientation session will be scheduled for the new cardholder to be advised of the proper use of the P-Card, the documentation requirements and the payment process. The cardholder will be required to sign the back of the P-Card at the conclusion of the session to acknowledge receipt of P-Card.

### **P-CARD RESTRICTIONS AND REQUIREMENTS**

The following are restrictions and requirements specific to P-cards. For additional information on purchases that may require special handling, see [Exhibit 3 Policy 1000](#).

**Preferred Providers:** Departments should use Preferred Providers to take advantage of negotiated pricing. Always review the [Purchasing website](#) to determine the Preferred Providers for your type of purchase. Preferred Provider purchases must be made using the system

provided by the Preferred Provider as indicated in the Preferred Providers section of the [Purchasing website](#).

**Prohibited Purchases:** The P-Card **must not** be used for:

- *Personal or non-business items.*
- *Any purchase prohibited by any other University Policy*
- *Meals and incidentals that will be reimbursed as part of a travel per diem.*
- *Cash Advances*
- *Donations*
- *Firearms*
- *Payments to individuals (any payment on P-Card must be to a company)*
- *Controlled Substances such as radioactive materials and narcotics*

The P-Card may be used for the following on a restricted basis:

- *Alcoholic Beverages with required approvals and charged to a non-general fund (see [OU AP&P #400 Alcoholic Beverages](#))*
- *Bus Transportation for Groups must be either procured from a Preferred Provider (see Preferred Providers section of the Purchasing website) or through an arrangement approved by both Purchasing and Risk Management.*
- *Employment Advertising may be purchased using the P-Card after following required Academic and/or University Human Resources job posting procedures.*
- *Leases And Rental Agreements > \$1,000 Per Annum or if Board of Trustees approval is required, only after appropriate approvals have been obtained (see OU AP&P #1000 Procurement).*
- *Sponsorships (refer to OU AP&P #207 Business Expenditures)*

**Pricing Requirement:** Use of the P-Card does not give departments exemption from the competitive pricing requirement for purchases between \$2,500 and \$5,000. Refer to [OU AP&P #1000 Procurement](#) for more information on this requirement. Retain all competitive pricing documentation and attach to the monthly P-Card statement.

**Sales Tax:** Oakland University is exempt from Michigan sales tax. The financial institution will imprint the university's tax ID number on each P-Card to assist the cardholder in avoiding sales tax charges by the vendor. Please provide the Tax Exempt letter ([Tax Exempt Status Letter](#), see

Exhibit 2) from your orientation packet to each vendor as necessary to prevent sales tax charges.

**Contract Requirement:** All contracts, agreements, licenses, independent contractor agreements, performance agreements, etc. must be reviewed by the [Office of Legal Affairs](#) prior to execution unless a pre-approved standard document is available.

**Insurance Requirement:** Purchases that may require insurance to protect the University from loss must be reviewed by [Risk Management](#), regardless of whether or not a PO is required.

**Advertising & Media Exposure Requirement:** All advertising and media exposure must be approved by [Communications and Marketing](#). Proof of approval should accompany the P-card statement.

**Software:** No software purchases can be made on a P-card without prior UTS review and approval. Before securing software purchases, please refer to the Campus Software section of the [University Technology Services](#) website as well as [OU AP&P #870 Software Regulations](#) and [OU AP&P #1000 Procurement](#).

**Purchase Orders:** If the vendor requires a Purchase Order but the purchase is being made by P-card, the cardholder should designate a number consisting of C##### where ##### represents the Banner Fund Number.

**Student Payments:** All payments made on behalf of students, except for reimbursements, must be reviewed by the Financial Aid Office.

## TRAVEL USING THE P-CARD

Review [OU AP&P #1200 Travel](#) for specific information on allowable travel expenditures.

The P-Card can be used to purchase all allowable travel related expenditures with the ***exception of meal and incidentals covered by the meal and incidentals per diem.***

Each travel use of the P-Card must be documented by a Travel Expense Summary (TES); the TES must be submitted to Accounts Payable regardless of whether or not the traveler is receiving a reimbursement. The University may charge back expenses to the cardholder if itemized receipts are not provided.

Original, itemized receipts that substantiate P-Card expenditures must stay with the P-Card statement. Copies of the monthly statement and associated itemized receipts can be attached to the TES for P-Card purchases only. Non P-card reimbursable receipts attached to the TES must be itemized and original.

## DECLINED TRANSACTIONS

If a P-Card payment is declined at the point of sale, the cardholder must contact Accounts

Payable for resolution. If the decline occurs outside of normal business hours, the cardholder may contact the customer service number on the back of the card to determine the reason for the decline. A declined sale could be the result of attempted use of a restricted Merchant Category Code (MCC), or exceeding a transaction or monthly dollar limit.

## **EMPLOYEE TRANSFER, TERMINATION OR ABSENCE**

When a cardholder transfers between departments at the University, he/she must notify the Accounts Payable department before the transfer occurs and advise whether or not the P-Card will need to be retained for their new position. The cardholder's previous supervisor, as well as their new supervisor must be included on this communication and Accounts Payable will then handle accordingly.

When employment is terminated, the department must notify Accounts Payable to discontinue the P-Card before the employee termination date. The employee must return the P-Card to the department before the employee's termination date and the department is responsible for destroying the card. The cardholder's department will be liable for all transactions resulting from improper notification of a cardholder's termination of employment or failure to destroy the card.

During periods of temporary absence, alternate payment methods should be used. An employee with P-Card accessibility may not grant P-Card accessibility or use to any other person.

## **RECONCILIATION AND STATEMENT PROCESSING**

### **Payment**

The cardholder does not pay the amount due on the monthly P-Card statement. The Accounts Payable Department will automatically pay monthly charges. Amounts paid will be charged to the department's default Fund Number as indicated on the application, or to the charge Fund Number selected in SDG2.

### **Accounting Requirements**

All cardholders will be granted access to Smart Data Generation 2 (SDG2) upon receipt of his/her P-Card. By the 15th of each month, the cardholder's department must ensure that all charged expenses are allocated from the default Account Number E095 and default fund to the appropriate Account Number and Fund Number via SDG2. If the cardholder is unable to allocate the expenses via SDG2 by the 15th, a journal voucher to allocate the expenses must be submitted to Accounting within thirty (30) days of statement receipt. Repeated untimely reconciliation and allocation of expenses may result in a loss of P-Card privileges. If an audit discloses inappropriate allocation of expenses, the cardholder's privileges may be suspended or permanently revoked.

## **Cardholder**

For reconciliation purposes, and to assist in the identification of fraudulent activity, cardholders must keep complete and accurate records of their card activity, including original itemized receipts. A [usage log](#) may be used to track transactions.

For auditing requirements, the original charge receipts must include an itemized description of items purchased, quantities, prices and vendors. P-Card numbers should be made illegible, preserving only minimal identifying information (i.e., last four digits of P-Card number). For internet or phone purchases the department must provide copies of screen printouts, packing slips or invoices identifying purchased items or services.

The cardholder should receive a statement by the 10th of each month. If the cardholder does not receive a statement, he/she should contact the Accounts Payable department. Upon receipt of the monthly statement, the cardholder will be responsible for reviewing the transactions for accuracy and reconciling the statement to the actual receipts. Attach invoices, competitive pricing documentation and/or all supporting documentation to the statement. The cardholder must sign the last page of the statement indicating approval of all transactions.

If the cardholder locates an unrecognizable transaction while reviewing the monthly statement, he/she must contact the financial institution immediately.

Resolving discrepancies is the sole responsibility of the cardholder. If the cardholder has experienced a problem with goods received or he/she did not initiate a transaction listed on the statement, the cardholder must:

- Attempt to remedy the situation with the merchant/supplier. (When entitled to a refund for goods obtained with the P-Card, the cardholder must accept credits to the account rather than cash.)
- Contact the financial institution using the 800 number on the back of the card to confirm the proper steps for disputing charges when the charge cannot be resolved with the merchant/ supplier.
- Notify the financial institution in writing within sixty (60) calendar days after the last day of the billing cycle during which the transaction first appeared on the statement. Failure to do so will result in an acceptance of the transactions.
- Notify Accounts Payable when disputing any transactions.

## **Supervisor Approval**

After the cardholder has reconciled the P-Card statement, the statement and receipts must be forwarded to the cardholder's supervisor for review. Executive Officers and Deans may delegate this responsibility to another employee who does not organizationally report to the cardholder. The cardholder is ultimately and personally responsible to secure the P-Card, to reconcile

charges timely, and to report suspicious or fraudulent activity, irrespective of any delegated functional responsibility.

The cardholder's supervisor will sign the last page of each monthly P-Card statement and that signature will confirm:

- All charges are appropriate and within the terms of this policy and [OU AP&P #1000 Procurement](#) and any other applicable Department or University policy.
- Competitive pricing quotes occurred for purchases between \$2,500 and \$5,000 as required by [OU AP&P #1000 Procurement](#) and that all supporting documentation is attached to the cardholder's statement.
- Receipts and supporting documentation are attached for all charges, and/or reasonable explanations exist for those receipts that are missing.
- Charges to a grant or contract are directly allocable and allowable per the sponsor terms and conditions of award.

If the P-Card is being expensed to a grant account, see Grant Funding Procedures below.

Supervisors must forward the completed paperwork to Accounts Payable within thirty (30) days of the end of the month for the statement activity (e.g. the statement reflecting June business is due to Accounts Payable by the last business day of July).

## **GRANT FUNDING PROCEDURES**

Cardholders whose P-Cards are to be charged directly against grants and/or contracts must:

- As part of the P-card application, the cardholder must evaluate and briefly explain the benefit to the sponsored activity of using a P-Card versus other available procurement procedures.
- Submit departmentally approved P-Card application to the ORA along with a non-grant fund to be used to transfer charged expenses that do not meet agency guidelines.
- Be familiar with agency guidelines (e.g., OMB Circular 2 CFR 200, contract clauses, budget guidelines, etc.).
- By the 15th of each month, the cardholder must ensure that all charged expenses are allocated from the default Account Number E095 and default fund to the appropriate Account Number and Fund Number via SDG2 or the cardholder must submit a journal voucher to the ORA within twenty (20) days of receiving the monthly statement for approval to redistribute the charges.



- Provide monthly approved P-Card statement (with all invoices and other supporting documentation) to the ORA within twenty (20) days of receiving the monthly statement.
- ORA will forward the approved statement to Accounts Payable within fifteen (15) days of receipt from the cardholder.

Repeated untimely reconciliation and allocation of expenses may result in a loss of P-Card privileges. If an audit discloses inappropriate allocation of expenses, the cardholder's privileges may be suspended or permanently revoked.

## **SECURITY AND INTERNAL CONTROL**

The payment timing and history for the P-Card will not affect the cardholder's personal credit rating. However, the cardholder is responsible for appropriate use of the P-Card and it must remain under his/her direct control. The P-Card must always be kept in a secure place. When making purchases, the cardholder must take precautions to protect the P-Card number. The sales receipt must always be verified for accuracy before signing and carbons must be destroyed.

For further security, each P-Card will have a maximum transaction limit of \$5,000 and a maximum monthly credit limit of \$10,000, with user departments having the option of setting the transaction limit lower based on the needs of the department. No cardholder will be allowed a higher transaction limit unless authorized by the Assistant Vice-President/Controller; no cardholder will be allowed a higher monthly credit limit unless the user department obtains approval from their direct supervisor and the Manager of Accounts Payable.

Transactions above \$5,000 will be declined at the point of sale. Do not split transactions to circumvent this requirement or required PO and bidding requirements.

**Do not store P-Card numbers on any vendor websites on which you use your P-Card.**

## **LOST OR STOLEN P-CARD**

Upon discovering the loss or theft of his/her P-Card, it is the cardholder's responsibility to first notify the financial institution immediately. Contact information for the financial institution can be found on the [Accounts Payable](#) website. After notifying the financial institution, the cardholder must also notify Accounts Payable (payables @oakland.edu).

If the P-Card is stolen on the University's property, the cardholder is responsible for notifying the University Police department (extension 3000).

Once the financial institution has been notified of a lost or stolen P-Card, the account will be identified as such and a new P-Card (with a new card number) will be issued. User departments will be responsible for all transactions that occur on the P-Card and must work with the financial institution's fraud department to determine if unauthorized charges can be removed.

Once the card has been reissued, please contact Accounts Payable to reestablish access to the SDG2 website to be able to continue to allocate all transactions out of E095.

## **ADDITIONAL INFORMATION**

Additional information about P-Card procedures can be found in the FAQ section of the [Accounts Payable](#) website.

## **CONTACT INFORMATION**

Any questions regarding the Program may be directed to Accounts Payable at extension 4395 or [payables@oakland.edu](mailto:payables@oakland.edu).

Any campus mail related to the P-Card Program must be sent to:

Accounts Payable Manager  
121B West Vandenberg Hall

If a department receives a new or reissued P-Card directly, Accounts Payable must be notified immediately.

## **RELATED POLICIES AND FORMS:**

[OU AP&P #200 Authorized Signers](#)

[OU AP&P #207 Business Expenditure](#)

[OU AP&P #208 Business Meals and Hosting](#)

[OU AP&P #400 Alcoholic Beverages](#)

[OU AP&P #455 Death of Faculty, Staff and Retiree and Floral Tributes](#)

[OU AP&P #1000 Procurement](#)

[OU AP&P #1200 Travel](#)

## **APPENDIX:**

[Exhibit 1 Purchasing Card Application](#)

[Exhibit 2 Tax Exempt Status Letter](#)

[Exhibit 3 Usage Log](#)

