I. Purpose

The purpose of this policy is to provide clear guidelines and requirements regarding how purchase cards are acquired, managed, disposed of, and accounted for. This policy addresses the basic requirements for P-Cards but does not address all specific procedures, especially those processes related to the various types of charges and exceptions for acquiring a card.

Delaware State University (DSU) has a Purchasing Card (P-Card) program that provides an efficient, cost effective method of purchasing and paying for lower cost goods and services. This program is designed to reduce numerous processes including petty cash, low dollar checks, cash advances, and small-dollar purchase orders. P-Cards are similar to charge cards, except payment is made by Delaware State University. Each card is the property of the University and is to be used ONLY for University purchases as defined in this document.

II. Scope and Applicability

This policy applies to all Delaware State University divisions, departments, sections, operating units, individuals and/or their designee. All Purchasing Cards shall be governed by this policy and holders must comply with these guidelines and may be personally responsible for charges not in compliance with these guidelines.

This policy includes guidelines for the following:
- Applying for a Purchasing Card
- Establishing a purchasing limit
- Training Requirements
- Obtaining the Purchasing Card
- Submitting a Lost/Stolen request
- Purchase Card Policy Enforcement

III. Definitions

1. **Purchasing Card Program Administrator** – The designee who will serve as a single point of contact between Delaware State University employees and the bank for general oversight of the Purchasing Card Program. This designee is also responsible for the administration and control of the Purchasing Card Program.
2. **Purchasing Cardholders** – Full-time, permanent Delaware State University employees that have been designated by the Dean, Chair, or Head of Department to be issued a P-Card in their name for use under these policies and procedures.

3. **Bank** – The bank selected by Delaware State University to provide the P-Card program through an awarded contract.

4. **Disbursements Unit** – Area within AVP for Finance who will be responsible for receiving reconciliations/logs, processing logs, and maintaining all records received for transaction on P-Cards.

5. **Purchasing Card** – The P-Card is a commercial credit card for small dollar purchases of goods and/or services necessary for official university business. The P-Card may be used by or under the supervision of the designated DSU employee.

6. **Purchasing Log** – A form used to track/list all purchases made with a purchasing card and is used by the Disbursements Unit to reconcile monthly statements.

7. **Declining Balance** – This type of credit limit is specific to cards designated for grants. The card remains active until the funds are exhausted or a specific deadline/date is reached.

8. **Refreshing Balance** – This type of credit limit is designated for the Purchase Card Program. Each month, the credit limit will reset once the balance has been paid in full by the University. Available balance is what remains after each charge is deducted.

**IV. Responsibility**

**A. Cardholder Responsibility**

1. The Dean, Chair, Head of the Department, Principal Investigator (PI), and/or the cardholder are equally responsible for protecting the card and are accountable for all purchases made using the card number. All purchases processed against a Purchasing Card must be made by, or under the immediate direction of, the person to whom the card is issued. **It is recommended that the responsible parties monitor and/or review monthly statements to confirm validity of account activity and assure that Purchasing Card holders comply with policies and procedures.**

2. When the cardholder signs the Delaware State University Purchase Card Application & Agreement form, they are agreeing to protect the card and adhere to the policies and procedures of the Purchasing Card Program. The cardholders and Purchasing Card Approver's within each department are responsible for the integrity and accuracy of their department's Purchasing Card purchases.

3. The cardholders and Purchasing Card Approver(s) within each department are responsible for submitting receipts for ALL Purchase Card transactions. Each receipt must show detailed itemization of purchases, including a description of what was purchased and business purpose of the purchase. For meetings, a list of attendees is required and the name of the person who used the P-Card. Purchase Card receipts for take-out food or any food obtained must show detail of all items purchased and should also provide the names of everyone attending the function the food was purchased for. Receipts that show only a total amount without any itemized details are unacceptable. Cardholders who do not obtain acceptable receipts for P-Card purchases may have their credit card suspended or cancelled.

4. Cardholders are responsible for the monthly reconciliation of their card. Accounts with Purchase Logs outstanding for greater than 90 days will be subject to closure (see Section VI, G).

5. Forward all required documentation to the Disbursements Unit for audit purposes.
6. Keep the card secure to avoid the risk of unauthorized use and notify the Purchasing Card Program Administrator immediately in case of loss or theft/fraud.

B. Cardholder’s Supervisor Responsibility

1. The cardholder’s supervisor is responsible for notifying the Purchasing Card Program Administrator of the cardholder’s separation from the University. Upon termination, the supervisor must retrieve the all University owned credit cards.
2. The cardholder’s supervisor is responsible for approving all purchase logs and ensuring purchase is for a legitimate business purpose.

C. Card Administrator’s Responsibility

The Card Administrator, who supports the Enterprise Risk Management and Administration team, is responsible for the following:

1. Submit new and lost/stolen P-Card requests
2. Conduct/Update training programs prior to providing card to new user
3. Distribution of program updates
4. Maintain and control a central record of all cardholders, limits, etc.
5. Enforce Purchase Card Program Policy

D. Disbursement Unit’s Responsibility

The monthly reconciliation/purchase log process will be managed by the Disbursements Unit. This unit will review and process charges (allocate cost to departments) based on the reconciliation/purchase log submitted by the cardholder on a monthly basis. In addition, the Disbursements Unit will notify the P-Card Administrator of any suspicious activity noted during while processing the reconciliations/purchasing logs.

E. Office Sponsored Programs (OSP) Responsibility

This department is responsible for overseeing the compliance for federal grants.

F. Audit Responsibility

The Audit Department, who supports Finance and Administration, will be responsible for periodic reviews of the Purchasing Card Program to ensure adherence with University policy.

V. Policy Requirements

A. Request for New Card Issuance

The Dean, Chair, or Head of Department must contact the Purchasing Card Program Administrator to complete a new card request. The cardholder’s name, DSU employee ID, date of birth, and contact information will be requested by the Purchasing Department. Once the information is provided, the request will be submitted.
B. Lost or Stolen Purchasing Cards

When it is determined that a P-Card has been lost or stolen, **IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE BANK BY CALLING THE BANK’S TOLL-FREE NUMBER.** In addition, the Cardholder must also notify the P-Card Program Administrator of the loss via email and copy their Dean, Chair, and/or Department Head. The Purchasing Card Program Administrator is then responsible for notifying the Disbursements Unit.

**The University is liable for all charges until the card is reported lost or stolen.** Thus, the Cardholder may be responsible for all charges made against the P-Card from the time it is lost or stolen until the time the Bank is notified, if the Cardholder fails to immediately notify the Bank upon discovering the loss or fails to discover the loss within a reasonable amount of time.

C. Purchasing Limits

The appropriate credit limits have been established for Purchase Cards. The maximum limit assigned to Delaware State University Purchase Cards will be $5,000 (unless prior approval has been received) and will be refreshed monthly. Cards associated with a grant will have a declining balance and limits will be set based on applicable restrictions. Requests for credit limit increases should be submitted to the Program Administrator via email and will be reviewed by the Finance and Administration Office.

The maximum amount of a single item purchase of supplies or materials will not exceed $1,000 (unless prior approval has been received). In all cases, a daily maximum of $2,500 has been established for all Delaware State University Purchase Cards.

D. Purchases Allowed with the Purchasing Card

Purchasing Cards may be used to purchase any item allowed by Delaware State University policy and/or grant guidelines. The total purchase with the P-Card will not exceed the limits established for that Card. All other purchasing policies remain in effect and P-Cards should not be used to circumvent them.

If a research or specific purpose budget is designated, it is the Cardholder’s/Principal Investigator’s responsibility to ensure compliance with both internal and external guidelines.

E. Non-Allowable Purchases with the Purchasing Card

The following items are prohibited but should not be considered a complete list (grants may have a variety of restrictions specific to the grant):

- Any charges for personal or private use
- Travel expenses (exceptions may be made for new DSU employees, graduate students, and/or non-DSU employees). **Refer to the Travel and Business Expense Policy for these items.**
- Transactions valued over the limit allowed for the Purchase Card
- Purchases that are split to stay within card transaction limits
- Cash Advances
- Entertainment of any kind, including the purchase of alcohol or patronage of drinking establishments
Contracted Good and/or Services
Other purchases specifically excluded by restricted fund
Laboratory/Research animals
Ammunition / Firearms
Direct employment of individuals
Services provided through Physical Plant work orders
Extended rentals or Leasing of Equipment
Controllable equipment (e.g. IPADs/tablets, laptops, etc.)
Hazardous materials
Radioactive materials
Political contributions
Prescription drugs
Vehicles

F. Security

The Cardholder is responsible for the security of the card. This card should be treated with the same level of care as the Cardholder would use with his/her own personal charge cards.

G. Supporting Documentation

Each month, the Purchase Card Log must be submitted with supporting documentation. All transactions must be supported by receipts or credit slips. In instances where the receipt is lost, Cardholder must obtain a copy at their own expense from the vendor or bank. For purchases made over the phone or on the Internet, a logging system with unique transaction identifiers should be maintained and a faxed copy or e-mail confirmation of the order retained as the receipt.

On a monthly basis, a Report of Outstandings will be distributed to the University Vice Presidents to provide notice of any outstanding Purchase Card Logs/items (see Section N).

H. Declined Transactions

A P-Card may be declined for a variety of reasons.
- The Purchase Card has reached the transaction, daily, or monthly limit
- The Supplier has been purposely excluded from the Delaware State University’s Purchasing Program, through the use of Merchant Category Codes (MCC). MCC codes have been assigned to suppliers based on various forms of industry activities and provide security for both the University and the Cardholder based on policy.
- The Purchase Card has been cancelled.
- The allocated budget has been fully exhausted resulting in an adjustment to the card credit limit.
- The bank has flagged the account for concerns with an irregular spending pattern. This is often done to protect the Cardholder and the University from potential fraudulent transactions.

If a Vendor receives a “Decline” response from the Bank after attempting to put through a P-Card transaction, Cardholders should contact the P-Card Program Administrator with the following information for resolution:
• Account number
• Business where decline occurred
• Total transaction amount of the decline
• Date the decline occurred

After determining the reason for the “Decline” it may be necessary for the P-Card Program Administrator to make temporary or permanent changes to the Cardholder’s control limits to process the transaction.

I. Reconciliation of Card Purchases

Cardholders are responsible for the monthly reconciliation of their card statements. The monthly cardholder statement received from the bank will detail charges made during the previous billing cycle. This information must be reviewed promptly for accuracy.

- Monthly P-Card statement notifications will be sent to cardholders on the 20th of each month.
- Cardholders are responsible for preparing and submitting approved reconciliations/purchasing logs with the appropriate supporting documentation by the 27th of each month.
- If the recipient of the goods and/or services is different than the cardholder, then the recipient should sign the receipt, packing slip, or other documentation.
- The Disbursements Unit is responsible for ensuring that reconciliations/purchasing logs are received, reviewed, and processed each according to the month P-Card transactions that occurred.

J. Records Management

The Disbursements Unit must maintain all original receipts in a secure location until they are reconciled to the expense report.

K. Changes to Existing Accounts

To make changes to an existing P-card account, a Purchasing Card Change Form should be completed by the requesting employee and submitted to the appropriate Department Head for approval. Following approval, the form should be forwarded to the P-Card Program Administrator.

L. Unauthorized Use of the Purchasing Card

Any purchases that the P-Card Program Administrator or Disbursements Unit deems prohibited as defined in Section VI, E will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder’s transactions and expense report, the following may occur:

- The P-Card Program Administrator will investigate all circumstances surrounding alleged misuse of the P-Card and in cases where there is evidence of a procedure or policy violation; refer that information to the Chief Risk Officer for investigation and/or disciplinary action.
• Termination of employment and/or forfeiture of the P-Card are potential disciplinary actions for improper use of the card.
• In those cases where there is evidence of negligent use of the P-Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the P-Card with all further privileges revoked.

Any employee having knowledge of violations to this procedure or any other procedure or policy governing the use of the P-Card must immediately report such activity to the P-Card Program Administrator or risk being held accountable for negligence as well.

The P-Card may be suspended or terminated if a Cardholder is suspected of fraud or theft. Should the suspicion prove founded, appropriate action shall be taken in accordance with existing University policies and procedures.

M. Budgeted Amount

If the total amount of the budget has been exhausted or exceeded, the Disbursements Unit or Budgeting Department will recommend an adjustment to the card limit.

N. Disputed Items

Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Cardholders should raise disputes immediately. A failure to do so may result in a negative impact on the Department’s budget, making that department is responsible for paying even though the charge is incorrect. Reconciliations should reflect all current charges even if they are in the process of being disputed. When a credit reflects on an upcoming statement, note can be made on the purchase log to explain the credit applied by a vendor/merchant.

O. Purchasing Card Exceptions

Exceptions to the Purchasing Card restrictions may be granted upon written request from the cardholder’s department and with approval from the University President and/or VP of Finance & Administration.

P. Purchase Card Termination Clause

The P-Card is issued to an employee for convenience and may be suspended or terminated at any time by Delaware State University for non-compliance with policies and procedures. Transfers, resignation, and disciplinary action (e.g. suspension and/or termination) are grounds for immediate cancellation of the P-Card.

It is important to cancel a card immediately upon an employee’s separation from Employment. The employee’s department will be responsible for payment of charges incurred by an employee no longer working in that department; if a delay in canceling privileges resulted of the department’s actions.

When reconciliations have been outstanding for three (3) months, Enterprise Risk Management may recommend closure/termination of charging privileges on the Purchasing Card. After repeat occurrences, the Purchase Cardholder may be referred to the Vice President of Finance and Administration.