



Delaware State University

University Responsible Unit: Finance & Administration Division

Policy Number and Name: 03-06 Purchasing Card Program

Approval Date: August 20, 2018

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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 (the “University”) has a Purchasing Card (P-Card) program that facilitates the purchase of goods and services that are of an **emergent nature only**. Each card is the property of the University and is intended to be used **only** for University purchases as defined in this policy.

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 will 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 will serve as a point of contact between University employees and the bank for general oversight of the Purchasing Card Program. This designee also assists in the administration and control of the Purchasing Card Program.

2. **Purchase Card Holder** – Full-time, permanent University employees that have been assigned by the members of the Administrative Council to be issued a P-Card in their name for use under these policies and procedures.
3. **Bank** – The bank selected by the University to provide the P-Card program through an awarded contract.
4. **Finance Dept.**– Area responsible for receiving and processing expense reports as well as maintaining all records received for transaction on P-Cards.
5. **Purchasing Card** – The P-Card is a commercial credit card for emergency 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.

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 issued card. 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. Prior to issuance and activation of a Purchase Card, all cardholders must complete the formal training program provided by the University Controller.
3. When the cardholder signs the 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.
 Purchasing Card holders 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 and may be personally liable for unauthorized purchases. Failure to abide by the purchase card policy may result in disciplinary action up to and including termination.
4. Cardholders are responsible for the monthly reconciliation of their card. Accounts with transactions outstanding for greater than 30 days will be subject to suspension.
5. Forward all required documentation to the Finance Dept. 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 expense reports and ensuring all purchases are for a legitimate business purpose.

C. Card Administrator Responsibility

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. Assist in the enforcement of the Purchase Card Program Policy

D. Office Sponsored Programs (OSP) Responsibility

This department is responsible for overseeing the compliance for sponsored awards. All expense reports reconciling purchase card transactions related to sponsored awards should be reviewed and approved by the Office of Sponsored Programs to submission to the Finance Dept. for processing.

E. Audit Responsibility

The Audit Department 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 Finance 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 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. 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 \$500 (unless prior approval has been received).

D. Purchases Allowed with the Purchasing Card

Purchasing Cards may be used to purchase any item allowed by 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 the purchase requisition and purchase order process.

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
- 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
- Contracted Good and/or Services
- Other purchases specifically excluded by restricted fund
- Laboratory/Research animals
- Ammunition/Firearms
- Direct employment of individuals
- Services provided through Facilities Management work orders
- Extended rentals or Leasing of Equipment
- Controllable equipment (e.g. IPADs/tablets, laptops, furniture, etc.)
- Hazardous materials
- Radioactive materials
- Political contributions
- Prescription drugs
- Vehicles
- Shopping Club Memberships (Amazon Prime, Sam's Club, Costco, etc.)

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 expense report must be submitted with the appropriate supporting documentation. Reimbursement for expenses incurred without required receipts, as outlined, is strictly prohibited. A "no receipt – no reimbursement" policy applies. All transactions must be supported by receipts or credit slips. Cardholders must obtain a duplicate copy (at their own expense) from the vendor or bank in instances where receipts are lost. Print screen images signed by the cardholder or e-mail order confirmations are permissible for online transactions.

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 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 statement within seven days of the statement issuance. 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. Employees who fail to reconcile their purchase card transactions will be subject to the following:

- a. Email to card holder and department head with notice of outstanding transactions and pending suspension of purchase card
- b. If transactions remain unreconciled after 30 days from monthly statement a final notification of card suspension email will be sent to the cardholder and the department head.
- c. Notification to Policy and Compliance for further escalation.

In addition, the University reserves the right to recover unauthorized expenses through payroll deduction or other means as deemed necessary.

J. Unauthorized Use of the Purchasing Card

The Cardholder will be contacted for justification and further explanation of any purchases that the P-Card Program Administrator or Policy Compliance deems prohibited. If any prohibited charges appear in the Cardholder's transactions and expense report, the following will occur:

- Policy and Compliance will investigate all circumstances surrounding alleged misuse of the P-Card and in cases where there is evidence of a procedure or policy violation initiate escalated administrative actions.
- 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.

K. 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 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.