Procurement Card Guide
Purchasing Department

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Revised May 2013
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I. Overview

A. Introduction

The Procurement Card Program offers, to all Midwestern State University departments, a simplified way in which employees may purchase and pay for goods. The Procurement Card program is a fast, flexible method for processing small purchases from suppliers that accept MasterCard.

The purpose of the Procurement Card Program is to establish a more efficient, cost-effective method for purchasing and paying for small orders currently processed on Purchase Requisitions, and to delegate the authority and capability to make these purchases to the end-user. This program is intended to complement the existing processes available.

The terms and conditions of the Procurement Card contract were specified and awarded by the Texas Comptroller of Public Accounts (TPASS). In addition to internal policies and procedures, Midwestern State University will comply with the terms and conditions of the state contract in the implementation of this program.

B. Definitions

1. **Agency** is Midwestern State University. The University arranges with the current card provider to have procurement cards issued to approved University employees. In doing so, the University agrees to accept departmental liability for the employees’ use of the cards.

2. **Cardholder** is a benefits eligible employee, to whom the University assigns a credit card. The Supervisor and the Supervising Vice President/Provost approve the initial request for a procurement card. The Cardholder will maintain the procurement card in a secure location and will carefully guard the card account number. The Cardholder is the only person allowed to use the procurement card.

3. **Card Issuer** is the bank (currently the vendor is Citibank but this can and may change depending upon the award of the next contract period by the State of Texas).

4. **Departmental Approver** (Supervisor is responsible for approving purchases, monitoring charges and signing the Transaction Log envelope. The Departmental Approver must be in an organizationally superior position to the departmental Cardholders. The Departmental Approver will appropriately discipline Cardholders that do not adhere to procurement card procedures, in compliance with the University’s Fiscal Regulations and Procedures Manual and the Purchasing Manual/Procurement Card Program Guide.

5. **Procurement Card** is a MasterCard credit card issued by the bank (current contracted vendor). At minimum, the procurement card allows the Cardholder to purchase supplies up to the cardholder’s single purchase limit. The Cardholder must use the card for official University purchases only. The bank issues the
procurement card in the Cardholder’s name. The State of Texas seal and the phrases “For Official Use Only” and “Midwestern State University” are clearly indicated on the procurement card. The procurement card is not the same and does not have the same use as the University Travel Card.

6. **Procurement Card Administrator** is the Purchasing Department staff member who coordinates and manages the Procurement Card Program for the University. The Procurement Card Administrator acts as the University’s intermediary with the bank. The Procurement Card Administrator works closely with Cardholders in training, dispute resolution, statement reconciliation, auditing and support issues.

7. **Vendor** is the merchant from whom a Cardholder makes a purchase. If a vendor does not accept the procurement card, the purchase must be made using the Purchase Requisition process.

8. **Receipt/Invoice** is an itemized list of goods/services provided to a purchaser from a vendor showing itemized information including vendor name, date of purchase, line item descriptions & prices, quantities and any additional charges & fees (shipping & handling).

II. Approval

**A. Cardholder Eligibility**

The applicant must be a benefits eligible employee of the University whose immediate supervisor deems a procurement card necessary for the completion of departmental duties.

**B. Application Process**

1. The applicant’s Departmental Approver will request an application from the Procurement Card Administrator. The Departmental Approver will submit the application and justification request for a procurement card to his/her Supervising Vice President/Provost or President. The Vice President/Provost/President will approve/disapprove the request and forward the documentation to the Purchasing Department. If approved, the Procurement Card Administrator will forward the request to the bank.

2. The applicant must attend a training session before he/she receives a procurement card.

3. The applicant must sign a Cardholder Agreement in the presence of the Procurement Card Administrator. This document will be retained in the Purchasing Department for auditing purposes.
II. Accountability

A. Cardholder Liability

The procurement card is a corporate charge card. The Cardholder must use the card according to the procedures stated by the State of Texas and procedures noted in this manual, the Purchasing Manual and University Fiscal Regulations. If the Cardholder violates the stated procedures, the Procurement Card Administrator will notify the Cardholder’s supervisor. In the case of habitual or serious violations, the Procurement Card Administrator will notify the Cardholder’s Vice President/Provost or President. Violations of the procurement card procedures may result in the suspension/cancellation of the Cardholder’s procurement card privileges.

B. Terms and Conditions of Procurement Card Usage

1. The Cardholder must only use the procurement card for University business purposes.

2. The Cardholder must **not** use the procurement card to purchase goods that benefit the Cardholder, a member of the Cardholder’s family, an individual with whom the Cardholder is associated, or a business with which the Cardholder is associated.

3. When the bank issues the procurement card the spending limit is set at $1,000 per single transaction and $7,500 for total transactions per month. The University may adjust these limits as appropriate based upon departmental needs but only with the approval of the supervising Vice President/Provost.

4. The Cardholder must not split a purchase to circumvent the established limitations.

5. The Cardholder must not use another Cardholder’s card to circumvent his/her assigned purchase limit.

6. Only the approved Cardholder may use their procurement card. **The University strictly prohibits anyone other than the approved Cardholder to use the procurement card.** The procurement card is not transferable between Cardholders.

7. The Cardholder may not use the procurement card for personal or unauthorized purchases.

8. The Cardholder may not use the procurement card to purchase alcoholic beverages or any substance, material, or service that violates any policy, law, or regulation pertaining to the University.

9. The Cardholder may not use the procurement card for cash advances, travel expenses, hotels, firearms, entertainment, transportation, capital equipment, florist, consulting services and Meals/Restaurants.
10. The Cardholder must provide adequate documentation for each procurement card transaction, including, but not limited to, receipts, invoices, packing slips, confirmation e-mails, etc., on a monthly basis to the Purchasing Department. While the documentation is in the Cardholder’s possession, he/she must provide this information upon request to any one or all of the following persons: the Departmental Approver, the Procurement Card Administrator, the supervising Vice President/Provost, the University’s Internal Auditor, or any other person designated by the President.

11. The Cardholder will abide by any other rules or regulations established by the Departmental Approver or Supervising VP/Provost or President relating to the use of the procurement card, provided such rules or regulations do not violate or circumvent the University policies and procedures, state, or federal law.

12. The Cardholder must sign a Cardholder Agreement whereby the Cardholder acknowledges that violations of state laws and procedures noted in this manual, the Purchasing Manual and/or University Fiscal Regulations may result in cancellation of procurement card privileges and/or disciplinary action in accordance with the University’s policies and procedures. Additionally, the Cardholder agrees, if they make inappropriate, personal, or unauthorized purchases with the procurement card, they will reimburse Midwestern State University within a 48 hour time period for all costs associated with those purchase(s), unless the Cardholder’s Departmental Approver, in consultation with the Vice President/Provost or President, determines that other action is appropriate.

C. Unauthorized Purchases

1. An unauthorized purchase includes, but is not limited to, the following:
   a. items purchased for personal use
   b. purchases exceeding established credit limits
   c. large dollar purchases that are broken down to circumvent established credit limits
   d. large dollar purchases split over multiple cardholder cards
   e. cash advances
   f. purchases of Capital Equipment
   g. purchases of state defined controlled assets to include the following items when their value exceeds $500 (must be purchased using the Purchase Requisition Process):
      1.) Desktop CPU, Laptops, Tablets & Printers
      2.) Cameras, Digital Cameras
      3.) Stereo Equipment
      4.) Video Recorders (Camcorders, TV/VCR/DVD Combos)
      5.) Television Set
      6.) Data Projectors
   h. firearms
i. ammunition
j. entrainment expenses (to include event tickets)
k. transportation expenses
l. travel expenses (to include, but not limited to lodging, airline tickets, fuel)
m. alcoholic beverages
n. purchases debited from HEAF accounts
o. food purchases
p. donations paid using the procurement card
q. flowers (to include gift baskets and/or items used to construct a gift basket)
r. consulting services
s. transfer of funds to an individual using a third party payment system
t. insurance of any kind
u. services that require vendors perform work on campus. These purchases should be processed using the purchase requisition process to ensure vendors are properly insured to work on campus
v. purchases of goods or services from another University employee
w. purchases that require a signed contract (see MSU Policy & Procedures Manual 2.24 Approval and Execution of University Contracts.

2. Unauthorized use includes, but is not limited to the following:

a. The Cardholder allows another individual to use his/her card.

b. The Cardholder uses another Cardholder’s card to circumvent the assigned credit limits.
c. The cardholder splits a purchase that could otherwise be purchased or ordered at one time in order to circumvent established credit limits.

d. The cardholder pays for goods purchased using a Purchase Order.

e. Other than “Business Only” purchases.

3. When a purchase is determined to be unauthorized:

a. The Cardholder who made the unauthorized purchase will send an e-mail of explanation to the Procurement Card Administrator (copying their supervisor) stating the facts and circumstances surrounding the purchase of the item(s) and what corrective actions the Cardholder is taking to prevent this from happening again.

b. If the Cardholder’s Departmental Approver and the Procurement Card Administrator verify the purchase is appropriate:

   (1) and the University has paid the charge, no restitution will be required, or
(2) If the University has not paid the charge, it will proceed with payment.

c. If the Cardholder’s Departmental Approver and the Procurement Card Administrator verify the purchase is inappropiate, then:

   (1) If possible, the Cardholder will return the goods, or

   (2) If the Cardholder cannot return the goods, then the Cardholder will be liable to the University, within 48 hours of the decision, for the cost of the goods purchased.

(3) In the event that the Cardholder makes a personal purchase in error using the procurement card, he/she must send an e-mail of explanation to the Procurement Card Administrator (copying their supervisor). The Cardholder will state the facts and circumstances surrounding the erroneous purchase. The Cardholder will contact the vendor and request that the vendor issue a credit to the Cardholder’s procurement card and charge the purchase to the Cardholder’s personal credit card. If this process is not possible, the Cardholder will promptly reimburse the University (within 48 hours) of the purchase and submit the receipts reflecting the reimbursement to the Purchasing Department. Subsequent personal purchases made on the procurement card will result in the immediate suspension/cancellation of the cardholder’s privileges.

4. Restricted Purchases

Gift cards/certificates must adhere to the following requirements.

   a. Approval must be obtained prior to making the purchase.

   b. Approval must come from the cardholder’s supervising Vice President/Provost.

   c. This approval must accompany receipts/invoices when submitted the Procurement Card Transaction Log along with documentation noting the purpose of the gift card and the individual receiving the card/certificate.

   d. Information Technology purchases must receive Information System’s approval prior to making the purchase. This approval may accompany receipts/invoices when submitting the Procurement Card Transaction Log.

D. Audit Assistance

The Procurement Card Administrator will assist the University’s Internal Auditor, the Comptroller of Public Accounts and State Auditor’s Office external auditors, and other appropriate agencies in periodic audits of the Cardholder’s compliance with the procurement card procedures.
IV. Transactions

A. Summary

The procurement card works like a personal credit card, except the University pays all charges. The Cardholder will use the card for University business only.

B. Completing a Procurement Card Transaction

1. Before making a purchase with the procurement card, the Cardholder must determine the intended purchase is within spending and vendor guidelines, as outlined in this manual, MSU’s Purchasing Policy & Procedures and Fiscal Regulations.

2. Texas Administrative Code § 5.57 (g) (6) prohibits a state agency from using a payment card for a purchase from a vendor if a payment to the vendor is prohibited by warrant hold status. Cardholders are required to verify a vendor’s hold status for payments over $500. Verification must be administered prior to making the purchase, but no earlier than 7 days prior to the purchase. Verification can be done by conducting a “Vendor Hold Search” on the State of Texas Comptroller’s website or contacting the Purchasing Office. Documentation must be submitted with your Transaction Log to support verification (print verification page).

3. When the Cardholder makes a purchase, he/she must obtain an original itemized sales receipt or invoice. If the Cardholder is making a purchase on the internet, he/she will be sure to print a copy of the on-line order/invoice.

4. The Cardholder must obtain appropriate documentation for all of his/her procurement card transactions. Proper documentation includes receipts, invoices and packing slips. Credit card slips and confirmation e-mails can be submitted as supporting documentation but do not substitute for itemized receipts/invoices.

5. This documentation will be submitted monthly to the Purchasing Department. It is also important the Cardholder documents the receipt of the goods he/she has purchased. The Cardholder can document receiving as follows:

   a. If a packing list accompanies the shipment, the Cardholder will note on the packing list the date the department received the shipment and initial next to the date. Include the packing slip in the documentation attached to the monthly billing statement. **Note: The Packing List is not a substitute for a receipt.**

   b. If a packing list does not accompany the shipment, the cardholder will document the date received on the receipt/invoice submitted.

6. If the Cardholder has lost/missing receipts he/she must attempt to obtain a replacement receipt from the vendor. If a replacement receipt cannot be obtained, the cardholder must contact the Program Administrator to obtain a copy of the
“Missing Receipt Form”. This form must be completed by the cardholder and approved and signed by the cardholder’s approver. Abuse of the “Missing Receipt Form” may result in the suspension/cancellation of cardholder procurement card privileges.

7. It is the Cardholders responsibility to make sure the vendor is aware the University is exempt from state sales tax. If sales tax is charged to a purchase in error, it is the Cardholders responsibility to work with the vendor to get the sales tax refunded. Contact the vendor to credit the sales tax back to your procurement card. A copy of the Sales Tax Exemption Certificate is available online in the Forms Library of the MSU Website.

C. Decline of Purchase at POS

If a purchase is declined at the Point of Sale (POS), please contact the Program Administrator regarding the nature of the decline and to obtain additional instructions.

D. Credits and Returns

Purchases made on the procurement card that require a credit/return must go back on the procurement card. **Cardholders must not accept cash, in-store credit or gift cards in the amount of the return/credit.**

E. Disputes & Billing Errors

The Cardholder will attempt to resolve any disputes or billing errors directly with the vendor. In most cases, the vendor will issue a credit to the procurement card account. If the Cardholder cannot reach an agreement with the vendor, he/she should contact Bank the bank using the customer service phone number on the back of the procurement card. Nearly all issues can be resolved using this process. If the Cardholder is unable to resolve the dispute, he/she will contact the Procurement Card Administrator for assistance. The Cardholder will e-mail the Departmental Approver and the Procurement Card Administrator with a situation update no later than 30 days after the first notice of a dispute or discrepancy. The University will charge the total amount billed by the bank to the individual departmental accounts. Additionally, the University will post credits for disputed transactions that appear on the bank’s billing statement to the individual departmental accounts.

F. Blocked Vendors

The State of Texas requires the bank to block certain categories of vendors from procurement card use. The bank blocks these transactions at the point-of-sale. If a Cardholder needs to purchase from a blocked vendor, he/she must contact the Procurement Card Administrator. The Procurement Card Administrator will review the transaction and determine if it meets the requirements for an authorized purchase.

G. Spending Limits
Cardholder may not break down a large purchase that could otherwise be purchased or ordered at one time in order to circumvent established credit limits. If a Cardholder believes the University should increase his/her spending limits, he/she must obtain their Departmental Approver’s approval along with the approval from their supervising Vice President/Provost. If the request is approved, an e-mail approving the increased spending limits should be submitted to the Procurement Card Administrator. The Procurement Card Administrator will respond to the Departmental Approver’s request via e-mail or phone within 48 hours.

V. Cancellation

A. Lost, Misplaced, or Stolen Procurement Cards

The Cardholder must report any lost or stolen procurement card immediately to Citibank at 1-800-248-4553. Citibank representatives are available to assist the Cardholder 24 hours a day, 365 days a year. The Cardholder must notify the University Procurement Card Administrator about the lost or stolen card at the first opportunity during normal business hours. Failure to report a lost or stolen card immediately will result in the cancellation of the cardholder’s procurement card privileges.

B. Cancellation of Procurement Cards:

1. In the event that the University places a procurement Cardholder on disciplinary or investigatory leave, the Departmental Approver should temporarily cancel the Cardholder’s procurement card. This is done by notifying the Procurement Card Administrator of the request. If the employee returns to work, his/her Departmental Approver can, at his/her discretion, reactivate the returning employee’s card.

2. The Cardholder must return the procurement card to his/her Departmental supervisor within two working days.

3. The Departmental supervisor must return all cancelled procurement cards to the Procurement Card Administrator within a timely manner.

4. Cardholders with suspended or cancelled cards are still required to assist the University in its audit requirements by submitting all receipts/invoices and Transaction Logs in a timely manner.

C. Circumstances for Cancellation

1. The University Procurement Card Administrator is required to cancel a procurement card if a Cardholder:

   a. moves to a new job in which a procurement card is not required,

   b. terminates University employment. Cardholders leaving University employment should stop using their card immediately. Cardholder’s will not be out-processed through the Purchasing Department until their card
and any outstanding purchases, envelopes and/or receipts have been turned into the Program Administrator. This includes any unresolved issues.

2. The Procurement Card Administrator may suspend/cancel a procurement card with the knowledge of the Departmental Approver and Purchasing Director for any of the following reasons:

   a. the Cardholder uses the card for personal or unauthorized purposes,

   b. the Cardholder uses the card to purchase alcoholic beverages or any substance, material, or service that violates any policy, law or regulation pertaining to the University,

   c. the Cardholder fails to provide the Procurement Card Administrator with required documentation, within the time period specified, by the Purchasing Department,

   d. the Cardholder fails to provide, when requested, information about any specific purchase,

   e. the Cardholder does not adhere to the procurement card procedures,

   f. the Cardholder fails the audits performed by the Procurement Card Administrator. The Departmental Approver or Vice President/Provost deems it necessary.

3. The Procurement Card Administrator will immediately suspend/cancel a procurement card with the knowledge of the Departmental Approver and Purchasing Director for the following reasons:

   a. the Cardholder splits purchases to circumvent the established limitations.

   b. the Cardholder uses another Cardholder’s card to circumvent the purchase limit assigned to the Cardholder.

4. Cardholders with suspended cards can have their procurement card privileges reinstated when the following conditions are met:

   a. the procurement card has been suspended for a period of no less than 30 days

   b. and, the cardholders attends a mandatory refresher training

   c. and the cardholder has reconciled the issue that led to the suspension

   d. and the cardholder submits a letter to their Supervisor and Program Administrator explaining the suspension and their plan to avoid additional issues in the future.
e. Cardholders that commit violations that would lead to a second suspension will have their procurement card privileges cancelled immediately.

f. Cards cancelled for violation of any policy & procedures are not subject to reinstatement or reactivation.

VI. Monthly Statement Reconciliation

A. Cardholder

1. Each month the Cardholder will receive a billing statement from the bank.

2. The Cardholder will match his/her receipts and other documentation he/she has collected for the listed purchases or credits on the bank statement.

3. If the Cardholder is unable to provide proper documentation for a transaction or transactions by the Purchasing Department's deadline, the Cardholder must contact the Procurement Card Administrator, explaining why the documentation is missing.

4. If there is a disputed transaction, the Cardholder should notify the Procurement Card Administrator.

5. When the Cardholder has gathered the receipts other documentation, and bank statement, he/she will attach them together, enclose them in and make the appropriate notations on the outside of the Transaction Log Envelope. The Cardholder will then give the Transaction Log Envelope to the Departmental Approver for review and signature. It is recommended the Cardholder keep copies of all receipts and documentation before submitting their envelope to the Purchasing Department.

B. Departmental Approver

1. When the Departmental Approver receives the Transaction Log Envelope, he/she will review the cover information as well as the enclosed documentation. The Departmental Approver will not only verify that all of the necessary documentation is present, but he/she will also verify that the Cardholder made each purchase in compliance with the University’s procurement card procedures. If the Departmental Approver agrees that all of the necessary documentation is present, and that all purchases are appropriate and in compliance, then he/she will sign the Transaction Log. The Departmental Approver’s signature on the Transaction Log Envelope represents that the Departmental Approver has reviewed and approved all items purchased with that Cardholder’s procurement card.

2. The Departmental Approver may temporarily designate someone else to review and approve departmental procurement card documentation in their
absence. The Procurement Card Administrator must be notified of the temporary authority.

C. University Procurement Card Administrator

1. Each month, the Purchasing Department will receive a bank statement reflecting all transactions made by all Cardholders. The Procurement Card Administrator will process the statement for payment.

2. The Procurement Card Administrator will process of auditing Transaction Logs and designating charges by account code and FOAPAL.

3. The Procurement Card Administrator works closely with Cardholders to ensure transaction logs are complete and any inconsistencies are addressed.

4. The Procurement Card Administrator completes the audit of the Transaction Logs and inputs the data into a database system. The Procurement Card Administrator will assign an account codes and FOAPALS accordingly.

5. The Procurement Card Administrator then downloads the completed file from the bank, edits the report and prepares the upload file into the Banner Finance System. This process allows expenditures to be charged against the appropriate University fund and reimburses the origination account for payment of the monthly statement to the bank.

D. Vice Presidents

The supervising Vice Presidents/Provost will ensure that Departmental Approvers and Cardholders, within their divisions, comply with procurement card policies and procedures by taking the following actions:

1. The supervising Vice Presidents/Provosts will promptly respond to any communication from the Purchasing Department regarding a violation of procurement card procedures.

2. The supervising Vice Presidents/Provosts will ensure that Departmental Approvers promptly and appropriately discipline Cardholders in their divisions who do not adhere to procurement card procedures. Additionally, supervising Vice Presidents/Provosts will ensure compliance of their Departmental Approvers when managing Cardholders under their supervision.

VII. Miscellaneous

A. Procurement Card Program Guide Updates

The Procurement Card Administrator and Director of Purchasing are responsible for maintaining and updating the Procurement Card Program Guide. The Procurement Card Administrator will ensure that the most current version of the Procurement Card Program Guide is available to all employees via an appropriate electronic format. The
Procurement Card Administrator will send an “all subscribers” e-mail whenever updates are made to the Procurement Card program Guide.

B. Records Storage

The Purchasing Department will store all procurement card documentation in accordance with state and federal regulations. In order to facilitate internal and external audit and review, the records will be stored in chronological order by month and then by year. The Procurement Card Administrator will also produce a summary spreadsheet each month that will be stored with the procurement card documentation indicating individual monthly activity.

C. Training

1. The Procurement Card Administrator will ensure all new procurement Cardholders attend training before they begin using their University procurement card. The Cardholder must sign a Procurement Card Training Acknowledgement Form when he/she has completed training. This document will be retained in the Purchasing Department for audit purposes.

2. The Procurement Card Administrator will provide updated training to all Cardholders and Departmental Approvers as necessary.