



Idaho State University

POLICIES AND PROCEDURES

Purchasing Card (PCard)

ISUPP 2570

POLICY INFORMATION

Policy Section: *Finance*

Policy Title: *Purchasing Card (PCard)*

Responsible Executive (RE): *Chief Financial Officer*

Sponsoring Organization (SO): *Finance*

Effective Dates: *6-1-2017; 12-1-2019; 2-3-2023; 4-1-2024*

Last Reviewed: *July 1, 2024*

I. POLICY STATEMENT

The PCard program is intended to provide a simple, efficient, cost-effective means of purchasing low cost and/or low-risk items. PCard Holders, Department PCard Managers, and PCard Approvers are required to maintain the integrity of the PCard program by understanding and adhering to the policy and procedures governing the use of a PCard. The Program requires user responsibility and adherence to responsible budgeting guidelines laid out in this Policy. PCard Program Users should rely on this Policy, the PCard Procedures found at www.isu.edu/purchasing, and the procedures required by the bank holding Idaho State University's Purchasing Card contract.

II. DEFINITIONS

- A. **Approval.** The transaction has been reconciled through the bank system. Reconciliation through the banking system does not equate to endorsement of unauthorized or Non-Compliant purchases.
- B. **Compliant.** A Compliant transaction is a purchase necessary during the normal course of University business that adheres to established laws, regulations, and University Policies and Procedures.
- C. **Documentation.** All records that justify, authorize, and verify a financial transaction, including purchase receipts, email approval, forms, and any other required supporting

material. This Documentation is essential for financial transparency, accountability, and compliance, ensuring that expenditures are appropriate and can be traced.

- D. **Fraudulent Transaction.** The unauthorized use of an individual's accounts or payment information.
- E. **Non-Compliant.** A Non-Compliant transaction is a violation of established rules, regulations, or internal policies. It is a failure to adhere to the correct procedures. Any purchase not approved by the department in advance, above account limits, or not allowed by University policy is considered unauthorized. However, the PCard Administrator may grant specific, pre-approved exceptions for certain departments based on unique business needs.
- F. **PCard Approver.** The individual responsible for providing financial oversight and ensuring compliance with University purchasing guidelines. The PCard Approver is designated to approve PCard transactions. In most cases, PCard Holders shall not act as the PCard Approver for purchases made with their own issued PCard.
- G. **PCard Holder.** University personnel who have been granted purchasing card privileges.
- H. **PCard Program Users.** All designations of University personnel who have been granted PCard privileges in use or administration, including: PCard Holders, Department PCard Managers, and PCard Approvers.
- I. **Reconciliation.** The process of ensuring that PCard transactions have a clear business purpose, have the appropriate accounting string (index, account code), and that appropriate documentation of the purchase is uploaded. Reconciling a transaction does not ensure that the transaction is Approved or is compliant.

III. AUTHORITY AND RESPONSIBILITY

- A. **Controller.** The Controller has authority to determine whether a PCard misuse is so severe that it warrants immediate revocation of PCard privileges. The Controller decides whether a PCard Holder has to pay back items purchased for personal use. The Controller may grant exceptions for Non-Compliant PCard purchases in advance of the purchase.
- B. **Department PCard Manager.** The individual in a department responsible for the department PCard. The Department PCard Manager is responsible for maintaining a Department Card Record Log, reconciling the transactions, overseeing necessary approvals, and retaining receipts and other required documentation.
- C. **PCard Approver.** PCard Approvers are primarily responsible for providing financial oversight and ensuring compliance with University Purchasing policies. Approvers are required to identify Non-Compliant or Fraudulent Transactions and ensure appropriate corrective actions are taken.

- D. **PCard Administrator.** The employee in Purchasing Services who is responsible for administering the University PCard program.
- E. **PCard Holder.** University personnel who have been granted Purchasing Card privileges. PCard Holders are responsible for determining proper use of funds and ensuring funds are available and properly budgeted. PCard Users are responsible for understanding the University policies regarding Compliant and Non-Compliant purchases. PCard Users are responsible for understanding the possible disciplinary actions taken for the violation of Purchasing policies.
- F. **PCard Super User.** PCard Holders authorized to purchase larger dollar items which exceed normal University maximum PCard limits. The Purchasing Department decides whether a person requires Super User authorization. Because PCard Super Users are granted higher transaction limits, Super Users are also required to undergo additional training prior to receiving Super User designation.
- G. **Purchasing Director.** The Purchasing Director may grant higher single, daily, and monthly transaction limits to approved PCard Holders.
- H. **Purchasing Services.** Delegates small dollar/low-risk purchasing authority to University departments via use of a Purchasing Card (PCard). Purchasing Services is responsible for providing training to PCard Users and additional training to Super Card users.

IV. PROCEDURES TO IMPLEMENT

- A. General.
 - 1. All purchases must be related to a specific business objective of the University.
 - 2. All forms referenced in this policy are available on the University Purchasing Services website.
- B. PCard Issuance.
 - 1. PCard Holders must be full-time or permanent part-time employees of Idaho State University.
 - 2. PCards are issued as either a Single User Purchasing Card or a Department Purchasing Card
 - a. Single User
 - i. Departments may request PCards for their employees when a valid business purpose exists. To request a new account, the employee must submit a completed Cardholder Application to the PCard Administrator.
 - ii. Employee cards are issued with the employee's name on the card.

- b. Department Purchasing Cards
 - i. To request a Department PCard, Departments must complete a Department PCard Application, available on the Purchasing Services website.
 - ii. Department PCards are issued with the department name on the card.
 - iii. Before activation, a Department must designate a Department PCard Manager, who is required to complete the training provided by Purchasing Services. The Department PCard Manager is required to review and sign a Department Card Authorized User Agreement upon card issuance.
- 3. Before issuance and account activation, card holders of both Single User and Department Purchasing Cards are required to:
 - a. Complete mandatory PCard training and notify the PCard Administrator upon completion;
 - b. Following mandatory training, complete and pass the training test; and,
 - c. Sign a Cardholder User Agreement.
- C. Limits.
 - 1. PCard accounts will have a standard single, daily, and monthly transaction limit. University maximum limits are determined by Purchasing Services.
 - 2. Department PCards carry more risk because multiple users are assigned to one card. Purchasing Services recommends low transaction limits to minimize the loss.
 - 3. Based on the PCard Program User's needs, limits may be permanently or temporarily increased. The Purchasing Director or the PCard Administrator may grant higher single, daily, and monthly transaction limits to approved PCard Holders.
- D. PCard Holder Responsibilities.
 - 1. PCard Holders/Department PCard Managers are responsible for using PCards in accordance with University Policies, procedures, and applicable law.
 - 2. PCard Holders/Department PCard Managers are responsible for the security of the card and account number.
 - 3. PCard Holders/Department PCard Managers are required to review this Policy and the Purchasing Card Procedures, and understand what constitutes a Compliant or Non-Compliant PCard purchase.
 - 4. PCard Holders/Department PCard Managers are responsible for managing their own PCard account, which includes reviewing and reconciling transactions, receiving all necessary approvals, and submitting required documentation within the required timeline.

5. PCard Holders are responsible for properly obtaining tax exemption for purchases.
6. PCard Holders/Department PCard Managers must report lost or stolen cards immediately to the bank holding the University's Purchasing Card contract, their department, and the PCard Administrator.
7. PCard Holders/Department PCard Managers are responsible for reconciling all transactions and providing all necessary PCard documentation to their department before their departure date.
8. PCard Holders/Department PCard Managers may be held personally liable for unsupported or inappropriate transactions. The amount may be deducted from the PCard Holders/Department PCard Manager's wages or recovered through other means.
9. Departments must notify the PCard Administrator if a PCard Holder/Department PCard Manager is placed on an extended administrative or medical leave, or if a situation warrants immediate account suspension.
10. PCard Holders/Department PCard Managers are responsible for using State Open Contracts when applicable. The University may use non-state contracted vendors when the property to be acquired may be procured at equal or lesser cost than state-contracted vendors. Shipping and other associated costs must be included when calculating the amount. Comparative documentation must be retained with the original receipt by the PCard Holder or department.

E. Changes to Existing PCard Accounts.

1. Changes to PCard accounts such as limit increases and decreases, replacement due to damage or name changes, and account closures must be communicated to the PCard Administrator using the procedures found on the University Purchasing Services website.
2. Upon employee separation, transfer, or a PCard account being deemed no longer necessary, the employee or the department terminating/transferring the account must request closure/transfer of a PCard account by communicating with the PCard Administrator using the processes available on the Purchasing Services website.

F. PCards purchases are either Compliant or Non-Compliant.

1. Compliant PCard Purchases are intended for low-dollar and low-risk purchases of products and supplies needed during the course of business, in accordance with individual and department spending limits. Compliant PCard Purchases include, but are not limited to:
 - a. Advertising expenses (newspapers, magazines, web, and other media);
 - b. Automotive parts;

- c. Books, subscriptions;
 - d. Building, plumbing, or electrical materials;
 - e. Chartwells Catering Services (alcohol must be Reconciled to a local index);
 - f. Classroom teaching models, charts, audio, and visual aids;
 - g. Computer supplies and repair parts;
 - h. Gift cards in accordance with ISUPP 2010 *Gifts, Awards, Prizes, and Incentives* with prior approval after submitting the Gift Card Exception Form available on the Purchasing Services website;
 - i. Hardware, tools, and repair parts;
 - j. Lab, field, photography, and safety supplies;
 - k. Meals and refreshment expenses in compliance with ISUPP 2530 *Non-Travel Meals and Refreshments*;
 - l. Non-employee and Student recruitment expenses, including candidate airfare and lodging;
 - m. Office and class supplies;
 - n. Short-term equipment rentals;
 - o. Software subscription renewals with appropriate prior approval;
 - p. Training/conference registration held at an employee workstation;
 - q. Travel of non-employees (not receiving payment for services); and,
 - r. Work-related membership/organizational fees and licenses.
2. Non-Compliant PCard Purchases. A purchase is considered Non-Compliant if it violates University Policy, exceeds established account limits, or was not approved by the department in advance. While exceptions are not guaranteed, they must be requested in writing before a purchase is made. All exceptions for Non-Compliant purchases must be formally requested and granted by the PCard Administrator in writing in advance of the purchase. Non-Compliant purchases include, but are not limited to:
- a. Alcoholic beverages other than Chartwell's;
 - b. Capital expenditures of \$2,000 or more, except for PCard Super Users;
 - c. Cash advances, salaries, and wages;
 - d. Cellular phones, monthly contract fees, prepaid phone card;
 - e. Computers, laptops, photocopiers, and printers with hard drives;
 - f. Donations/Sponsorships;

- g. All employee related travel (must use University Travel Card). Business meals are not considered a travel expense and a P-Card can be used for this purchase;
 - h. Firearms and ammunition;
 - i. Fuel for personal vehicles;
 - j. Gifts for Staff/Faculty prohibited under ISUPP 2010 *Gifts, Awards, Prizes, and Incentives*;
 - k. Live animals;
 - l. New software;
 - m. Payment to ISU Departments;
 - n. Personal expenses;
 - o. Radioactive materials and other controlled substances;
 - p. Scholarships, stipends, tuition, and fees; and,
 - q. Purchases that should be made through Jaggaer Punchout vendors.
- G. Reconciliation and Approval of PCard Transactions.
- 1. PCard Reconciliation and approval is managed by the PCard Holder or Department PCard Manager utilizing the online services provided by the bank holding Idaho State University's Purchasing Card contract.
 - 2. PCard transactions must be accurately Reconciled and approved no later than 28 days after the transaction.
 - 3. Original receipts and supporting documentation are to be uploaded into the banking system and electronically maintained by the PCard Holder or Department PCard Manager for three (3) fiscal years.
 - 4. Failure to Reconcile PCard transactions, obtain necessary approvals, and/or failure to submit required documentation may result in the suspension or revocation of the PCard.
- H. Documentation.
- 1. Storage and safekeeping of receipts and PCard documentation is the responsibility of the PCard Holder and Department.
 - 2. PCard Documentation must be maintained for a minimum of three (3) full fiscal years following the current fiscal year. If grant funded, Documentation must be kept for three (3) fiscal years after the close of the grant.
 - 3. Original receipts and supporting documentation must be produced for auditors upon request.

4. PCard Documentation includes:
 - a. Printed or electronic receipt attached in reconciled transactions;
 - b. PCard No Receipt Form, required for PCard holders who do not have a receipt. The PCard No Receipt Form must be retained in both the purchasing log and in the banking system.
 - c. Price comparison Documentation when deviating from a State contract.
 - d. Any other Documentation required by the PCard Holder's Department supporting the business purpose of the purchase (Example: Business Meal Form).
 - e. An authorization by the Principle Investigator is required for grant-funded purchases. Authorization can be provided through email, signature on receipt, or other written documentation. Authorization should be uploaded to the bank that holds the PCard contract.
 - f. For IT Software subscription renewals, the Purchasing Services Cloud Software Purchase Request Form, available on the University Purchasing Services website.
 - g. Sponsored Project Purchases. All purchases funded by a sponsored project (grant) require specific, documented approval from the Principal Investigator (PI) responsible for the financial index being charged. This is a mandatory requirement in addition to a standard receipt. Approval must be in a written format, such as an email or a signature on the receipt, and must be attached to the transaction documentation in the banking system.
- I. Disputed Charges. The PCard Holder or Department PCard Manager must attempt to resolve discrepancies, quality, or service issues directly with the merchant. If the matter cannot be resolved directly with the merchant, contact the University PCard Administrator for assistance.
- J. Fraudulent Transactions. The PCard Holder or Department PCard Manager must report any unrecognized transactions to the bank holding the University Purchasing Card contract and the University PCard Administrator immediately upon discovery.
- K. Returns, Damaged Goods, and Credits. The PCard Holder or Department PCard Manager must contact the merchant for authorization to return goods purchased with a PCard.
- L. Prohibited Actions.
 1. Split Purchases. Breaking a larger transaction into smaller separate transactions to avoid PCard limits.
 - a. Any action taken to bypass the limits set on the PCard is prohibited.
 - b. Vendors should not be asked to "split" a purchase. Deliberate splitting of purchases may result in suspension or revocation of a PCard account and/or civil penalties.
 2. Unintended Contractual Obligations.

- a. Most PCard Program Users do not have signature authority to bind ISU to any contractual terms. PCard Program Users are responsible for ensuring that purchases made with their PCard do not obligate the University to contractual terms.
 - b. There are certain contractual terms which appear commonly in Terms and Conditions, but are not legal for State of Idaho employees to sign. Some Terms and Conditions to avoid are: contracts governed by the laws of any state other than Idaho; indemnification or hold-harmless clauses; contracts with automatic renewals but no cancellation or termination clause.
 - c. PCard Program Users are responsible for understanding contractual obligations and acting in accordance with ISUPP 1060 *Contract Approval and Execution*.
 - d. PCard Program Users must contact Purchasing Services or the Office of General Counsel when attempting to purchase an item with such contractual clauses.
3. Conflicts of Interest.
- a. PCard Program Users are subject to ISUPP 1060 *Conflicts of Interest* when making PCard purchases.
 - b. A Conflict of Interest arises when an employee has a personal, financial, or professional interest that could, or could appear to, compromise or affect the Employee's professional judgment in exercising their duties to the University. Conflicts of Interest may include when an employee:
 - i. is in a position to influence the University's business, administrative, academic, or other decisions in ways that could result in personal or family member benefits or gains;
 - ii. acts in opposition to the interests of the University, including by competing directly with the University, or diverting opportunities the employee knows or should know the University is or may be pursuing; and/or,
 - iii. uses their University position for personal or family member benefit or gain at the expense of the University or otherwise in violation of this or other University policies.

V. CONSEQUENCES FOR NON-COMPLIANCE AND MISMANAGEMENT

- A. The use of a PCard is a privilege, not a right. Corrective action will be taken for misuse of the PCard. PCard Users who do not comply with this Policy and any procedures designated by the Assistant Vice President and / or Controller may have their PCard privileges temporarily or permanently revoked.

- B. All PCard Users who misuse or allow the misuse of a PCard may be subject to disciplinary actions up to and including termination of employment and may be held personally and/or criminally liable for charges, at the discretion of the Associate Vice President and / or Controller
- C. Non-Compliance
 - 1. First Violation. Notification will be given to the PCard Holder or Department PCard Manager.
 - 2. Second Violation. Use of the PCard may be suspended for up to six months. Notification will be given to the PCard Holder or Department PCard Manager and their immediate supervisor. The PCard Misuse Form will be completed and signed. Reinstatement of the PCard will be considered by the PCard Administrator on a case-by-case basis.
 - 3. Third Violation. PCard Holder/Department PCard Manager's card will be cancelled and the PCard Holder/Department PCard Manager will be prohibited from any further use during their employment at ISU. Notification will be given to the PCard Holder/Department PCard Manager and their immediate supervisor.
 - 4. Notwithstanding the previous, some violations are so severe as to warrant immediate revocation of PCard privileges.
 - 5. The Controller determines the severity of the offense, and whether immediate revocation of PCard privileges is warranted. There is no appeal to the Controller's decision.

VII. RELATED LAWS, POLICIES, AND PROCEDURES

- A. Idaho Code Section 18-5701
- B. Idaho Code Section 59-1026
- C. Idaho Code Section 67-9225
- D. ISUPP 1060 *Contract Approval and Execution*
- E. ISUPP 2010 *Gifts, Awards, Prizes, and Incentives*
- F. ISUPP 2530 *Non-Travel Meals and Refreshments*
- G. ISUPP 2560 *Purchasing*
- H. ISUPP 10600 *Conflicts of Interest*
- I. Purchasing Procedures <https://isu.edu/purchasing/pcard/>