



# 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; February 3, 2023*

**Last Reviewed:** *November 2023*

### I. POLICY STATEMENT

The PCard program is intended to provide a simple, efficient, cost-effective means of purchasing small dollar and/or low-risk items.

- A. Procurement (Purchasing Services) will be overseen by the Director of Purchasing Services.
- B. Purchasing Services delegates small dollar/low-risk purchasing authority to University departments via use of a Purchasing Card (PCard). 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.
- C. PCard Program Users who do not comply with this policy and procedures may have their PCard privileges temporarily or permanently revoked by the PCard Administrator. All PCard Program Users who misuse or allow the misuse of a PCard may be subject to disciplinary actions up to and including termination and may be held personally and/or criminally liable for charges.
- D. PCard Program Users should rely on this policy, the PCard Procedures found at [www.isu.edu/purchasing](http://www.isu.edu/purchasing), and the procedures required by the bank holding Idaho State University's Purchasing Card contract.

## II. DEFINITIONS

- A. **Department PCard Manager:** The individual in a department responsible for the department PCard.
- B. **Fraud Transaction:** The unauthorized use of an individual's accounts or payment information.
- C. **PCard Administrator:** The employee in Purchasing Services who is responsible for administering the University PCard program.
- D. **PCard Approver:** The individual responsible for financial oversight and compliance with University purchasing guidelines, who 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.
- E. **PCard Holder:** University personnel who have been granted purchasing card privileges.
- F. **PCard Program Users:** All designations of University personnel who have been granted PCard privileges, including: PCard Holders, Department PCard Managers, and PCard Approvers.
- G. **PCard Super User:** PCard Holders allowed to purchase pre-approved policy excluded items (as indicated in IV.G) and larger dollar items which exceed normal University maximum PCard limits. They are provided with additional training by Purchasing Services.
- H. **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.

## III. AUTHORITY AND RESPONSIBILITY

- A. It shall be the responsibility of all PCard Program Users to determine and ensure funds are available and properly budgeted. All purchases must be related to a specific business objective of the University.
- B. It is the responsibility of all PCard Program Users to understand the University policies regarding what is authorized and what is not authorized to be purchased. PCard Program Users are responsible for understanding what disciplinary action will be taken if these policies are violated.

## IV. PROCEDURES TO IMPLEMENT

### A. General Procedures for PCard Issuance

1. Departments may request PCards for their employees when a valid business purpose exists. PCard Holders must be full-time or permanent part-time employees of Idaho State University. Employee cards are issued with the employee's name on the card.
2. Complete a *Cardholder Application* available at [www.isu.edu/purchasing](http://www.isu.edu/purchasing) to request a new account. The applicant must forward the completed application to the PCard Administrator. Before account activation:
  - a. PCard Holders are required to take the PCard training in Moodle and notify the PCard Administrator upon completion.
  - b. PCard Holders are required to attend a training at the time the PCard is picked up. Contact Purchasing Services to set up an appointment.
  - c. PCard Holders are to review and sign a *Cardholder User Agreement* upon card issuance.
3. Department Purchasing Cards can also be issued upon request. Complete a *Department PCard Application*, available on the Purchasing Services website to request a card. Department PCards are issued with the department name on the card. Department PCards carry more risk because multiple users are assigned to one card. In the event the bank does not credit a Fraud Transaction, the department will be responsible for paying the fraud amount. Purchasing Services recommends low transaction limits to minimize the loss.

Before activation:

- a. Designate a Department PCard Manager. Department PCard Managers are required to complete the training explained in IV.A.2 above.
- b. The Department PCard Manager is responsible for maintaining a *PCard Transaction Log*, Reconciling the transactions, seeing that the transactions receive all necessary approvals, and retaining receipts and other documentation. An example of a *PCard Transaction log* is available in the PCard procedures located on the Purchasing Services website.
- c. The Department PCard Manager is required to review and sign a *Department Card Authorized User Agreement* upon card issuance.

### B. Limits

1. PCard accounts will have a standard single, daily, and monthly transaction limit.

2. Based on the PCard Program User's needs, limits may be permanently or temporarily increased.
3. University maximum limits are determined by Purchasing Services.
4. The Purchasing Director or the PCard Administrator may grant higher single, daily, and monthly transaction limits to approved PCard Holders.
5. PCard Super Users granted higher limits are required to undergo additional training prior to receiving this designation.

C. Changes to Existing PCard Accounts

Changes to PCard accounts such as limit increases and decreases, replacement due to damage or name changes, and account closures should be communicated by completing and forwarding a *PCard Account Maintenance Form* to the PCard Administrator.

D. PCard Holder Responsibilities (see also Purchase Card Procedures available on the Purchasing Services website)

1. PCard Holders/Department PCard Managers are responsible for the security of the card and account number.
2. PCard Holders/Department PCard Managers are required to review this policy and the Purchasing Card Procedures, and understand what constitutes an authorized or unauthorized PCard purchase.
3. PCard Holders/Department PCard Managers are responsible for managing their own PCard account, which includes reviewing and Reconciling transactions, getting all necessary approvals, and submitting required documentation within 28 days of the transaction.
4. PCard Holders/Department PCard Managers are responsible for using PCards in accordance with University policies and procedures and state law.
5. 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.

E. Account Closure

Upon employee separation, transfer, or if a PCard account is deemed no longer necessary, the employee or the department terminating/transferring the account should request closure/transfer of a PCard account by completing a *PCard Account Maintenance Form*, available on the Purchasing Services website.

1. PCard Holders/Department PCard Managers are responsible for Reconciling all transactions and providing all necessary PCard documentation to their department before their departure date.
2. 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.
3. 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.

F. Authorized PCard Purchases

(See also Purchasing Card Procedures available on the Purchasing Services website)

PCards are intended for small dollar and low-risk purchases of products and supplies needed during the course of business. The following examples are not all-inclusive but are given to help the PCard Holder determine appropriateness:

1. Advertising expenses (newspapers, magazines, web, and other media)
2. Automotive parts
3. Books, subscriptions
4. Building, plumbing, or electrical materials
5. Chartwells Catering Services (alcohol must be Reconciled to a local index)
6. Classroom teaching models, charts, audio, and visual aids
7. Computer supplies and repair parts
8. Gift cards in accordance with ISUPP 2010 *Gifts, Awards, Prizes, and Incentives* (must submit *Gift Card Exception Form* available on the Purchasing Services website.)
9. Hardware, tools, and repair parts
10. Lab, field, photography, and safety supplies
11. Meals and refreshment expenses in compliance with ISUPP 2530 *Non-Travel Meals and Refreshments*
12. Non-employee and student recruitment expenses (including candidate airfare and lodging)
13. Office and class supplies
14. Short-term equipment rentals
15. Software (renewals only)

16. Training/conference registration held at an employee workstation
17. Travel of non-employees (not receiving payment for services)
18. Work-related membership/organizational fees and licenses

#### G. Unauthorized PCard Purchases

(See also PCard Procedures available on the Purchasing Services website)

Any purchase not approved by the department in advance, above account limits, or not allowed by University policy is considered unauthorized. The following examples are not all inclusive but are given to help the PCard Holder determine appropriateness:

1. Alcoholic beverages (other than Chartwell's)
2. Capital expenditures of \$2,000 or more (exceptions for PCard Super User)
3. Cash advances, salaries, and wages
4. Cellular phones, monthly contract fees, prepaid phone card
5. Computers, laptops, photocopiers, and printers with hard drives (exceptions for PCard Super User)
6. Donations
7. Employee related travel (must use University Travel Card)
8. Firearms and ammunition (Contact Purchasing Director or PCard Administrator for exceptions)
9. Fuel for personal vehicles
10. Live animals
11. New software (contact Purchasing)
12. Payment to ISU departments
13. Personal expenses
14. Radioactive materials, controlled substances
15. Scholarships, stipends, tuition, and fees

#### H. Split Purchases

1. Any action taken to bypass the limits set on the PCard is prohibited.
2. 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.

## I. Use of State Contracts

The 2016 State Procurement Act allows Institutions of Higher Education to use non-contracted vendors (i.e., local vendors) when "...the property to be acquired may be procured at equal or less expense" than the contracted vendor. Documentation of the "equal or less expense" is required for each transaction.

1. When the value of a single, one-time acquisition is less than the card single transaction limit, the PCard Holder should include documentation (written quote, print out of web page, etc.) showing a comparison of the contract amount to the non-contract amount. Be sure to include shipping and other associated costs when calculating amount.
2. This comparative documentation must be retained with the original receipt by the PCard Holder or department.

## J. Reconciliation and Approval of PCard Transactions

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.

1. PCard transactions must be accurately Reconciled and approved no later than 28 days after the transaction.
2. A purchasing card record log, original receipts, and supporting documentation are to be maintained by the PCard Holder or Department PCard Manager and produced for auditors upon request.
3. PCard Approvers may sign the purchasing card record log or the receipts to document the approval process in accordance with department procedure and applicable audit requirements.
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.
5. When Reconciling PCard transactions, PCard receipts must be uploaded into the banking system. Copies of scanned receipts must be stored electronically within departments in accordance with documentation timeline requirements outlined below (section V.K). Scanning, uploading, and maintaining electronic copies facilitates remote access and auditing.

## K. Documentation

Storage and safekeeping of receipts and PCard documentation is the responsibility of the PCard Holder and department. PCard documentation must be maintained for a minimum of

three (3) years plus the current year. If grant funded, documentation must be kept for three (3) years after the close of the grant. PCard documentation includes:

1. Printed purchasing card record log with receipts.
2. If an individual does not have a receipt, complete a PCard *No Receipt Form* and attach it to your purchasing card record log.
3. Price comparison documentation when deviating from using a State contract (see section IV.I above).
4. Any other documentation required by the PCard Holder's department supporting the business purpose of the purchase.
5. Signature by PCard Approver on the purchasing card record log or receipts, when required by grant-funded purchases.
6. PCard Super Users must provide additional documentation to Purchasing Services if a single item purchase is \$5,000 or greater.

L. 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.

M. Fraudulent or Unauthorized Transactions

The PCard Holder or Department PCard Manager must report any unauthorized or unrecognizable transactions to the bank holding the University Purchasing Card contract, and the University PCard Administrator immediately upon discovery.

N. 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.

O. Conflicts of Interest

PCard Program Users are subject to ISUPP 10600 *Conflicts of Interest* when making PCard purchases. Conflict of interest exists when an employee is involved in activities in which financial or other personal considerations may directly and significantly affect their professional judgment in exercising any University duty or responsibility. Financial or other personal considerations are presumed to exist whenever an employee must, as part of their responsibilities, consider any transaction involving a member of their immediate family or a close relative.



P. Avoid Unintended Contractual Obligations

PCard Program Users are responsible for ensuring that purchases made with their PCard do not obligate the University to contractual terms. Purchases made online often include written contracts called *Terms and Conditions*, which are included in fine print or as a link. 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. Furthermore, most PCard Program Users do not have signature authority to bind ISU to any contractual terms. PCard Program Users are responsible for understanding contractual obligations and acting in accordance with ISUPP 1060 *Contract Approval and Execution*. PCard Program Users must contact Purchasing Services or the Office of General Counsel when attempting to purchase an item with such contractual clauses.

**V. CONSEQUENCES FOR MISUSE OF THE PURCHASING CARD**

The use of a PCard is a privilege, not a right. Accordingly, corrective action will be taken for misuse of the card.

A. First Violation

Notification will be given to the PCard Holder or Department PCard Manager.

B. 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.

C. 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.

## **VI. ADDITIONAL RESOURCES**

All forms referenced in this policy are available on the Purchasing Services website at [www.isu.edu/purchasing](http://www.isu.edu/purchasing). Forms include:

- A. Cardholder Application
- B. Cardholder User Agreement
- C. Department PCard Application
- D. Gift Card Exception Form
- E. No Receipt Form
- F. PCard Account Maintenance Form
- G. PCard Misuse Form

## **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. 2016 State Procurement Act
- E. ISUPP 1060 *Contract Approval and Execution*
- F. ISUPP 2010 *Gifts, Awards, Prizes, and Incentives*
- G. ISUPP 2530 *Non-Travel Meals and Refreshments*
- H. ISUPP 2560 *Purchasing*
- I. ISUPP 10600 *Conflicts of Interest*
- J. Purchasing Procedures <https://isu.edu/purchasing/pcard/>