

# Nebraska State College System Purchasing Card Procedures Effective Date – No Later Than July 1, 2016

## Overview

The State Treasurer has contracted with US Bank for a purchasing card (p-card) program. The program is intended to help make state government more efficient and cost-effective by modernizing the purchasing process. The p-card is an alternative to vendor billing by providing for direct pay. Direct pay allows more purchasing options and can significantly reduce costs associated with accounting transactions. US Bank pays vendors directly for purchases within a short period of time, and the Colleges issue a payment to US Bank for all College charges.

The program is not intended to avoid or bypass purchasing policies that are in the State of Nebraska purchasing policy and the Nebraska State College System policies. Rather, the p-card is to be used within the guidelines of existing policies. Expenditures that would not normally be incurred should not be made using a p-card. The Nebraska State Colleges are held to a high level of accountability for their business practices. As such, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner.

The p-card may be used for payment with suppliers who accept the Visa card. Since the State of Nebraska and the Nebraska State College System are exempt from paying Nebraska sales tax, no sales tax should be charged on purchases made in Nebraska. Therefore, tell the vendor, **before** the purchase is processed, that the purchase is exempt from Nebraska sales tax. The Nebraska sales tax exempt number is printed on the front of the p-card. If the vendor requests a copy of a Form 13 as proof of the sales tax exemption please contact Accounting Staff. If sales tax is charged on a local purchase, the cardholder should always seek reimbursement of the sales tax. If a non-local vendor purchase includes sales tax that exceeds the predetermined threshold of \$20, the cardholder should seek reimbursement as soon as possible. If a merchant's normal business practice precludes reimbursement of sales tax, please contact College Accounting Staff.

All cards are issued at the request of the College in an employee's name. Under no circumstances can a card be used for personal use. Card usage will be monitored and the College may rescind the card at any time. Failure to comply with the guidelines of this program may result in severe consequences, up to and including termination of employment.

Purchasing authority is delegated to designated employees by their departments to make business related purchases with a p-card not to exceed a single transaction limit as specifically approved. The p-card may not be used for any personal expenses and travel expenses are limited to Agency (only select travel expenses) and Coaches/Event cards.

The p-card represents the College's trust in the cardholder as a responsible employee who will safeguard and protect the College's assets. The p-card should be used only by the individual named on the card or his/her designee(s). The cardholder is responsible for notifying the College Coordinator of the individuals, groups, and/or positions which have been delegated as their designees. The cardholder is responsible for all charges against the card, even those made by a designee. The cardholder must safeguard against the use of the card by unauthorized individuals. Unauthorized use may be cause for the immediate cancellation of the card.

Cardholders will receive a monthly statement which will report all activity during the statement period. It is the cardholder's responsibility to match the receipt obtained at the time of the purchase to the

monthly statement and to submit such statement and receipts to Accounting Staff. Cardholders must immediately notify Accounting Staff of any discrepancies and assist with the resolution of the discrepancy.

### **Program Administration**

The Program Administrator is the State Accounting Division within the Department of Administrative Services (DAS). The Program Administrator is responsible for the Purchasing Card Program administration to the Colleges.

### **College Director**

The p-card Director is the Vice President of Administration and Finance. The College Director is responsible for overall management of the p-card program at the College.

Contact information for p-card Directors:

- Chadron – 308-432-6202
- Peru – 402-872-2224
- Wayne – 402-375-7220

### **College Coordinators**

College Coordinators will be designated by each College. College Coordinators serve as the primary point of contact for cardholders and with State Accounting, DAS. Coordinators at each College train cardholders, distribute cards, and manage the College's p-card program. Coordinator's responsibilities include:

- Maintain a file copy of all new account card request forms and a log of all card numbers.
- Forward completed new account card request forms to the Program Administrator at State Accounting, DAS for processing.
- Distribute training, p-cards, and procedure manuals to cardholders.
- Notify the Program Administrator of any card cancellations due to termination or employee transfer, or any maintenance changes such as an address change or name change.
- Notify US Bank's Customer Service 1-800-523-9078 or Fraud Department 1-800-523-9078 immediately of a lost/stolen card or fraudulent activity.

College Coordinators are as follows for each College:

- Chadron – Budget Director 308-432-6415
- Peru – Director of Accounting and Audit Services 402-872-2316
- Wayne – Office Assistant for the Vice President of Administration and Finance 402-375-7220

### **Cardholder**

Cardholder responsibilities include:

- Complete a new account card request form.
- Complete the p-card training.
- Secure the card. A photocopy of a p-card should never be made to provide to others or have on file.
- Ensure compliance with p-card policies and procedures.
- Ensure that purchases are made only for approved College-related business purposes.
- Ensure the proper use of the College's sales tax exemption.

- Confirm that deliveries match orders, coordinate returns, and contact College Accounting Staff regarding unresolved issues.
- Address any questions regarding the use of the p-card.
- Identify disputed purchases and contact the merchant to resolve. Disputes must be resolved within 60 days of the transaction.
- Obtain a receipt for every purchase.
- Chadron and Peru - submit all College required forms along with receipts to College Accounting Staff within two or three days of purchase, or Wayne - submit receipts and monthly cardholder statement to College Accounting Staff within ten days of receiving from the bank.
- Verify that the statement charges match your records, and resolve any outstanding items, prior to forwarding to College Accounting Staff.
- Understand the College's accounting/auditing procedures concerning the availability of funds to cover the expense.
- Notify US Bank's Customer Service 1-800-344-5696 and the College Coordinator/Accounting Staff immediately of a lost/stolen card.
- Notify the College Coordinator/ Accounting Staff immediately of any fraudulent activity.

### **Accounting Staff**

College Accounting Staff's responsibilities include:

- Ensure that reconciled monthly statements, monthly transactions logs, and associated charge slips/receipts are received for each p-card.
- Ensure that cards issued to the agency are properly utilized.
- Ensure each transaction complies with p-card policies and procedures.
- Retain p-card documentation according to College record retention policy.
- Ensure disputed items are properly credited.
- Ensure that proper documentation is provided in support of all p-card transactions.
- Ensure transactions are for appropriate College business use.
- Ensure proper cost objects and general ledger accounts are used.
- Notify US Bank's Customer Service 1-800-344-5696 immediately of a lost/stolen card or US Bank Fraud Department 1-800-523-9078 in the case of fraudulent activity.

Contact information for College Accounting Staff:

- Chadron – 308-432-6415
- Peru – 402-872-2362
- Wayne – 402-375-7222

### **Card Types**

P-cards are divided into four card types. Each card type allows for a different set of allowable purchases. P-cards types consist of the following:

- Individual
- Agency
- Automotive
- Coaches/Event

## **Accounting Controls**

### ***Cardholder monthly spending limit***

The cardholder's monthly spending limit is the maximum dollar amount authorized for a cardholder within a 30-day period. It is replenished automatically the day after the billing date. The monthly spending limit is:

- \$10,000 for Individual cards
- \$25,000 for Agency cards
- \$10,000 for Automotive cards
- \$10,000 PSC; \$40,000 CSC; and \$25,000 WSC for Coaches/Event cards

In rare instances, where a business need exists, the monthly maximum exceeding these limits may be allowed but only if written approval has been granted. In order for limits to be raised the following individuals should be contacted:

- Chadron – Budget Director – Melany Hughes 308-432-6415
- Peru – Accounting – Accounting Clerk 402-872-2362
- Wayne – Office Assistant for the VPAF – Kathy Hoile 402-375-7220

### ***Cardholder single-purchase limit***

The single-purchase limit restricts the amount of any single purchase made by a cardholder. It can be comprised of a single or multiple items purchased at one time at a single supplier. The single-purchase limit is:

- \$2,000 for Individual cards
- \$5,000 for Agency cards
- \$2,000 for Automotive cards
- Single-purchase limit is equal to monthly spending limit for Coaches/Event cards

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- Chadron – Budget Director – Melany Hughes 308-432-6415
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### ***Merchant Category Classification (MCC) code blocking***

In most national credit card systems, suppliers are assigned a four-digit code according to their Merchant Category Classification (MCC). These codes are used as a reference and, where necessary, to block certain supplier purchases. Only MCC codes identified as allowable will be "open", whereby charges may be made and processed. All requests for exceptions to blocked MCCs must be sent to College Coordinator/Accounting Staff. College Coordinator/Accounting Staff will request State Accounting to open the blocked code temporarily.

### ***To obtain a card***

To obtain a card, an employee must complete a new account card request form and p-card training. New account request forms must be approved by the department chair, head, or administrator and the Vice President for Administration and Finance's Office. Individuals will only be allowed access to use the p-card upon successful completion of the required training.

***To use your card***

When you receive your card, read carefully and sign the Agreement to Accept the Purchasing Card which comes with each card.

Call the 800 number listed on the card to activate your account.

Sign the back of the card and always keep in a secure place. Although the card is issued in your name, it is the property of the State and is only to be used for business purchases.

In order to prevent fraud, the full p-card account number should not be recorded electronically or on paper. Never scan, fax, or email the p-card in its entirety. If the number must be recorded it should be truncated to the last six digits.

Sharing card information is a violation of policy. Card sharing may result from physically or verbally sharing card information. Cardholders should authorize orders on their own accounts. Observations of card sharing should be communicated to the College Coordinator/Accounting Staff.

***Lost or stolen cards***

The p-card is State property and should be secured just as you would secure your personal credit cards. If your p-card is lost or stolen, immediately notify US Bank Customer Service and College Coordinator/Accounting Staff. US Bank Customer Service representatives are available 24 hours a day, 365 days a year at 1-800-344-5696. Upon receipt of your call, further use of the card will be blocked. Prompt action in these circumstances can eliminate fraudulent charges. Written confirmation of cancellation must then be accomplished by mail or fax.

***Disputes/unauthorized charges***

If there is an incorrect charge on your monthly statement, first try to resolve it directly with the supplier. If the supplier refuses to issue a credit or otherwise fails to resolve the problem, call US Bank Fraud Department at 1-800-523-9078 and/or contact Accounting Staff.

If there is an unauthorized charge on the monthly statement, notify the College Coordinator/Accounting Staff immediately. If the charge appears to be fraudulent, the account will be closed and a new account will be opened.

**P-Card uses**

Examples of acceptable and unacceptable purchases include, but are not limited to:

Acceptable Uses

- Newspaper and magazine subscriptions, books, video tapes
- Conference registration
- Advertising service
- Publishing/printing
- Utilities
- Photo development
- Heating, plumbing, and air condition repairs
- Hardware stores
- Equipment parts
- Laboratory supplies
- Miscellaneous maintenance requirements
- Computer maintenance expenses
- Postage
- Airline and lodging (room only): Allowable only on Agency & Coaches/Event cards
- Car rental: Coaches/Event cards & Agency cards (when booked with airline flight)
- Gasoline: Coaches/Event cards
- Student meals at restaurants: Coaches/Event cards
- Medical, drug, or pharmaceutical expenditures (for student use only)

Unacceptable Uses

- Items available through contracts
- Any merchant, product, or service normally considered to be inappropriate use of State funds
- Employee meals while traveling on State business. Meals are reimbursed through an Expense Reimbursement
- Any item that exceeds the established per transaction limit
- Splitting purchases to bypass the spending limit.
- Gifts, donations, or contributions
- Celebrations, entertainment, or gift cards provided to employees
- Fuel purchases
- Recruiting expenditures unless specifically allowed by NCAA (WSC/CSC) or NAIA (PSC) regulations
- Payments to individuals, employees, or students for any reason
- Cash advances
- Any expenditure not normally within the cardholder's job responsibilities
- Purchases for campus Student Organizations unless the purchase utilizes student activity fees held by the College
- Paying for a student's class textbooks or tuition
- Employee clothing unless it is part of a College approved uniform

A more detailed listing of acceptable/unacceptable uses is available from College Coordinator/Accounting Staff.

***Rebates, rewards, or promotional items***

No rebates, rewards, or promotional items may be accepted by the cardholder or purchaser as a result of the p-card transaction for his/her personal use. These may be accepted by the cardholder's department for appropriate departmental/institutional business use.

***Violations of the p-card policy***

Two violations of the p-card policy within a calendar year may result in the termination of p-card privileges for a period up to one year; however, a single violation, depending on the severity, may also result in immediate termination of p-card privileges. A notice of violation will be sent to the cardholder and to the cardholder's supervisor. Issuance of a new card after the one year period will require a new account request form and successful completion of p-card training. In extreme cases, card privileges may be permanently suspended.

Fraudulent use of the p-card will result in corrective actions in accordance with the policies of the Human Resources Department, including reimbursement and the possibility of termination.

### **Questions with Answers**

#### **Will US Bank do a credit check on my personal credit before the card is issued?**

No, card issuance is based on the credit of the State of Nebraska.

#### **Will my US Bank Purchasing Card affect my personal credit rating?**

The account will not be used for personal charges; therefore, US Bank does not report monthly activity to any credit bureau.

#### **Will my purchases be audited?**

Yes. You are required to submit receipts for approval. Also, there are random audits to verify compliance, so the College must retain all statements and receipts.

#### **What if I need to return an item that I have purchased?**

Return the item to the store or contact the supplier to arrange for the return. Be sure to obtain the credit receipt from the purchase and submit the credit receipt as soon as practical, but no later than with your monthly statement, to the Accounting Office.

#### **What about purchasing from Amazon?**

When making business purchases from Amazon, create and use a separate business account. Your College email and address should be used for contact and shipping information. Do not make business purchases on your personal Amazon account.