

Purchasing Card Policy

POLICY

Intent

The Auburn University Purchasing Card was designed to make the purchase of relatively small dollar items (under \$3,000) easier for the department. Use of the card is not, however, intended to replace the bid process where that process is appropriate. Cardholders should be aware of and sensitive to the **State Bid Law** and contact AU Procurement and Business Services for assistance when it is expected that an aggregate of \$15,000 or more of one commodity will be purchased during the fiscal year. In many cases, Procurement and Business Services can also be of service in negotiating discounts or more favorable pricing on lower dollar purchases.

Goals

The goals in establishing this program included: allowing departments to acquire goods and supplies in a more timely manner, increasing vendor satisfaction (less bookkeeping, faster payment), reducing departmental "hassle" with vendors, reducing the number of vendor checks issued, providing information that might allow Procurement and Business Services to negotiate discount prices, and allowing all areas to focus their efforts on higher dollar/exposure items.

Controls

AU's Purchasing Card program utilizes both internal management controls and a number of management reports designed to ensure the purchasing cards are being used in accordance with AU policies and procedures. The internal management controls are inherent to the policies and procedures of this user's guide. Management reports are used by Procurement and Business Services and Internal Auditing to monitor card use for compliance with these policies.

The responsibility for card control ultimately rests with you as a purchasing card user. The policies contained in this user's guide are designed to protect both you and the University. It is considered a privilege to participate in this program and it is expected that these policies will be followed.

Misuse of the AU Purchasing Card

All purchases made on the card should be for official University business. Misuse of the card will result in revocation of the card, disciplinary action up to termination, and possible filing of criminal charges. In addition, as a condition for use of the card, the employee who is issued a card agrees that the respective University or the Alabama Cooperative Extension System can withhold from the employee's paycheck any unauthorized charges made by the employee. Note that Purchasing Card privileges will be revoked following two instances of cardholder abuse of the provisions for charging lodging to the Purchasing Card.

TABLE OF CONTENTS

- 1.0 [Procedures](#)
 - [Obtaining a Card](#)
 - [Guidelines for Use of the Card](#)
 - [Reconciliation](#)
 - [Disputed Charges](#)
 - [Lost/Stolen Cards or Fraudulent charges](#)
 - [Employment Termination/Card Expiration](#)
- 2.1 [Purchasing Card Forms](#)
 - o [Account Maintenance Form - BO 99-11](#)
 - o [Cardholder Application Form - BO 99-10](#)
 - o [Disputed Item Claim Form - BO 99-14](#)
 - o [Log Sheet - BO 99-12](#)
 - o [Telephone Order Form - BO 99-13](#)
- 3.0 [Who to Contact](#)
- 4.0 [Frequently Asked Questions](#)

1.0 PROCEDURES

1.1 Obtaining a Card

The Purchasing Card program is available to all University departments, with the card actually issued to an employee. All applicants will be required to complete a [Purchasing Card Cardholder Application Form - BO 99-10](#), an on-line training session, and a written Purchasing Card test before obtaining the card. Although the card is issued in the name of the employee, your personal credit history will, in no way, be affected by the Purchasing Card.

Once your application has been processed, your card will be sent to the Program Administrator. The link for the on-line training and written test will be e-mailed to you. When this process is complete you will be contacted to pick up your card.

1.2 Guidelines for Use of the Card

You are encouraged to use the Purchasing Card for small dollar purchases as well as those exempted from the requirement of a Purchase Order as outlined in the [Spending Policies](#) of the Financial Policies and Procedures Manual. All purchases must be made in compliance with Auburn University financial policies and procedures. As a cardholder, you are responsible for all charges made to the card and as one to whom purchasing authority has been delegated to insure that all purchase activity is conducted in compliance with the NAEB Code of Ethics. Therefore, keep your card secure and protected at all times. **Use of the card for personal purchases is strictly prohibited.**

1.2.1 Individual purchases on the Purchasing Card are limited to \$3,000 per transaction including freight although some cards may have a lower dollar per transaction limit (\$1000 or other) by departmental request. Transactions for more than that amount will be denied at the point of sale. Charges may not be split amongst several invoices in an attempt to circumvent the \$3,000 transaction limit. Purchases of over \$3,000 require an AU Purchase Order.

1.2.2 In addition, each card will have associated with it a monthly spending limit. This limit will be based on your spending needs and will be reviewed by the Purchasing Card Administrator. If there is a need to have that limit reevaluated in the future, complete a [Purchasing Card Account Maintenance Form - BO 99-11](#) and submit it to the Program Administrator.

1.2.3 Use of the card is restricted to the cardholder...**delegation of the card is not allowed.** As with all purchases, the card should be used only for those purchases that are in the best interest of the University.

1.2.4 Examples of items that **should** be purchased with the card include:

- Most AU purchases under \$3,000 (including those on AU contracts)
- AUHDCC official guest lodging only, reference purpose for stay (no meals charged to the room)
- Printing requires pre-order approval from OCM and 3 quotes from AU's Print Preferred Vendor list. Note that business cards, envelopes and letterhead must be ordered through AU contracted vendors and is therefore exempt from OCM pre-approval.
- Subscriptions
- Institutional memberships – use account code 70650
- Individual memberships – requires supervisor's approval indicating the direct and documented benefit to the University; use account code 70655
- Phone and fax orders from warehouse facilities
- Purchases made on the Internet (screen print)
- Conference registration fees with the exception of banquets and/or luncheons not included in the basic registration fee. Attach a copy of the registration form. **Supervisor approval required**
- Express mail shipments
- Repairs and maintenance for University owned property, excluding copiers
- Fuel purchases for University/State owned vehicles and rental cars when utilizing AU's

Preferred Vendor for rental cars. Reference the license plate number for University/State owned vehicles or note "rental car" if fuel is purchased for a rental car.

- Airline tickets for AU employees and students only (reference purpose of trip) **Supervisor approval required**
- Guest meals when cardholder is not on travel status (include itemized receipt, guest list with affiliation of each person to AU and business purpose) - refer to [Entertainment Policy](#) for more information. Note that Guest meals are limited to \$75/day per person.
- Airport shuttle services for AU employees and students only when on AU business travel **Supervisor approval required**
- Under \$3,000 purchases made with AU's Preferred Contract Vendors
- Repairs for university owned vehicles including oil changes (Note license plate number on receipt)
- Dry cleaning services for AU owned property
- Intellectual licensing agreements/royalties
- Software license agreements
- Service labor charges for work on AU owned equipment
- Rental of equipment and space including meeting rooms and conference booth rental. Note for **space** rental the total contract amount must be less than \$3,000 for the year to process via the purchasing card and the rental agreement must be signed by a PPS Contract Officer. Include an invoice (if provided) and a copy of the rental agreement with the reconciliation.
- Cell phone accessories for AU owned devices purchased at the campus kiosk or retail store; note the AU cell phone number on the receipt and insure the AU discount is applied
- Lodging and hotel parking when traveling **out-of-state**. Note that no additional hotel expenses can be included on the folio charged to the PCard. All other expenses incurred at the hotel must be paid out of pocket and reimbursed via travel voucher, i.e. meals and room service. **Supervisor approval required**
- Sam's Club purchases. Note that employee must use the AU Tax-exempt Business Membership card issued to the Dean/VP office within your area. Items on contract with AU Preferred Vendors cannot be purchased at Sam's Club.

1.2.5 Because of either a need for additional approvals or mandated reporting requirements, some items, although under \$3,000 cannot be purchased with the card.

Examples of items that **CANNOT** be purchased with the card include:

- Any professional service
- Lodging while traveling **in-state**
- Meal purchases while on travel status
- Cash advances
- Capital items
- Controlled substances (including radioactive materials and drugs)
- Livestock and laboratory animals – Purchase through AU Veterinarian Office
- Maintenance or service agreements for copiers
- Airfare for AU guests, interviewees, and contractors
- Cellphone service and equipment – Paid through OIT Telecom corporate bill

1.2.6 Keep in mind that a contract or grant account may restrict the purchase of certain items. As the cardholder it is your responsibility to insure that all purchases are in compliance with restrictions placed by the contract or granting agency, as well as A-21 guidelines.

In general, the flow of use of the Purchasing Card is as follows:

1. Cardholder makes purchase and obtains appropriate receipt for documentation.
2. Cardholder gives all documentation to the department reconciler (e.g., administrative assistant, bookkeeper) who is responsible for the account reconciliation.
3. Department reconciler allocates all monthly charges and submits reconciliation to Procurement and Business Services by the 22nd of the month.
4. Procurement and Business Services makes one payment to the card provider for all AU charges in that billing cycle.

The cardholder is responsible for obtaining itemized receipts for all Purchasing Card purchases. When an itemized receipt is not available, itemized supporting documentation must accompany the receipt. In many cases, when placing orders by phone or fax, the packing slip may provide the itemization needed. The receipt should be given to the department reconciler who will be completing the monthly reconciliation of your departmental Purchasing Cards.

Procurement and Business Services will process one (1) payment to the card provider for the entire balance charged by the University. Each department will submit a reconciliation of the accounts within their department that reflects which university accounts should be charged for those departmental purchases.

1.3 Reconciliation

On the 10th of each month, the statements for the cycle are complete. The cardholder should review the charges reflected in Banner SSB for accuracy. Discrepancies may include failure to receive goods, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. Any discrepancies should be pursued immediately with the vendor.

Disputes that cannot be resolved in that manner must be addressed to AU's card provider within 60 days on a [Purchasing Card Disputed Item Claim Form - BO 99-14](#). Copies of the Disputed Item Claim Form should be given to the departmental reconciler and forwarded to Procurement and Business Services with the Reconciliation.

All cardholders and department reconcilers have 24/7 access to charges via Banner Employee SSB. That reconciler will be responsible for insuring:

- They have supporting documentation for each purchase
- That each charge has been made within AU policies
- That a Disputed Item Claim Form is present for all charges being disputed with the card provider.
- The account allocation is done within the guidelines of the Cost Accounting Standards.

The reconciler will reconcile the charges in Banner Finance SSB for that month and queue to Procurement and Business Services by the 22nd of each month. The information reflected in Banner Finance SSB will be uploaded into the accounting system by the Business Office prior to the end of the month. Departments that fail to comply with this timetable will find their charge privileges suspended. The Purchasing Card reconciliation should not be prepared and approved by the same individual if they are also a card holder; the reconciliation must be approved by an individual within the department with authorized signature authority.

Reconciliations containing charges for the unit head that would require the next higher administratively senior supervisor's approval were they on a voucher, (ex. Travel related expenses), require that same approval on the reconciliation. Given that the majority of travel related expenses can now be charged to the PCard, the supervisor's approval **MUST** be denoted on the receipt prior to scanning or captured electronically within the reconciliation approval process.

1.4 Disputed Charges

If there is a discrepancy noted on a purchasing card transaction, the cardholder should **first** contact the vendor to try to resolve the situation. If it is resolved, you should verify the correction when it appears in Banner SSB.

If the dispute cannot be resolved with the vendor, you should complete a [Purchasing Card Disputed Item Claim Form - BO 99-14](#), fax or scan the form to AU's card provider. Copies of the Disputed Item Claim Form should be forwarded to the departmental reconciler and forwarded to Procurement and Business Services with the reconciliation. Disputed items should be reported within 60 days of the purchase date. Any disputed items reflected on the monthly statement must be allocated (to an Auburn University FOAP) at that point. Any credits resulting from disputes should be allocated back to the FOAP initially charged when the credit appears on the statement.

1.5 Lost/Stolen cards or Fraudulent charges

If your Purchasing Card is lost or stolen or has fraudulent charges, immediately contact the card provider and the Program Administrator in PPS at 844-7771. Your card will be immediately canceled with a new one sent to the Program Administrator for distribution.

If you are notified by AU's card provider that your card is being cancelled due to fraudulent activity, contact PPS so the card can be cancelled.

1.6 Employment Termination/Card Expiration

Should you leave the employment of the University, complete the [Purchasing Card Maintenance Form - BO 99-11](#) to delete the account, cut your card in half and return it (taped to the Purchasing Card Maintenance Form) to your department reconciler or supervisor. Your department will send both the form and card to the Program Administrator. In addition, call AU's card provider to cancel your account.

All cards will automatically be renewed every three (3) years for the life of the contract. These replacement cards will be sent to the Program Administrator for distribution.

2.1 Purchasing Card Forms

- [Account Maintenance Form - BO 99-11](#)
- [Cardholder Application Form - BO 99-10](#)
- [Disputed Item Claim Form - BO 99-14](#)
- [Log Sheet - BO 99-12](#)
- [Telephone Order Form - BO 99-13](#)

3.0 Who to Contact

SunTrust Customer Service Representative

1-800-836-8562

- Account Balances
- Account assistance

1-866-495-5411

- Lost or stolen cards
- Fraudulent Activity

Purchasing Card Program Administrator

[Procurement and Business Services](#)

311 Ingram Hall

Auburn University, AL 36849

1-334-844-7771

1-334-844-3636 (FAX)

- Establish New Account
- Account Changes
- Lost or Stolen Card Notification
- Disputed Transactions
- Cancellations
- Banner SSB PCard System

Purchasing Card Auditors

[Procurement and Business Services](#)

311 Ingram Hall

Auburn University, AL 36849

1-334-844-7771

1-334-844-3636 (FAX)

4.0 Purchasing Card Program Policy Frequently Asked Questions

4.1 What is the dollar limit per transaction?

Each transaction/purchase must be under \$3,000.

4.2 What is a capital item?

A capital item is a piece of equipment that costs \$5,000 (including freight) or more and has a useful life of more than 1 year. Capital items cannot be purchased with the purchasing card. A Purchase Order is required for all items over \$3,000.

4.3 Can I buy components with my card?

You can purchase components with your card. Components are defined as those items to be added to an existing capital item or items purchased for use in fabricating (building) a capital item. To insure that the items are properly recorded in the fixed asset system, the cardholder and department must insure that the purchases are correctly charged to Account code 74180.

4.4 Why should a vendor want to accept my card?

This program is advantageous to our vendors for many reasons. In addition to receiving payment within 48-72 hours, the vendor reduces his administrative costs by not having to bill AU for your purchase.

4.5 Can I have the departmental vehicle serviced and charged to my card?

Yes, the payment for any repairs and maintenance done on departmental vehicles is allowed on the Purchasing Card. The State license plate number must be denoted on the receipt.

4.6 Can I use my card at the AU Bookstore?

Yes, however using the card there will lead to additional paperwork for your department. To avoid that, have your purchases at the Bookstore direct charged to your department.

Note that all Apple products should be purchased from the AU Bookstore and direct charged to your department's FOAP.

4.7 Can I use my card with AU contract vendors?

Yes. The Purchasing Card can be used with all of AU's [Preferred Contract Vendors](#) with the exception of Ricoh. Please note only purchases under \$3,000 can be purchased with the Card.

4.8 Are the purchases made with my card tax exempt?

Yes, purchases made with your card in the State of Alabama or shipped to Alabama are sales tax exempt. You may find that charges made out of state are not tax exempt. See the following for a listing of states in which AU is tax exempt:

http://www.auburn.edu/administration/business_office/pdf/statetax.pdf

4.9 How do I prove that my purchase should be tax exempt?

The front of your card indicates that AU purchases are tax exempt. No tax exemption number is reflected on the card because we are tax exempt by the law-Code of Alabama. Should the vendor demand a tax exempt number, give our sales tax reporting #41506.

4.10 What do I do if the vendor charges me tax anyway?

Check the receipt you are signing carefully, if you find that sales tax has been charged do not sign that receipt! Ask that the sale be voided and reentered. If you receive an internet or phone order and find that tax has been charged, call the vendor immediately and ask that they credit your account for the amount of the sales tax. We've found vendors to be very accommodating and helpful in these situations.

4.11 Is anyone really reviewing my charges?

YES!! Each of your charges is carefully reviewed by the person in your department preparing the monthly reconciliation and your department head before signing the reconciliation. In addition, all charges are subject to audit by PPS, external auditors, State examiners, internal auditors, and cognizant agency auditors.

4.12 Can I use the card to make purchases that will be charged to my Alumni Association (AAA), Foundation (AUF), or Tigers Unlimited (TUF) FOAP's?

No, charges to FOAP's in Charts F, M, and T cannot be made using the card.

4.13 How can I review my transactions each month?

You should review your transactions in Banner Employee SSB carefully each month and confirm that: a) you made all the charges, b) the amount charged agrees with the receipt you signed, and c) you have backup documentation for each charge. Cardholders can view the transactions on their card at any time during the month. If you are not able to access this website, please contact PPS at 4-7771.

4.14 What do I do if charges are reflected that I didn't make?

Alert your departmental designee immediately! Then contact the vendor and ask that your account be credited for the amount of the charge. Make notes of your conversations with the vendor. If the vendor refuses to rectify the situation, fill out a Disputed Claim Form and give it to your departmental designee for processing. This form must be processed within 60 days of purchase date. You will also need to contact AU's card provider to have the card cancelled and reissued.

4.15 What should I do with my receipts after I make a purchase?

Turn them in to your department designee. Doing that will help the departmental designee more quickly complete the reconciliation process (there's a very short window of time for doing that). If you consistently fail to submit your receipts and/or your department's reconciliation is consistently late reaching us, card privileges will be revoked.

4.16 Do I have to submit an itemized invoice/receipt for each purchase?

Yes, with few exceptions (ex: magazine subscriptions), vendors provide either an itemized

invoice/receipt or itemized packing slip with all purchases. Those invoices/receipts/packing slips must be submitted with your departmental reconciliation. Memos will ONLY be accepted in-lieu-of an itemized invoice if we know that the vendor doesn't provide an itemized invoice. In situations where such an exception is made, please attach the order form/magazine ad/catalog page showing the item ordered (with pricing information).

4.17 On a few occasions, my purchase was denied. Why?

If the total of your purchase exceeds the transaction limit set for your card or you have reached your monthly limit (established when your card was issued) the transaction will not be completed. Also, if the vendor has been given an MCC code (Merchant Category Code) by their bank that is one we have blocked, the transaction will not be approved. The item may be allowable under our purchasing guidelines, but the MCC code is the cause for the denial. For instance, if you try to purchase a publication from a vendor classified as a contractor (blocked MCC code) the transaction would not go through. Should this happen to you, please contact PPS at 4-7771. Please remember that we have only a ten calendar day time frame for checking on these problems.

4.18 Can I charge guest meals with the Purchasing Card?

Yes, if you are not on travel status. You are required to submit an itemized receipt, guest list with affiliation of each person to AU, and purpose of the meal. Don't forget there is a \$75.00 maximum per person per day for food.

4.19 Can I charge travel related expenses on the Purchasing Card?

Yes, some employee and student travel related expenses can be charged on the Purchasing Card. The following expenses CAN be charged, see section 1.2.4 for additional detail. **Supervisor approval required**

- Lodging and hotel parking when traveling **out-of-state**
- Airline tickets
- Conference registration fees
- Vehicle rental and related gas purchases when renting from AU's Preferred Vendor
- Shuttle services to and from hotel

4.20 Can I ship purchases made with my Purchasing Card to my home address?

All purchases made by Auburn University should be shipped to an Auburn University address.

4.21 Can I charge Sam's Club purchases on my Purchasing Card?

The Purchasing Card can be used for purchases at Sam's Club when using the AU Tax-exempt Business Membership card issued to the Dean/VP office in your area. Items on contract with AU Preferred Vendors cannot be purchased at Sam's Club.

REVISED: August 26, 2016