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System Offices
Purchasing Card Program

Cardholder
GUIDE

GUIDE

SYSTEM OFFICES PURCHASING CARD PROGRAM GUIDE

**SYSTEM OFFICES
PURCHASING CARD PROGRAM GUIDE**

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SYSTEM OFFICES (SO)

PURCHASING CARD PROGRAM GUIDE

I. OVERVIEW

A. Purchasing Card Program

The Purchasing Card Program is a fast, flexible purchasing method for processing delegated orders from suppliers who accept credit cards. The purpose of the Purchasing Card Program is to establish a more efficient, cost-effective method for handling delegated purchases and payments for delegated dollar transactions. The Purchasing Card can be used with any supplier that accepts Master Card as a form of payment.

The Purchasing Card program is designed to delegate the authority and ability to purchase limited items directly to the person to whom it matters most – you. The Purchasing Card will enable you to purchase non-restricted commodities, priced below your delegated purchasing authority, directly from vendors without the issuance of purchase orders. Individuals who are assigned a Purchasing Card must have attended Guidelines for Disbursement training and all purchases must be in compliance with the Procurement Code, System Regulations, and applicable State statutes.

B. Purchasing Card Contract

TPASS (Texas Procurement and Support Services) secured a contract with JPMorgan Chase to provide charge card services for state agencies, universities, and eligible State of Texas CO-OP entities. SO is utilizing the State of Texas contract for purchasing card services and will comply with all terms and conditions of the state contract.

C. Purchasing Card Program Guide

The Purchasing Card Program Guide provides guidelines for using the Purchasing Card. Please read it carefully. Your signature on the Cardholder Purchasing Card Agreement (<http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>) shows that you understand the intent of the program and agree to follow the established guidelines.

D. Important Points of the Program

The following important points should be reviewed before using the Purchasing Card:

- Your Purchasing Card is issued in your name. You are the only individual authorized to make purchases with your Purchasing Card. You are responsible for the security of the Purchasing Card and all transactions made with it. **If you do not follow the established guidelines when using the Purchasing Card, corrective disciplinary action may be taken, up to and including termination.**
- You can use the Purchasing Card at any vendor who accepts Master Card. It may be used for in-store purchases, as well as mail-order, internet, telephone and fax orders.
- You may use the Purchasing Card to purchase supplies within your delegated limits.
- Use must not exceed the monthly credit limit assigned to the Purchasing Card.
- Reconciliation of the monthly card activity is required to ensure all charges are accurate.
- The Purchasing Card **should not be used to avoid or bypass appropriate purchasing or payment procedures.** This program compliments the existing processes.
- The Purchasing Card is **not for personal use.**
- The Purchasing Card must be returned to the Program Coordinator upon your transfer or termination.
- The cardholder is responsible for allocating charges online and must attend training prior to use of the card or the software.

II. GENERAL INFORMATION

A. Duties and Responsibilities

1. Program Administrator

The Program Administrator was designated by SO to answer questions, address credit card issues and administer the program. The Administrator is knowledgeable on all procedures in the Purchasing Card Program Guide.

SO Program Administrator:

Tracy Crowley

979-458-6077

TCrowley@tamu.edu

2. Program Coordinator

The Program Coordinator is charged with keeping documentation for the Purchasing Card activities within SO. The Coordinator is knowledgeable about the program, the guidelines and related forms. Cardholders should first contact the Coordinator, who will answer questions related to the program or resolve potential problems. The Coordinator may refer questions to the Program Administrator when necessary.

SO Program Coordinator:

Jennifer Montgomery

979-458-6082

je-montgomery@tamu.edu

3. Department Manager

The Department Manager is responsible for designating cardholders and approving monthly Purchasing Card statements of cardholders to ensure they are within SO's policy. The Department Manager may also assist in assigning cardholder limits and establishing stricter departmental regulations, as well as designating an employee to have access to Smart Data On-Line to reallocate required transactions to the appropriate expenditure codes. The Department Manager must review the usage of the Purchasing Cards and request cancellation of cards based on non-usage. This review must be done at least twice per year.

4. Cardholder

The cardholder is designated by the Department Manager to utilize the Purchasing Card to purchase small dollar supplies. The cardholder is responsible for following all SO purchasing procedures and guidelines, including selection of vendors, maintaining security of the Purchasing Card and maintaining a transaction log (<http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>) for purchases made during the month. The cardholder is also responsible for allocating charges between departmental

accounts and charging the appropriate object codes, and must attend Smart Data On-Line software training.

B. Purchasing Card Controls

1. Credit Limits

All Purchasing Cards have monthly cardholder spending limits. Limits may vary for each cardholder and will be established by the Program Administrator. Questions regarding the limits should be sent to the Program Coordinator (Jennifer Montgomery, je-montgomery@tamu.edu). Review of the request and a response will be initiated by the Program Coordinator.

2. Transaction Limits

Your Purchasing Card has a single transaction limit of \$2,000 (can be raised up to \$4000, the delegated purchase limit, on an individual transaction basis). This is the amount available on the Purchasing Card for a single purchase. A transaction includes the purchase price plus tax (out of state only if applicable), freight/delivery charges and installation. A cardholder should not attempt to make a purchase greater than his/her approved amount or to make multiple purchases from the same vendor over a period of time to circumvent delegated purchasing limits. Changes to the transaction limit must be approved by the Program Administrator. **Departmental purchases should not be split into two or more transactions with the same vendor to avoid purchase order requirements.**

C. Maintaining Your Purchasing Card

The Purchasing Card Transaction Log can be found on our website at: <http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>. Use of the transaction log is required and provides a method for invoice and expenditure tracking while using the card. Be specific when listing items purchased. For example, list “pens, paper and pencil” and not just “office supplies.”

SO requires that each cardholder use a new log for each month’s purchases. Entries should be made on the Transaction Log as each order/purchase is made, not at the end of the billing cycle. This includes purchases at restaurants. Use a detailed description of the item to recognize the purchase as an authorized one. For auditing purposes, use the "Delivery Date" column to verify that all purchases and documentation were received.

Always obtain an itemized invoice or receipt when using the Purchasing Card. It is every cardholder’s responsibility to ensure there is an itemized invoice for each purchase. All receipts/invoices must be kept with the Transaction Log. Screen prints are acceptable for internet orders and order forms are acceptable for fax/mail orders *if* a receipt/invoice is not provided by the vendor. If either of these two documents is used, they must show price.

The log and the receipts will be each cardholder's back-up for monthly Purchasing Card charges. Each month, the Program Coordinator will notify cardholders of the end of the billing cycle, which is around the 5th of the month. The cardholder must reconcile the card activity with their Purchasing Card Internal Order Transaction Log. Attach all documentation, note any additional information pertinent to the purchase, verify that all purchases are valid and forward the package to the Department Manager for review and approval. After departmental approval, all documentation should be submitted to your bookkeeper by the deadline provided in the Program Coordinator's email.

Once reviewed by the bookkeeper, the entire package must be forwarded to the Program Coordinator where it will be maintained as SO's official, auditable record for these transactions. A copy of this package should be retained by the department as support for the transactions that are processed against their FAMIS accounts.

D. Sales and Use Tax

SO, as a State of Texas agency, is tax exempt. The Purchasing Card identifies SO as being tax exempt within the State of Texas. You should have a SO tax exemption certificate (<http://www.cpa.state.tx.us/taxinfo/taxforms/01-3392.pdf>) in your possession whenever you plan to use the Purchasing Card.

E. Security of the Purchasing Card

You are responsible for the security of the Purchasing Card that has been issued to you. This card must be treated with the same level of care you would use with your own personal charge cards. Guard the card account number carefully. It should not be posted in a work area or left in a conspicuous place. It must be kept in an accessible, but secure location.

The only person authorized to use the Purchasing Card is the cardholder whose name appears on the card. **The card is to be used for business purposes only. Disciplinary action may be taken for unauthorized use of the Purchasing Card.**

F. Employee Termination

The Purchasing Card must be returned to the Program Coordinator upon your transfer to another department or termination.

G. Lost or Stolen Cards

If your Purchasing Card is lost or stolen, you must immediately contact JPMorgan Chase's Customer Service Center at **1-800-890-0669**. After contacting JPMorgan Chase, notify the Program Coordinator (Jennifer Montgomery, je-montgomery@tamu.edu) and the Department Manager.

Prompt, immediate action is necessary to minimize SO's and your department's liability for fraudulent use of the card. It is imperative that you contact JPMorgan

Chase immediately for suspension of your card because your department is responsible for all charges made on the card until it has been cancelled by JPMorgan Chase.

III. PROCEDURES

A. Obtaining a Purchasing Card

1. To obtain a Purchasing Card
 - a. Print a Cardholder Application/Approval form from the SOBA web site (<http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>). This application will provide SOBA with necessary information about you (the cardholder), the budgeted FAMIS account/support account for default payment, and the Department Manager's approval of your application and subsequent designation of your delegated purchasing authority.
 - b. Submit the completed and signed application/approval form to the Program Coordinator.
 - c. Upon approval of the Program Administrator, the Program Coordinator will request issuance of the Purchasing Card from JPMorgan Chase, which generally takes 5-7 days.
 - d. The Program Coordinator will schedule the applicant for Purchasing Card Training. **The applicant must bring a photo I.D. to the training class for verification and identification.**
 - e. **The applicant attends training class (approximately 1 1/2 hours) and signs Cardholder Purchasing Card Agreement.**
 - f. Purchasing Card is issued.
2. The following items will be provided to you, the cardholder, during training, and can be found on our website (<http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>):
 - a. Cardholder Purchasing Card Agreement: This is an agreement between the cardholder and SO which affirms that the cardholder has read and understands the policy and procedures for the Purchasing Card. This agreement is signed by the cardholder at the end of the training session.
 - b. Purchasing Card Program Guide: This document outlines SO's procedures regarding the Purchasing Card. It also outlines some of the approved types of purchases.
 - c. Purchasing Card Transaction Log: The cardholder should use this form to record purchases and returns, as well as during the reconciliation process.
 - d. Purchasing Card: Upon signing the Cardholder Purchasing Card Agreement and presentation of proper identification, the card will be issued and signed in the presence of the Program Coordinator.

B. About the Card

A Purchasing Card will be issued in your name with the System Offices seal and the wording "For Official Use Only" clearly indicated on the card. This card is for A&M System business purposes only and may not be used for personal transactions. **It is important to understand that you are personally responsible and accountable for this Purchasing Card.**

Please Note:

- Your Purchasing Card has been linked to your department's operating account.
- The single transaction limit for the card is \$2,000.
- Charges can be reallocated to different departmental accounts and object codes can be changed to reflect actual usage.

C. Purchasing Card Activation

You must activate the Purchasing Card before using it. Upon receipt of the card, you must sign the back and keep it in a secure location.

D. Purchasing Guidelines

1. General Information

As a State institution, we are bound by certain State, Local and Federal guidelines and laws. All purchases must be in accordance with the laws of the State of Texas and A&M System purchasing procedures. You are responsible for compliance and strict adherence to all purchasing guidelines within your departmental delegated authority.

All Cards have a single transaction limit of \$2,000

As a reminder, the departmental delegated authority is for small orders. State law mandates that large purchases not be broken down into small purchases to meet delegated limits. To do so would be a violation of state law and A&M System purchasing procedures.

Cardholders should promote and encourage positive interaction with suppliers. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship.

All cardholders must follow these guidelines when using the Purchasing Card:

- a) Determine if the transaction is an acceptable use of the card.
- b) Determine if the anticipated purchase is within the cardholder's spending limit.

- c) Identify the vendor and verify that the vendor is in good standing with the

State on Franchise & Sales tax by visiting <http://ecpa.cpa.state.tx.us/vendor/tpsearch1.html> and <http://ecpa.cpa.state.tx.us/coa/Index.html>.

- d) Call, fax, mail or visit the vendor to place your order. You may also enter your order through a secure internet connection.
- e) Specify the cardholder name, company name, department name and shipping instructions. Also, specify the Purchasing Card number, expiration date and name as it appears on the card.
- f) Confirm pricing and freight charges.
- g) Request that a hard copy of the invoice with the pricing and freight be faxed to the cardholder and/or included with the shipment.
- h) If a supplier requests a purchase order number, use a combination of initials and FAMIS account number (e.g. John Doe, FAMIS account number #521977 would be purchase order number JD-521977).
- i) Request that the supplier include the cardholder's name and the words "Purchasing Card" on all packing lists and box labels. This will enable the receiving department to facilitate delivery of your supplies.

2. Examples of Acceptable Purchases

All purchases must be made in accordance with the Texas and United States Constitutions, applicable statutes and regulations, the State Comptroller's rules, A&M System regulations and SO rules. A state agency may not pay for goods before their delivery to the agency. The purchaser needs to ensure goods will be received before the statement due date. The statement closing date will be the 5th of each month with payment due within 30 days. Vendors should only charge the account when goods are shipped. Back orders should not be charged until the goods are shipped. Please refer to Guidelines for Disbursement of Funds located at <http://www.tamus.edu/offices/budgets-acct/documents/DisbursementManual.pdf>.

The Purchasing Card may be used for a variety of purchases, including:

- Tools/Hardware
- Books
- Medical supplies
- Janitorial supplies
- Office supplies
- Videos
- Business Meals (Transaction log must indicate who, what, where, when, and why)
- Rentals
- Subscriptions
- Postage stamps
- Registration fees for training courses, conferences and seminars
- Computer hardware
- Computer software
- Safety supplies
- Controlled equipment (Codes 5775-5799)*

* The State Comptroller has defined "controlled assets" as fax machines, stereo systems, cameras, video cameras, televisions, VCRs, DVDs, camcorders, computers, printers, silver services, tractors, trucks, vans, all terrain vehicles, golf carts, motorcycles, motor driven farm/shop equipment, forklifts, and boats.

3. Unacceptable Purchases

The Purchasing Card may not be used for the following purchases:

- Items for personal use
- Capital equipment**
- Animals
- Travel or transportation and related expenses for staff
- Cash advances, money orders or refunds
- Services provided by a sole proprietor or partnership, consulting or other 1099 reportable services
- Controlled/hazardous/radioactive materials
- Printing over \$2000 (must go through Procurement Services for printing over \$2000)
- Fuel or auto parts for state owned vehicles
- Tuition and fees
- Prospective employee travel
- Social club dues

** *Capital equipment is any individual equipment item with a cost of \$5,000.00 or more.*

4. Restricted Purchases

- Alcohol (on allowable accounts only)
- Food (if allowable on the account)- include IRS's 5 W's on log
- Florist (on local accounts only)

E. Receiving Supplies and Services

It is your responsibility to ensure receipt of goods and to follow up with vendors to resolve delivery problems, discrepancies and/or damaged goods. A copy of the charge slip, sales receipt or other information related to the purchase must be retained.

Invoices with no amount due are the most optimal documentation since they itemize the purchases. A vendor's entry system usually prints an automatic invoice with the processed order. Instruct the vendor not to send the invoice to the Accounts Payable Department but directly to the individual cardholder making the purchase (this will prevent duplicate payments to vendors). If a purchase is made by mail or telephone, ask the vendor to include the receipt with the goods when the product is shipped.

F. Purchasing Card Transaction Log and Documentation

The cardholder/department is responsible for maintaining a Purchasing Card Transaction Log (<http://www.tamus.edu/offices/budgets-acct/cards/procard/index.html>). This log will be a record of all orders/purchases placed using the card. All purchase voucher requirements apply to card transactions. Purchases should be recorded on the log as they are made, and a new log should be used for each monthly billing cycle. The following documentation must be retained and attached to the log:

- Itemized invoices
- Sales receipts
- Packing slips
- Credit card receipts/slips (screen prints are acceptable for internet orders)
- Other information or correspondence related to the purchase

To facilitate the record keeping and reconciliation process, the Purchasing Card Transaction Log must contain the following:

- Card holder name and signature
- Card number
- Transaction or order date
- Vendor name
- Amount
- Description
- Delivery date
- Account/code allocated to on Smart Data On-Line
- Cross reference number for attached documentation
- Returned, credited, or disputed item information (if any)
- Reconciliation date
- Name of person/persons that reconciled the statement
- Departmental approval
- Statement closing date

G. Reconciliation

Upon receipt of the monthly email from the Program Coordinator regarding the end of the billing cycle, the cardholder/departmental personnel will reconcile the card activity to the Transaction Log. This reconciliation should reflect that all card activity for the billing cycle was on the log; any items that were on the log but not included in the billing cycle will be reconciling items. This reconciliation is separate from the log and any reconciling items must be itemized. Each item in the billing cycle must match the transaction previously entered on the log.

Each reconciliation should include the last eight digits of the credit card number, the statement end date, balance forward (the total of the unbilled items from the previous month), department approval by someone other than the cardholder who has signature authority on the accounts being charged, cardholder signature, reconciler's signature and reconciled date. If more than one person is reconciling the log, line item transactions should be individually signed. The reconciliation should reflect five totals: (1) balance forward; (2) total of all items that were purchased for the statement period (total from the monthly log); (3) total of the balance forward plus the current log total; (4) total that should equal the total of the statement; and (5) total of reconciling items which will be the total of unbilled items and will be the balance forward for next month's reconciliation.

Any discrepancies identified must be promptly investigated. Documentation of action taken must be included as an attachment to the log. It is the

cardholder's/department's responsibility to resolve all discrepancies.

H. Audit of Logs

Once approved by the Department Manager, the entire package (reconciliation, original transaction log, printed copy of the cardholder statement and supporting documentation) must be forwarded to the SO Business Office by the indicated deadline where it will be retained as part of SO's official records in accordance with SO's Records Retention Schedule.

Purchasing Card records are subject to audit by Internal Audit, the State Comptroller, and other external entities (i.e. State Auditors Office, federal auditors, public accounting offices). A copy of this package should be retained by the department as support for the transactions that are processed against their FAMIS accounts.

I. Statement and Payment

Each cardholder reconciles the card activity for each billing cycle. JPMorgan Chase will provide a summary billing for SO as a whole to the System Office of Budgets and Accounting, listing all transactions made by each cardholder during the period. The Business Office will pay the summary billing in full and will charge the accounts and expense codes identified on Smart Data On-Line. The payment cycle ends on the 5th of each month and payment must be made within thirty days to JPMorgan Chase. Merchants/vendors are paid by JPMorgan Chase within 24 to 48 hours of the placement of your order or of you picking up the merchandise.

The Texas Government Code requires state agencies to audit all vouchers before they are submitted to the State Comptroller's office for payment. For this reason, **all card purchases to be charged to a state account (FAMIS accounts 1xxxxx, 21xxxx-229999) must be vouchered by the department and submitted to the Business Office within 10 business days of the JPMorgan Chase statement date.** The voucher should be made payable to JPMorgan Chase using vendor number 11349946500. You will need to put SO's vendor number (37107107106) in the reimburse ID field on screen 240/235. Purchases should be split on the voucher based on the appropriate expense codes. A separate voucher is needed for each Purchase Card statement on state accounts. Supporting documentation will include the reconciled Internal Order Transaction Log and all corresponding receipts and other documentation.

J. Purchasing Card Payment

The program does not affect your credit rating in any way. The cardholder is not responsible for payment. The Purchasing Card program carries corporate and individual liability.

K. Returns, Credits and Disputed Charges

Should a problem arise with a purchased item or charge, every attempt must be made to first resolve the issue directly with the supplier. Review of future card activity is vital to ensure the account is properly credited for returns, credits and disputed charges. The returned, credited or disputed item must be noted on the Internal Order Transaction Log.

- **Returns:** If a cardholder needs to return an item to a supplier, contact the supplier and obtain instructions for return. Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated on the transaction log.
- **Credits:** If an item is accepted as a return by the supplier, a credit for this item should appear on the following month's activity. All expected credits should be indicated on the transaction log.
- **Disputed Charges:** If a cardholder finds a discrepancy, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated on the transaction log. A copy of the form and letters must be attached to the form as documentation.

If a cardholder cannot resolve a disputed item directly with the vendor, the cardholder should contact the Program Coordinator, who will then contact JPMorgan Chase. JPMC will place the charge in a "Statement of Dispute" and the account may be given a provisional credit until the vendor presents documentation supporting the transaction. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the vendor is unable to provide valid documentation, or if the charge is suspected to be fraudulent, the card will be blocked immediately by JPMC. Provisional credit, if issued, will remain in effect, and an investigation of the charge will continue. A new card will then be re-issued to the cardholder, if appropriate. If it is later determined that the charge is legitimate, the transaction will then post to the new account.

SOBA will assist, as needed, in any dispute resolution efforts.

L. Card Termination

When a cardholder terminates employment with SO, the department has the specific obligation to reclaim the Purchasing Card from the cardholder and return it to the Program Coordinator, Jennifer Montgomery, for card cancellation prior to the employee's termination date. The Purchasing Card must also be returned to the Program Coordinator if the cardholder transfers to another department or agency

within The Texas A&M University System.

Non-adherence to these procedures will result in revocation of individual cardholder privileges and may result in revocation of all division or departmental Purchasing Cards. Departmental Purchasing Card privileges may also be revoked for the following reasons:

- Failure to notify the Program Coordinator of employee terminations requiring card cancellations.
- Multiple departmental notifications for insufficient budgets.
- Non-compliance with State and A&M System purchasing procedures.

IV. KEY PROGRAM CONTACTS

Program Administrator: Tracy Crowley
979-458-6077

Program Coordinator: Jennifer Montgomery
979-458-6082

Billing & Reconciliation - Questions: Jennifer Montgomery
979-458-6082
je-montgomery@tamu.edu