Procurement Card Process Manual

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Introduction

Fort Hays State University is a participant in the United Missouri Bank Visa Procurement Program. The purpose of the State of Kansas Procurement Card Program is to establish a more efficient, cost effective method of purchasing. The Procurement Card (P-Card) can be used for in-store purchases as well as mail, phone, internet, or fax orders.

This manual provides the guidelines for the use of procurement cards. The cardholder's signature on the Procurement Cardholder Agreement indicates that they understand the intent of the program and agree to adhere to the established guidelines. The cardholder will be issued their procurement card after receipt of the signed Agreement by the Procurement Card Coordinator in Accounts Payable. The card can be used immediately after completion of training provided by Accounts Payable.

Each card has been assigned a transaction limit and monthly limit for total dollar amount of expenditures allowed in a billing cycle (30 days). The billing cycle will close on the 10th business day of each month.

Some vendor types have been blocked from usage with this procurement card. If the card is presented to any of these merchants, the transaction will be declined. It is likely that any merchant currently utilized as a source of commodities will accept this card. If a transaction is declined, submit the Lotus Notes Workflow P-Card Request form to find out why the transaction was declined and if possible to open up the card for that transaction to process. If a Lotus Notes Workflow P-Card Request has been submitted to open the card up for travel expenses, the following travel related expenses can be charged:

Airfare and Associated Charges
Lodging
Tolls
Business Calls
Business Internet Charge
Parking
Rental Car
Rental Car Fuel
Taxi

Note: The Lotus Notes Workflow P-Card Request needs to be submitted for any employee traveling on official state business 250 or more from their official station and will be using their p-card for travel expenses. Form must be submitted at least two days PRIOR to the employee departing for their trip.

Examples of vendor codes that have been blocked are:

Caterers
Package stores
Insurance services
Some service providers
Restaurants

Merchants are paid by UMB Bank within three days of the business transaction. Request a detailed receipt from the merchants.

The P-Card is NOT intended:

- to avoid or bypass appropriate procurement or payment procedures, rather to complement the existing processes available
- for PERSONAL USE

How to Obtain a Card

A Lotus Notes Workflow P-Card Request for a new card should be submitted by the department and routed through the cardholder's supervisor for approval. The P-Card Coordinator in Accounts Payable will initiate the card process once the Lotus Notes Workflow P-Card Request has been approved by the cardholder's supervisor.

Accounts Payable will arrange for cardholder training when the card is available to be picked up.

When the card is received, sign the back of the card immediately and always keep it in a secure place. Although the card is issued in an individual's name and employee number, it is the property of the State of Kansas and is only to be used for University purchases.

The card is not to be used for entertainment or personal expenses.

Receipt of Goods and Materials

The cardholder is responsible for ensuring receipt of goods and materials and will follow-up with the vendor to resolve any delivery problems, discrepancies, or damaged goods. It is also the department's responsibility to obtain credit memos.

For telephone or catalog orders, make sure complete shipping address and instructions are given along with the cardholder's name (e.g., Name, FHSU, Department, Department's delivery address, Hays, KS 67601). Delivery must be to a University address.

If goods or materials are ordered by phone or internet, request a detailed sales receipt from the vendor to be included in the package and explain that FHSU is a tax exempt organization. The sales receipt and shipping documentation will be entered on IntelliLink by the cardholder or reconciler and submitted to Accounts Payable.

Record Keeping and Documentation

Record keeping will be essential to ensure the success of the program. Standard payment policies require retention of receipts and other documentation. As with any credit/charge card, detailed sales slips, cash register receipts, order forms, and receiving documents must be retained.

The cardholder's reconciler should keep a copy of the itemized receipt for their records and send the original to Accounts Payable once it has been allocated on IntelliLink.

Credit card slips are not acceptable documentation since they do not list the items purchased.

How to Audit a P-Card Transaction

The reconciler will enter all pertinent data onto IntelliLink for each purchase and phone order at the time the purchase appears on IntelliLink. IntelliLink procedures can be found at http://www.fhsu.edu/bus_off/Visa-Intellilink-Manual/

Before posting a transaction to IntelliLink, check the following information:

- Do not process a transaction unless you have an itemized credit card receipt, cash register (sales) receipt, or itemized packing slip (in case of phone orders), or invoice.
- Check to make sure the *Ship To* address on the documentation is FHSU. If not, it should be investigated.
- Check packing slip for freight terms. On contract items, freight terms must agree with contract terms.
- Check receipt for sales tax. If there is sales tax greater than $5.00, a credit must be obtained from the vendor.
- If inappropriate state purchases appear, the employee should return the goods, pay the vendor directly, or the department should use private funds for payment and have a credit issued to the P-Card by the vendor.
- Justification may be required for unusual purchases. Please contact Accounts Payable for further details.

If a sales receipt is missing, the cardholder should immediately contact the vendor to provide a detailed sales receipt or credit memo. If one cannot be obtained, complete the Lotus Notes Workflow Lost Receipt Verification form.

If a reconciler is unable to process transactions on IntelliLink for an extended period of time,, arrangements should be made with Accounts Payable so they can allocate transactions for you in

your absence. All receipts during that time period should be sent directly to Accounts Payable with the bank id, org key, and purpose of purchase written directly on the invoice.

Resolving Errors, Disputes, Returns, and Credits

The cardholder is responsible for contacting and following up with the vendor on any erroneous charges, disputed items, or returns as soon as possible. (Most issues can be resolved this way).

If the cardholder is unable to reach an agreement with the vendor, the next step is to contact the P-Card Coordinator (see contact information below).

For disputed charges, Accounts Payable will send a Vendor Dispute Form to the cardholder who will complete and return the form as soon as possible. Accounts Payable will then fax or mail the completed form to UMB Bank for resolution with the vendor. The transaction should not be coded in IntelliLink

The bank must be notified of any disputed items within 60 days of the cycle in which the item was purchased. The cycle closes on the 10th business day of each month.

Disputed billing may result from failure to receive goods or materials, fraud or misuse, altered charges, defective merchandise, incorrect amounts, duplicate charges, credits not processed, etc. In the event of fraud notify Accounts Payable immediately.

Documentation should be kept explaining each credit received for returns or exchanges.

If a trip was cancelled for business reasons, due to emergency or medical reasons, Accounts Payable will submit a Lotus Notes Airfare Credit Voucher form (if an airfare credit was received) to the traveler and departmental Administrative Assistant. The credit should be used on the traveler's next trip. Accounts Payable will monitor these on a regular basis.

- The Lotus Notes Airfare Credit Voucher form will have the following information:
  - Traveler
  - Airline
  - Dates of trip
  - Date airfare was booked
  - Destination
  - Amount of credit
  - Reason for cancellation

Sales and Use Tax

Fort Hays State University, as an agency of the State of Kansas, is exempt from paying Kansas sales or use tax per KSA 79-3606(b). If an Exemption Certificate is needed, please contact Purchasing at 4250 or 4463.

The University's tax exempt number appears on the front of the P-Card. It is the cardholder's responsibility to inform the vendor of the tax exempt status when making a purchase.

If there is sales tax greater than $5.00, a credit must be obtained from the vendor. Code the sales tax (that will be refunded) on IntelliLink with object code 539990. When the credit is posted, it

will also be coded 539990. If the sales tax is less than $5.00, code the sales tax the same as the transaction.

Reconciliation and Approval Process

The statement closing date is the 10th business day of the month. This usually falls on the 12th through the 14th of the month. After the P-Card deadline (5 business days after the close of the P-Card statement) all receipts are due to the Business Office. Once all transactions are coded and approved by Accounts Payable log sheets will be emailed to P-Card reconcilers. A separate log sheet will be emailed for each P-Card. If a cardholder has receipts and/or transactions not coded in IntelliLink, they will be shown as "Missing" transactions, DO NOT print the log sheet. Obtain receipts and process remaining transactions on IntelliLink. Accounts Payable will resend an updated log sheet once all transactions are complete on IntelliLink. Once there are no "Missing" transactions, reconcilers will print each log sheet in duplex (1 copy, double sided). The cardholder or reconciler needs to verify all charges on the log sheet and then the cardholder and budget authority of each account on the log sheet must sign and date the log sheet. No stamps, initials, or initialed signatures are acceptable.

Make a copy of the log sheet for your records. Return the signed log sheet to Accounts Payable <u>by the due date</u> (Timing is extremely critical) using the Credit Card Log Sheet Envelope.

IMPORTANT: Do not return log sheets until all required signatures have been obtained.

How to Cancel a Card

If a cardholder leaves a department or assumes different duties that do not require the use of the P-Card, the cardholder's supervisor is responsible for retrieving and cutting up the card. A Lotus Notes P-Card Request must also be submitted. If a cardholder moves to another FHSU department, the old department's card does not transfer to the new department. The new department must submit the Lotus Notes Workflow P-Card Request with the new department name under Permanent Change Section.

Card Renewal

Renewal cards will automatically be sent to the P-Card Coordinator. The cardholder will be notified when the new card is available to be picked up. Only the cardholder and/or the reconciler are authorized to pick up the card.

P-Card Security

If cards are used by someone other than the cardholder, the receipt must be signed or initialed by the cardholder.

Each department needs to determine how to secure the cards and card numbers. In some areas it is more appropriate for individuals to carry the cards. In other areas, the cards may be stored in a secure place in the department's office. The card and account number should be secured in the same manner that one would secure a personal credit card.

The cardholder is responsible for the security of this card and the transactions made against it. The card is issued in the cardholder's name and any purchases made against the card will be their

responsibility. Card usage will be monitored and cards may be rescinded at any time. Use of the card not in accordance with guidelines established may also result in personal liability and revocation of the card. Remember, the card is committing University funds each time it is used. This is a responsibility that cannot be taken lightly.

How to Report a Lost or Stolen Card

If a procurement card is lost or stolen, immediately notify Accounts Payable by email as well as by phone at 628-5948.

Procurement Card Notification and Cancellation

A cardholder will receive notices due to but not limited to the following incidents. Use of the Procurement Card may be restricted or cancelled if any of the following occur:

- Unauthorized User
- Unauthorized Purchase
- Missing processing deadlines related to receipts
- Insufficient Itemized Receipts

Accounts Payable Procurement Card Personnel

Procurement Card Coordinator:

Mike Drees phone 4464

P-Card Request and Backup Procurement Card Coordinator

Rachel Depenbusch phone 4454

Transaction Log and General Information Staff:

Accounts Payable phone 5948
Kristal Boxberger
Darlene Schippers
Nicole Rohleder